

**San Simeon Community Services District
Board of Directors**

**Board Workshop
Developing a Mission Statement**

**Wednesday, September 10, 2003 – 5:30 P.M.
Cavalier Banquet Room**

1. 5:30 PM – WORKSHOP OPENING
 - 1.1 Roll Call
 - 1.2 Pledge of Allegiance
2. Developing a Mission Statement
3. PUBLIC COMMENTS
4. 6:30 PM - WORKSHOP CLOSE

Note: This agenda is for a Board of Directors workshop, intended solely for discussion. No formal action will be taken by the Board during the workshop.

**Board of Directors - Regular Meeting
San Simeon Community Services District
AGENDA
Wednesday, September 10, 2003 – 6:30 PM
Cavalier Banquet Room**

Note: All comments concerning any item on the agenda are to be directed to the Board Chairperson

1. CALL TO ORDER (6:30 PM)
 - 1.1 Roll Call
 - 1.2 Pledge of Allegiance
 - 1.3 Report on Closed Session

2. PUBLIC COMMENT:
 - Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.
 - 2.1 Sheriff's Report
 - 2.2 Public Comment
 - 2.3 Monterey Bay Marine Sanctuary Representative Presentation

3. STAFF REPORTS
 - 3.1 General Manager's Report
 - 3.2 District Counsel Report
 - 3.3 Plant Superintendent's Report
 - 3.4 District Engineer's Report

4. ITEMS OF BUSINESS
 - 4.1 Approval of Minutes – August 13, 2003
 - 4.2 Approval of Warrants – August 1 through August 31, 2003
 - 4.3 Quarterly Investment Report – Period Ending June 30, 2003

5. DISCUSSION/ACTION ITEMS
 - 5.1 Renewal Of District Counsel Contract – September 1, 2003 through June 30, 2004
 - 5.2 District Committee Reports
 - 5.3 Board Reports

6. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS

7. ADJOURNMENT

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FLUID RESOURCE MANAGEMENT, INC.
Design, Operation and Maintenance

RECEIVED
SEP 04 2003
EDA

TO: Chuck Ellison, Operations Manager
FROM: Chris Nally, Systems Supervisor
DATE: September 4th 2003
SUBJECT: Superintendents Report for August 2003

Wastewater:

The treatment plant performed well, although some mechanical problems occurred and flows were high. Staff continues to evaluate the air system in hopes of improving operations. The #4 blower is currently hard wired while and electrical relay is on back order. Sun Pacific will install the relay when it arrives, until then the blower is running across the line to maintain the dissolved oxygen levels in the plants.

Staff replaced the flow diverter boxes on the #1 and #2 plants. The new boxes were on site but never installed, staff began to have difficulty controlling flow due to the poor condition of the old boxes necessitating the quick installation.

Annual samples were completed in August.

Staff responded to one call out due to a high level in the E.Q. chamber on Aug. 29th. The high level was due to heavy holiday flows.

Water:

The water system operated normally for the month of August. Maintenance was performed on meters in the distribution system and the chemical pumps at the wells. A new chlorine pump was ordered so a reliable back up pump now exists.

Staff continues to work on the repairs County Health required to the system.

The standby generator was serviced by Power House.

Samples were taken on schedule.

Additional:

The interior painting of the district office was completed by FRM staff. The metal storage container is now longer required and will be removed.

FRM will be installing a pressure switch on the air system. This switch will notify the alarm company of a serious drop in pressure in the aeration system, reducing the amount of time the plant could run with insufficient air supply.

Staff is also going to take advantage of the fall months to perform needed maintenance and repairs as well as the exterior painting of district facilities.

SAN SIMEON COMMUNITY SERVICES DISTRICT

SUPERINTENDENT'S REPORT FOR AUGUST 2003

FLOW COMPARISON - Water

| | | | |
|-----------------------------|--------------------------------|--|---|
| Aug-03 4,137,000 gallons | YTD 2003 24,910,000 gallons | MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON: | 7% decrease 2% increase |
| Aug-02 3,861,000 gallons | YTD 2002 24,311,000 gallons | GROSS WATER PRODUCTION: NET WATER PRODUCTION: MONTHLY RECOVERY RATE: | 3,631,320 gallons 3,271,460 gallons 90% |

RAINFALL

| | | | |
|-------------------------|--------------------------|---|--------------------------------------|
| AUG 2002 0.00 inches | 2003-2004 0.00 inches | MONTHLY COMPARISON: ANNUAL COMPARISON: | 0.00 inches less 0.00 inches less |
| AUG 2001 0.00 inches | 2002-2003 0.00 inches | | |

WELL DEPTH COMPARISON

| | | | | |
|---------------------|---------------------|----------------------|---|---------------------------------|
| Aug-03 11.5 feet | JLY-03 11.5 feet | Aug-02 13.60 feet | MONTHLY COMPARISON: ANNUAL COMPARISON: | 0 feet lower 2.1 feet higher |
|---------------------|---------------------|----------------------|---|---------------------------------|

CHLORIDE COMPARISON

| | | | | |
|-------------------|---------------------|-------------------|---|-------------------|
| Aug-03 45 mg/l | JLY 2003 45 mg/l | Aug-02 56 mg/l | MONTHLY COMPARISON: ANNUAL COMPARISON: | constant lower |
|-------------------|---------------------|-------------------|---|-------------------|

FLOW COMPARISON - District Wastewater Treated

| | | | |
|-----------------------------|--------------------------------|---|----------------------------|
| Aug-03 2,753,958 gallons | YTD 2003 17,818,890 gallons | MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON: | 6% decrease 7% increase |
| Aug-02 2,928,000 gallons | YTD 2002 16,632,994 gallons | | |

FLOW COMPARISON - State Wastewater Treated

| | | | |
|---------------------------|-------------------------------|---|----------------------------|
| Aug-03 505,292 gallons | YTD 2003 2,518,249 gallons | MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON: | 5% increase 1% increase |
| Aug-02 480,400 gallons | YTD 2002 2,492,165 gallons | | |

DISCHARGE REQUIREMENTS

| | | | |
|---------------|----------|----------------------------|----------|
| EFFLUENT BOD: | 9 mg/l | EFFLUENT SUSPENDED SOLIDS: | 18 mg/l |
| INFLUENT BOD: | N/A mg/l | INFLUENT SUSPENDED SOLIDS: | N/A mf/l |

BIOSLOID DISPOSAL

| | | | |
|---------|---------------|------|---------------|
| AUGUST: | 12000 gallons | YTD: | 90500 gallons |
|---------|---------------|------|---------------|

SAN SIMEON COMMUNITY SERVICES DISTRICT

111 Pico Avenue
San Simeon, California 93452
(805) 927-4778

DATE: September 10, 2003
TO: Board of Directors
VIA: Mark Bloodgood, District Manager
FROM: John L. Wallace, District Engineer
SUBJECT: Engineer's Report - Project Status

SUMMARY OF ACTIVE PROJECTS:

1. Avonne-Castillo Waterline Loop - On Hold Pending Board Authorization
2. Annual Road Improvements - On Hold Pending Board Authorization
3. Capital Improvement Projects FY 2003-04 CIP
4. Pico Creek Wells - Flood Proofing - Included in FY 2003-04 Budget
5. Standby Power - Included in Facilities Plan
6. Wastewater Treatment Plant Rip-rap & Aeration Tank Expansion-Coastal Permit Pending
7. State Revolving Fund Loan - District is on the list.
8. Facilities Plan:, To be used as a guide for future projects.
9. Proposition 50 Projects; Funding Legislation in progress.
10. Recycled Water Pipeline in San Simeon Avenue- On Hold pending Board Authorization.
11. District Infrastructure

DISCUSSION:

1. Avonne - Castillo Waterline Loop;

An updated hydraulic model of the water distribution system confirmed the priority of projects for better operations and fire protection.

2. Annual Road Improvements (Avonne Avenue and Otter Way);

Minor potholes have been patched, approval of the CIP and major maintenance budget for FY 2003-04 will make further authorizations for these projects.

3. Capital Improvement and Major Maintenance Projects Priority List;

The Board has approved the Capital Improvement and Major Maintenance Projects as part of the FY 2003-04 Budget. These projects will now be individually reviewed/approved as part of the Facilities Committee and Board approval process.

4. Pico Creek Wells;

Improvements are included in the Proposed FY 2003-04 Budget.

5. Emergency Standby Power;

Recommendations for standby power were made as part of the Final Facilities Plan and further analysis of horsepower requirements is the subject of an RFP with FRM.

6. Wastewater Treatment Plant Rip-rap & Aeration Tank Expansion-Coastal Permit
Wastewater Treatment Plant Rip-rap

As a result of the field visit with Coastal Staff on Thursday, July 31, 2003, staff is in the process of addressing the following requests:

7. Provide documentation of the amount, location and what type of rock rip rap was installed in 1968 and 1983.

Staff has documentation of the amount install in 1969, however, the amount install in 1983 is yet to be determined.

8. Provide a coring samples of the rock rip rap.

Staff met with Jon Blanchard of Fugro on August 28, 2003 regarding options to boring of the rock rip rap at the SSCSD WWTP. Fugro did not recommend hand-held equipment because it has a depth limit of 24". However, there is a possibility of another type of equipment, such as a mobile spider use of a long rig which may be able to reach from within the plant to the rock. Jon Blanchard will do some additional research because of the possible limitation to access the beach with a construction vehicle. He will check with some other rig companies to see if they have other types of machines which may work better.

The "spider" equipment can climb 1:1 slopes. Mr. Blanchard will verify if the spider has a boring attachment. We should have an update by next week. If access is required across the beach then we will need permission from Mr. Hanchett and notification to the Coastal Commission and San Luis Obispo County.

9. Provide a list of all accepted and pending coastal access ways dedications along the beach fronting the property.

Staff contacted County Parks regarding existing accepted access ways in the area. The County is in the process of preparing a trail management plan and it will not be available until December.

10. Provide a report on the necessity of the rock rip rap.

Cleath & Associates prepared a needs report and it will be submitted to Coastal.

Depending on the outcome of the above items, Coastal staff will review and make a recommendation of their jurisdiction responsibilities.

Aeration Tank Expansion-Coastal Permit

No further action at this time pending Coastal Commission response to our letter of December 13, 2002.

7. State Revolving Fund (SRF) Program;

Staff investigated potential loan funding for wastewater projects through the State Revolving Fund

which provides loans at a low interest rate (approximately 2.5 to 3%). Because of the potential to construct several different improvements with SRF funds, a "general project" application was submitted as a "place holder" for the SWRCB to consider. As a result, San Simeon has been placed on the draft State-wide priority list for funding. A project application will be submitted in accordance with the final Facilities Plan recommendations and the Proposed FY 2003-04 Budget.

8. Facilities Plan;

The plan was approved for use as a guide in formulating future projects. The proposed FY 2003-04 Budget will address projects being recommended in the first phase.

9. Proposition 50 Projects;

As previously discussed with the Board, Prop. 50 may eventually make \$650,000 of funding available to this District for water/recycling and water tank/water line projects. The projects selected will need to be included in the District's capital improvement program. Unfortunately, the State budget process seriously delayed funding for an undetermined period..

10. Recycled Water Line in San Simeon Avenue;

This project is included in the FY 2003-04 CIP with funding anticipated from Proposition 50.

11. Infrastructure Inventory;

Staff is assisting in checking the record drawings for the District's water, sewer, roads and street lighting infrastructure.

**REGULAR BOARD OF DIRECTORS MEETING
SAN SIMEON COMMUNITY SERVICES DISTRICT**

Date: Wednesday, August 13, 2003

Place: Cavalier Banquet Room

MINUTES

1.0 CALL TO ORDER

The Board convened at 5:30 p.m.

1.1 Roll Call:

Directors Present: Loraine Mirabal-Boubion, David Kiech, Terry Lambeth, Eric Schell and Carol Bailey-Wood

Staff Present: District Manager Mark Bloodgood, Assistant General Manager Eileen Putnam, District Counsel Robert Schultz and District Engineer John Wallace

1.2 Public Comment on Closed Session:

There was no public comment.

2.0 ADJOURN TO CLOSED SESSION

A motion was made by Director Mirabal-Boubion and seconded by Director Lambeth and carried unanimously, to adjourn to closed session for conference with the General Manager, District Counsel and District Engineer, regarding:

2.1 Conference with Legal Counsel regarding Pending Litigation – Gov't Code Section 54956.9(a): Cavalier Inn vs. San Simeon Community Services District

2.2 Conference with Legal Counsel due to Anticipated Litigation – Gov't Code Section 54956.9(b): Significant exposure to litigation exists based upon existing facts and the advise of legal counsel on two (2) matters:

- California Coastal Commission vs. San Simeon Community Services District, and
- San Simeon Community Services District vs. Courtesy Inn

3.0 RECONVENE IN OPEN SESSION/CALL TO ORDER

The Board re-convened in open session at approximately 6:30 p.m.

3.1 Roll Call:

Directors Present: Loraine Mirabal-Boubion, David Kiech, Carol Bailey-Wood, Terry Lambeth and Eric Schell.

Staff Present: District Manager Mark Bloodgood, Assistant General Manager Eileen Putnam, District Engineer John Wallace, District Counsel Rob Schultz and Chuck Ellison – Fluid Resource Management (FRM) – Water / Wastewater Operations Supervisor

3.2 Pledge of Allegiance – Chairperson Kiech led the Pledge of Allegiance.

3.3 Report on Closed Session:

District Counsel Schultz reported that the Board had met in closed session regarding several topics, including:

- 2.1 Pending Litigation involving the cross complaint by the Cavalier Inn. No action, reportable under the Brown Act, was taken.
- 2.2 Anticipated litigation on two items – the first dealing with the Coastal Commission and the riprap at the wastewater plant. The second item involved the Courtesy Inn and proceedings against the previous owners, who left water and sewer service bills in excess of \$15,000 unpaid. No action, reportable under the Brown Act was taken on either item.

4.0 PUBLIC COMMENT

4.1 Sheriff's Report:

Lt. Basti reported that there had recently been two (2) burglaries in the Cavalier Plaza. Similar burglaries occurred in Cayucos and that in each case, the offenders had stolen cash rather than property. The Sheriff's department believes these were professional jobs. Lt. Basti also reported that the abatement of the vehicles located in public areas was a team effort, working with District staff and CHP. When vehicles are abandoned on private property, the involvement of the property owner is necessary.

4.2 Public Comment:

Dee Dee Ricci commented on how nice the water conservation sign and the new street signs looked. She expressed gratitude for staff's diligence in seeing that the trailer on Avonne and the abandoned car on Castillo were removed. Finally, Mrs. Ricci asked why the agenda for this evening's meeting was not on the District's website. Ms. Putnam apologized for the oversight.

5.0 STAFF REPORTS

(In order to consolidate Mr. Reichardt's reports on several issues, Chairperson Kiech requested that Mr. Reichardt present his reports first. The details of his reports are incorporated within the scope of these minutes in the respective agenda categories.)

5.1 General Manager's Report

Mr. Bloodgood and Ms. Putnam gave the General Manager's Report, a copy of which is attached to the official minutes.

5.2 Plant Superintendent's Report

Chuck Ellison of FRM gave the Superintendent's Report (copy attached) and also reported on the power outage of July 10, 2003 and problems with the electrical system related to the aeration blowers. An electrician (Sun Pacific) has been retained to identify and repair the system. Throughout the recent problems, the plant has not violated or exceeded the permit limitation. The power outage occurred during the time when PG&E was changing out power poles in the region. Contact with PG&E reps prior to July 10th indicated that San Simeon was not to be affected by the service interruption. Although the power was off for approximately 50 minutes, plant staff encountered problems with the blowers and VFD's. A generator was rented, but did not afford enough power to operate all necessary operations. PG&E has forwarded the District the necessary paperwork to file a claim. All costs associated with the July 10th power outage are being included in the formal complaint to PG&E. In regards to the VFD Blower failure in late July, the air loss resulted in a "die-off" of bacteria in the plant. While the problem is being repaired, the failure occurred after staff had left on Saturday afternoon, and was not discovered until Sunday morning. Staff is recommending that, in order to avoid such a

plant upset in the future, a pressure switch be installed in the main air line, which would signal Great Western Alarm equipment and trigger an "alarm condition". This would cause GWA to immediately contact the on call operator of a "low air" condition. Following Mr. Ellison's report, an extensive discussion regarding generators, and the power needs in the event of power failures, and how adverse effects to plant operations could be avoided, followed. Chairperson Kiech indicated that, although prior to the outage, PG&E had stated that San Simeon would not be affected, plant staff should have planned for it anyway. He also indicated that, rather than contacting rental yards, staff should consider contacting generator suppliers directly, to investigate renting units from them directly as they would be better able to supply a unit of sufficient size. The discussion continued, and the consensus of Board and staff was to prepare a Request for Proposals to solicit an independent review of the power needs of the plant and exactly what size generator is necessary to operate the facility in emergency situations.

5.3 District Engineer's Report

Mr. Wallace presented the Superintendent's Report. Now that the District Inventory is complete, a review of the Capital Improvement Projects is underway. Mr. Wallace also reported that staff had met with representatives of Coastal staff on July 31, 2003 to determine jurisdiction authority between the Coastal Commission and San Luis Obispo County in regards to the rip rap at the plant. Coastal staff has requested additional information from district staff, so that they can complete their determination. This information includes core samplings of the rock rip rap as well as information which has already been compiled by staff in regards to accepted and pending coastal accessways and dedications along the beach fronting the property, and a review of the need for the rip rap (this report was completed by Cleath & Associates). They would also like us to provide documentation as to the amount, location and type of rock rip rap that was installed in 1968 and in 1983. In regards to Proposition 50, Mr. Wallace added to the District Manager's report on the current situation on the state level, stating that the author of the original bill was quite upset about the turn of events and how the money was being diverted away from its original intent and used to pay state staff members. Mr. Wallace distributed a recent L.A. Times article on the matter, and encouraged all to contact their legislators to express their dissatisfaction with the delay in Prop 50 grants.

5.4 District Inventory Report

Mr. Reichardt reported that the inventory of the District's "wet" utilities was completed. He presented a pictorial depiction to the Board, showing the aerial photograph with enhanced auto-cad overlay, of the various district utilities. He referred to this as the Master Utility Plan for the District. Mr. Reichardt went on to explain how every utility item in the district, including hydrants, meter, light poles, manhole covers, etc., had been itemized and catalogued, then downloaded into a database. This information was then depicted on the aerial photo, and can be layered and/or manipulated to meet the needs of staff. The graphic representation makes identification for any proposed actions quite easy to identify. Maintenance staff will find this information quite useful and can maintain an atlas of the utilities in the truck and at the plant. Now that the inventory is complete, the committee plans to re-review the priorities previously identified in the Capital Improvement program. A discussion regarding the usefulness of the inventory, and the recorded information followed. The option of loading this information onto the District web-site will also be looked at.

6.0 ITEMS OF BUSINESS

6.1 Approval of Minutes – July 9, 2003

A motion was made by Director Bailey-Wood and seconded by Director Mirabel-Boubion, to approve the minutes of July 9, 2003. Motion carried unanimously.

6.2 Approval of Warrants – July 1, 2003 through July 31, 2003

A motion was made by Director Bailey-Wood and seconded by Director Mirabel-Boubion, to approve the warrants of July 1, 2003 through July 31, 2003 in the amount of \$ 74,484.13. The motion carried unanimously.

7.0 DISCUSSION / ACTION ITEMS

7.1 Approval of Water – Wastewater Operations Contract with Fluid Resource Management, Inc.

Members of the Board reviewed the contract language with staff and District Counsel. With the exception of a correction to the header on Page 1, all corrections and revisions previously requested have been made. It was also requested that Exhibit A (page 7) be included in the final contract. A motion was made by Director Mirabel-Boubion and seconded by Director Bailey-Wood to approve the contract for Water – Wastewater Operations with Fluid Resource Management, Inc., with the above mentioned corrections. The motion passed unanimously.

7.2 Renewal of General Manager's Contract – August 1, 2003 through June 30, 2004

Mr. Schultz stated that the renewal of the District Manager's contract was in accordance with the Board's desire to have all contracts run within the fiscal year. He reiterated that each contract has a termination clause. This year, the District Manager contract is slated for the period of August 1, 2003 through June 30, 2004. A motion was made by Director Bailey-Wood and seconded by Director Mirabel-Boubion, to renew EDA's contract for General Management services. The motion carried unanimously.

7.3 Addendum to District Engineer's Contract – Effective July 1, 2003 through June 30, 2004

Mr. Schultz stated that the purpose of this addendum was to set a limit for District Engineering services, specifically that they not exceed \$40,000 without prior approval of the Board. The original contract for District Engineering services was approved in 1997. The majority of the Board felt that they were not familiar enough with the terms and conditions of that contract, and discussed the need to review the scope of services prior to approving an addendum. Mr. Bloodgood pointed out that the Board had reviewed all the consultants' contracts in the past. The consensus of the Board was that a review of the current contract would be beneficial. There is no adverse effect, since the contract is currently in force, and the budget has \$40,000 allocated for District Engineering services.

7.4 Appointment of Auditor for the 2002 – 2003 Fiscal Year Audit

Mr. Bloodgood reported that staff had solicited proposals from four (4) CPA firms. Based on the submittals received, staff's recommendation is that the Board award the contract to Crosby & Cindrich, whose bid remained \$3,200, as quoted to the District last year. A discussion followed, regarding the firm's assistance with several items, including the establishment of a reserve for water projects and the review of the billings for the

State Parks. It was pointed out that the dates on the proposed contract would have to be amended to reflect Fiscal Years 2002-03, 2003-04 and 2004-05. A motion was made by Director Bailey-Wood, and seconded by Director Mirabel-Boubion to award a three (3) year contract for auditing services to Crosby & Cindrich. The motion passed unanimously.

7.5 Report on Reservoir Dive - Inspection

The reservoir tank was inspected by Advantage Technical Services on June 10, 2003. All underwater inspection procedures were performed pursuant to the American Water Works Standards for Disinfection of Water Storage Facilities (ANSI/AWWA C652-02). The exterior of the tank was visually inspected from the ground to the wood roof. The interior of the wood roof appears to be in good condition. The interior lining (over the concrete) appeared to be intact. Heavy sediment was removed from the bottom of the tank. Several small openings were observed above the water line. Staff has repaired these openings, as recommended. Other recommendations include more frequent cleanings and that the carbon steel surfaces, such as the piping in the reservoir, be blasted and coated, that a new roof latch be installed, reservoir security be reviewed, and that some method of egress from the water, such as a portable ladder, be considered.

7.6 Letter of Interest – Southwest Water Company

Mr. Reichardt gave a brief overview of the draft letter of interest for Southwest Water Company. There are no financial obligations or commitment associated with this letter. It simply advises Southwest that the District is interested in exploring options for a desal plant. The position of the San Simeon is that, in any discussions Southwest Water may have with representatives of Cambria Community Services District regarding some form of joint water project, appointed representatives of San Simeon must be in attendance. Southwest Water may not represent the interests of San Simeon on their own. (For additional information related to discussion on this letter of intent, please refer to Item No. 7.8 – District Committee Reports – Facilities – Water Committee below.)

7.7 Authorization For Funding To Defend Lawsuit entitled *Cavalier Inn v. SSCSD*

Mr. Schultz presented a brief history of events leading up to the Cavalier filing of a cross complaint against the SSCSD on October 21, 2002. The suit arises out of the District's alleged wrongful refusal to issue a will serve letter to Cavalier Inn, Inc. allegedly resulting in Cavalier's inability to reconstruct a restaurant bathroom to comply with laws designed to provide access to disabled persons. The District adamantly denies the allegations. Pursuant to Board direction, the District retained the firm of Hall & Hiatt to defend the District in this lawsuit. The District has filed a response, denying all of the allegations asserted by the Cavalier Inn and the position that this is a frivolous lawsuit. The District has filed a Motion to Sever the Cross Complaint, and we are awaiting a ruling from the Judge. The District's insurance carrier, SDRMA, has determined that the above matter does not trigger any potential covered liability falling within the memorandum of coverages, and, therefore, will not afford coverage for this case. We are appealing this decision. To date, the District has received invoices for legal fees in excess of \$14,000. Since this is not budgeted for, nor covered by insurance, the Board needs to make a motion to approve payment to Hall & Hiatt for legal services to defend the District's position. At this time, the recommendation is to authorize funding of \$25,000. A motion was made by Director Lambeth, and seconded by Director Mirabel-Boubion, to authorize funding of \$25,000 to defend the lawsuit entitled *Cavalier Inn v. SSCSD*. The motion carried unanimously.

7.8 Board Committee Reports

Facilities – Water Committee Report:

Mr. Reichardt reported that the Facilities – Water Committee had met on June 12th. At that meeting, representatives of Southwest Water Company gave a presentation on various desal plant models. For the purposes of San Simeon, two (2) different project types have been proposed. The first proposes a collaborative project with Cambria, whereby San Simeon's needs would be fulfilled, but the overflow would be provided to Cambria. The second proposal would be a plant that would service only the needs of San Simeon. In the first model, Southwest would operate only the water plant. In the second, however, they would assume responsibility for all operations within the district, including management. A discussion followed, regarding other kinds of options. Mr. Wallace distributed information from the Coastal Commission regarding de-sal plants. Staff is also researching SKID Plants, and provided board members with some information on how they operate. Mr. Reichardt indicated that these are the proposals of only one firm, and that there are other vendors who offer desal/reverse osmosis technology. Questions regarding how the City of Morro Bay operates its desal plant were discussed – that plant operates on a back-up basis and looks more like the Vivendi units, but there is more than one unit onsite. Electricity is a major cost involved with desal. Mr. Schultz offered to arrange of tour for members of the board. The issues of permit processing and the requirements for discharging were also discussed. Regarding the latter, the San Simeon coastline slopes out gradually rather than dropping off – this could be a problem for brine discharge. The discussion continued, including the status of permits issued when the previous proposed joint desal plant with Cambria was active. The encroachment permit is still alive, but the other has expired. In regards to the letter of interest for Southwest Water, Mr. Reichardt reported that this was necessary in order for Southwest to continue exploring options for San Simeon. There is no financial commitment by the Board / District. Director Bailey-Wood asked about Southwest's proposal to supply only the needs of the District and if this included operations. Mr. Reichardt explained that this option is a 20 year project, in which Southwest Water would fund the project via bonds, and would, therefore, operate and maintain the operation, incorporating all district functions, including the wastewater plant and general management. At the end of 20 years, the District would re-assume responsibility. Mr. Reichardt also reported that the committee is strategizing a "staging" program for water restrictions. This would include "buffers" and a multi-tiered restriction program. Dissemination of information to the public is necessary as well as determining how to deal with enforcement issues. One of the topics discussed was rewarding conservation through incentive programs. The feeling is that a positive approach to conservation is more effective. At this time, the water levels are such that severe restrictions are not necessary. Staff continues to monitor the water levels. The next Facilities – Water Committee meeting is scheduled for October 16, 2003 at 4PM in the Cavalier Community Room.

Policy Committee:

The committee plans to meet in September with the date to be determined.

Adhoc Committee Ordinance No. 66 Review:

The ad-hoc committee will meet immediately following the Policy Committee, with the date and time to be determined.

Finance Committee:

The Finance Committee plans to reconvene following the end of the first quarter of the new fiscal year.

7.9 Board Reports:
There were no board reports.

8.0 BOARD / STAFF GENERAL DISCUSSIONS
Director Bailey-Wood asked if there was any update on potential recycling services for the District. She asked that staff follow-up on the matter.

9.0 ADJOURNMENT
On a motion from Director Mirabel-Boubion and seconded by Director Bailey-Wood, the meeting was adjourned at approximately 8:30PM.

SAN SIMEON COMMUNITY SERVICES DISTRICT
WARRANT REPORT
 August 1 through August 31, 2003

| <u>DATE</u> | <u>NUM</u> | <u>NAME</u> | <u>WARRANT#</u> | <u>MEMO</u> | <u>AMOUNT</u> |
|-------------|------------|----------------------------|-----------------|---|---------------|
| 8/15/2003 | 4531 | KIMBERLY ALLISON | 0308-001 | PAYROLL 8/1/03-8/15/03 | \$ 513.60 |
| 8/15/2003 | 4532 | KIMBERLY ALLISON | 0308-002 | MILEAGE REIMBURSEMENT FOR JULY 2003 | \$ 23.40 |
| 8/21/2003 | 4533 | AMERIPRIDE | 0308-003 | MATS, MOP | \$ 20.75 |
| 8/21/2003 | 4534 | ASSOCIATED BACKFLOW SERV. | 0308-004 | TEST DISTRICT BACKFLOW DEVICE | \$ 35.00 |
| 8/21/2003 | 4535 | AT&T | 0308-005 | TELEPHONE | \$ 70.84 |
| 8/21/2003 | 4536 | CAMBRIA HARDWARE | 0308-006 | SCREEN, SHOVEL, PAINT, CAULK, NAILS, PAIL | \$ 121.89 |
| 8/21/2003 | 4537 | CAROL BAILEY-WOOD | 0308-007 | MONTHLY BOARD SERVICE FOR AUGUST 2003 | \$ 100.00 |
| 8/21/2003 | 4538 | CREEK ENVIRONMENTAL LAB | 0308-008 | TOTAL COLIFORM ANALYSIS | \$ 200.00 |
| 8/21/2003 | 4539 | CRYSTAL SPRINGS WATER | 0308-009 | WATER DELIVERY | \$ 10.00 |
| 8/21/2003 | 4540 | DAVID KIECH | 0308-010 | MONTHLY BOARD SERVICE FOR AUGUST 2003 | \$ 100.00 |
| 8/21/2003 | 4541 | EDA, INC. | 0308-011 | GENERAL MGMT SERVICES FOR MAY 2003 | \$ 3,903.65 |
| 8/21/2003 | 4542 | EDA, INC. | 0308-012 | PHASE II FACILITIES INVENTORY | \$ 4,000.00 |
| 8/21/2003 | 4543 | ERIC SCHELL | 0308-013 | MONTHLY BOARD SERVICE FOR AUGUST 2003 | \$ 100.00 |
| 8/21/2003 | 4544 | FLUID RESOURCE MGMT., INC. | 0308-014 | WWTP OPERATIONS FOR JUNE 2003 | \$ 8,500.00 |
| 8/21/2003 | 4545 | HACH COMPANY | 0308-015 | SAMPLE CELL | \$ 35.81 |
| 8/21/2003 | 4546 | HALL & HIEATT | 0308-016 | PROFESSIONAL SERVICES FOR JUNE 2003 | \$ 8,621.64 |
| 8/21/2003 | 4547 | JOHN WALLACE & ASSOC. | 0308-017 | DISTRICT ENGINEERING FOR JUNE 2003 | \$ 2,338.45 |
| 8/21/2003 | 4548 | VOID | VOID | VOID | \$ - |
| 8/21/2003 | 4549 | JOHN WALLACE & ASSOC. | 0308-018 | MAJOR PROJECTS FOR JUNE 2003 | \$ 345.00 |
| 8/21/2003 | 4550 | LA CHEMICAL | 0308-019 | CHEMCLOR & SODIUM BISULFITE | \$ 2,180.99 |
| 8/21/2003 | 4551 | LORAIN MIRABAL-BOUBION | 0308-020 | MONTHLY BOARD SERVICE FOR AUGUST 2003 | \$ 100.00 |
| 9/21/2003 | 4552 | MISSION COUNTRY DISPOSAL | 0308-021 | RUBBISH | \$ 218.33 |
| 3/21/2003 | 4553 | PACIFIC BELL | 0308-022 | TELEPHONE | \$ 185.96 |
| 8/21/2003 | 4554 | PG&E | 0308-023 | ELECTRICITY | \$ 7,604.94 |
| 8/21/2003 | 4555 | RMA COMPUTER SOLUTIONS | 0308-024 | WEBSITE UPDATES FOR AUGUST 2003 | \$ 25.00 |
| 8/21/2003 | 4556 | VOID | VOID | VOID | \$ - |
| 8/21/2003 | 4557 | ROBERT W. SCHUTLZ, ESQ. | 0308-025 | LEGAL SERVICES FOR JULY 2003 | \$ 1,500.00 |
| 8/21/2003 | 4558 | SLO CO. AUDITOR-CONTROLLER | 0308-026 | LAFCO BUDGET ALLOCATION FOR 2003-2004 | \$ 2,174.00 |
| 8/21/2003 | 4559 | SCHULTZ TRANSPORTATION | 0308-027 | MONTHLY CONTAINER RENTAL | \$ 80.00 |
| 8/21/2003 | 4560 | SUN PACIFIC | 0308-028 | PROVIDE BYPASS OPERATION FOR BLOWERS | \$ 510.00 |
| 8/21/2003 | 4561 | TERRY LAMBETH | 0308-029 | MONTHLY BOARD SERVICE FOR AUGUST 2003 | \$ 100.00 |
| 8/21/2003 | 4562 | UNDERGROUND SERVICE ALERT | 0308-030 | ANNUAL MEMBERSHIP | \$ 133.00 |
| 8/21/2003 | 4563 | VIKING OFFICE PRODUCTS | 0308-031 | PRINTER CARTRIDGE, PAPER, PAPERTOWELS | \$ 122.76 |
| 8/21/2003 | 4564 | EDA, INC. | 0308-032 | GENERAL MGMT SERVICES FOR JUNE 2003 | \$ 5,970.08 |
| 8/27/2003 | 4565 | AMERICAN INDUSTRIAL SUPPLY | 0308-033 | FIRST AID KITS, SHELF | \$ 149.02 |
| 8/27/2003 | 4566 | CREEK ENVIRONMENTAL LAB | 0308-034 | TOTAL COLIFORM ANALYSIS | \$ 100.00 |
| 8/27/2003 | 4567 | GREAT WESTERN ALARM | 0308-035 | MONTHLY ALARM MONITORING | \$ 25.00 |
| 8/27/2003 | 4568 | PUBLIC EMP. RET. SYSTEM | 0308-036 | HEALTH INSURANCE FOR SEPTEMBER 2003 | \$ 396.18 |
| 8/27/2003 | 4569 | PLATINUM PLUS FOR BUSINESS | 0308-037 | DOMAIN RENEWAL & INTERNET FOR WWTP | \$ 38.90 |
| 8/27/2003 | 4570 | U.S.A. BLUE BOOK | 0308-038 | ELECTRODE STORAGE SOL., PENS, CHART | \$ 96.62 |
| 8/27/2003 | 4571 | U.S.A. TRANSPORT INC. | 0308-039 | SLUDGE DISPOSAL | \$ 1,056.98 |
| 8/27/2003 | 4572 | VIKING OFFICE PRODUCTS | 0308-040 | FAX CARTRIDGES FOR WWTP | \$ 44.44 |
| 8/31/2003 | 4573 | KIMBERLY ALLISON | 0308-041 | PAYROLL 8/16/03-8/31/03 | \$ 550.56 |
| 8/31/2003 | 4574 | EMPLOYMENT DEV. DEPT. | 0308-042 | PAYROLL TAXES | \$ 23.23 |
| 8/31/2003 | 4575 | MID-STATE BANK | 0308-043 | PAYROLL TAXES | \$ 101.96 |
| 8/31/2003 | 4576 | PUBLIC EMP. RET. SYSTEM | 0308-044 | RETIREMENT FOR AUGUST 2003 | \$ 94.26 |
| 8/31/2003 | 4577 | STATE COMP. INS. FUND | 0308-045 | WORKER'S COMP INS. FOR 7/20/03-8/20/03 | \$ 28.98 |
| 8/31/2003 | | TOTAL | | | \$ 52,651.22 |

San Simeon Community Services District



111 Pico Avenue, San Simeon, California 93452
(805) 927-4778 Fax (805) 927-0399

Board of Directors

David Kiech • Loraine Mirabal-Boubion • Eric Schell • Carol Bailey-Wood • Terry Lambeth

San Simeon Investment Report As of June 30, 2003 (Unaudited)

ASSETS

June 30, 2003

Current Assets

Checking/Savings

| | | |
|----------------------------------|----|-------------------|
| 1010- Petty Cash | \$ | 100.00 |
| 1022- General Checking | \$ | 546.19 |
| 1120- Cash In County Treasury | \$ | 1,529.53 |
| 1200- LAIF - Non Restricted Cash | \$ | <u>951,920.65</u> |

| | | |
|------------------------|----|------------|
| Total Checking/Savings | \$ | 954,096.37 |
|------------------------|----|------------|

Other Current Assets

1201 Non Current Restricted Cash

| | | |
|---|----|-------------------|
| 1201.5 - Restricted Cash Reserves | \$ | 302,620.00 |
| 1202.0 - Contingent Liability Reserves | \$ | 250,000.00 |
| 1210.0 - Customer Security Deposits | \$ | 9,150.00 |
| 1212.0 - Connect Hookup Wait Deposits | \$ | 43,470.00 |
| 1215.0 - Reserve for Major Water Projects | \$ | <u>141,739.00</u> |

| | | |
|---------------------------------------|----|-------------------|
| Total 1201.5 Restricted Cash Reserves | \$ | <u>746,979.00</u> |
|---------------------------------------|----|-------------------|

| | | |
|--|----|------------|
| Total 1201 Non Current Restricted Cash | \$ | 746,979.00 |
|--|----|------------|

| | | |
|----------------------------|----|------------|
| Total Other Current Assets | \$ | 746,979.00 |
|----------------------------|----|------------|

| | | |
|---------------------|-----------|----------------------------|
| TOTAL ASSETS | \$ | <u>1,701,075.37</u> |
|---------------------|-----------|----------------------------|

Accounts Receivables are not reflected on the Investment Report

The District has the ability to meet the next 3 months cash flow requirements

Market Valuation is stated as of the 6/30/03 LAIF Statement

Investments are in compliance with current district policies

San Simeon Community Services District



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Board of Directors

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NOTICE OF DISTRICT COMMITTEE MEETING

Ad-Hoc Committee Meeting
To Review of Ordinance No. 66

Monday, September 22, 2003

8:30 A.M.

Cavalier Banquet Room
9415 Hearst Avenue
San Simeon, CA 93452

San Simeon Community Services District



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NOTICE OF MEETING

DISTRICT POLICY ADVISORY COMMITTEE

Monday, September 22, 2003

10:30 A.M.

Cavalier Banquet Room
9415 Hearst Avenue
San Simeon, CA 93452