

Board of Directors – Regular Meeting
San Simeon Community Services District
AGENDA
Wednesday July 11, 2007
Regular Meeting 6:00 PM
Cavalier Banquet Room

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

1. 6:00 PM- REGULAR SESSION
 - A. Roll Call
 - B. Pledge of Allegiance

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.

 - A. Sheriff's Report
 - B. Public Comment

3. STAFF REPORTS
 - A. General Manager Report
 - Current Project Report
 - (a) Stage two water conservation notices
 - (b) Quarterly Newsletter
 - (c) Weed Abatement
 - B. Superintendent Report
 - (a) Water & Wastewater Operation Report
 - C. Other Reports
 - (a) District Financial Summary
 - D. District Counsel Report

4. ITEMS OF BUSINESS ~~July~~
 - A. Approval of Minutes – ~~June~~ 13, 2007
 - B. Approval of Warrants – July 1, 2007 – July 31, 2007

5. DISCUSSION/ACTION ITEMS
 - A. Review and approval of pipe bridge structural review / bid package (Grace)
 - B. Coastal Commission Letter (Schultz)
 - C. 2005 - 2006 Annual Audit (Grace)

D. 2007 - 2008 Annual Budget Resolution 07-314 (Grace)

E. Collection system smoke testing (Grace)

I. Board Committee Reports.

J. Board Reports.

6. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS
7. ADJOURNMENT

General Manager's Report

July 11, 2007

(a) Stage two water conservation notices

The water well levels have been 5% below the historical average for 3 consecutive weeks. Stage two water conservation measures are in effect and notices were mailed with the June bill mailing.

(b) Quarterly Newsletter

The second quarterly news letter is being prepared for distribution during the July bill mailing. Content suggestions are welcomed and can be given to the General Manager.

(c) Weed Abatement

Weed abatement activity has been performed by Mike Rice and second notices were sent with the June bill mailing to all residents as well as property owners.

June 28, 2007

To: All users of the San Simeon Community Services District Water System

From: Charles Grace – General Manager –SSCSD

Reference: Stage Two Water Conservation

Effective immediately and until further notice **Stage Two** of the San Simeon Community Services District water conservation program is in effect.

STAGE TWO

Stage two is initiated when current well field levels for three consecutive weeks drop 5% below monthly historical averages. Lifted when Pico Creek starts running to the ocean or when levels return to average level for two consecutive months.

- 1) All outdoor irrigation of vegetation with potable SSCSD water shall be prohibited.
- 2) The use of SSCSD water for the filling, refilling or adding of water to swimming pools, wading pools, ornamental fountains, or spas shall be limited to the amount necessary to keep the pool or fountain equipment operative and to refill for evaporative losses.
- 3) Restaurants are prohibited from serving SSCSD water to their customers except when specifically requested by the customer.

As a reminder, required water conservation measures under stage one remains in effect:

STAGE ONE

- 1) Use of water from hydrants shall be limited to firefighting and /or activities immediately necessary to maintain the health, safety and welfare of the SSCSD.
- 2) All sales or use of SSCSD water outside of the SSCSD limits shall be discontinued.

3) SSCSD water shall not be used to wash down sidewalks, driveways, parking areas, buildings or other structures, except to alleviate immediate fire or sanitation hazards.

4) The washing of automobiles, trucks, trailers, boats, mobile homes and other types of mobile equipment with SSCSD water shall be prohibited.

Sincerely,

Charles Grace
General Manager

Superintendent's Report

June 2007

July 5, 2007

The Wastewater Treatment Plant performed well during the month and produced a good quality treated effluent. Based on lab results received so far we were in compliance throughout the month of June with no exceedances of permit limitations. After the Superintendent's Report for May was submitted we received lab results that showed we had an exceedence on May 29th for Total Coliform. The test results indicated we had a Total Coliform count of 240 whereas our permit limit was 230. The new NPDES permit which took effect on May 30th established a new method of determining the limit for Total Coliform by using a 30-day geometric mean. Under the new permit there would not have been an exceedence.

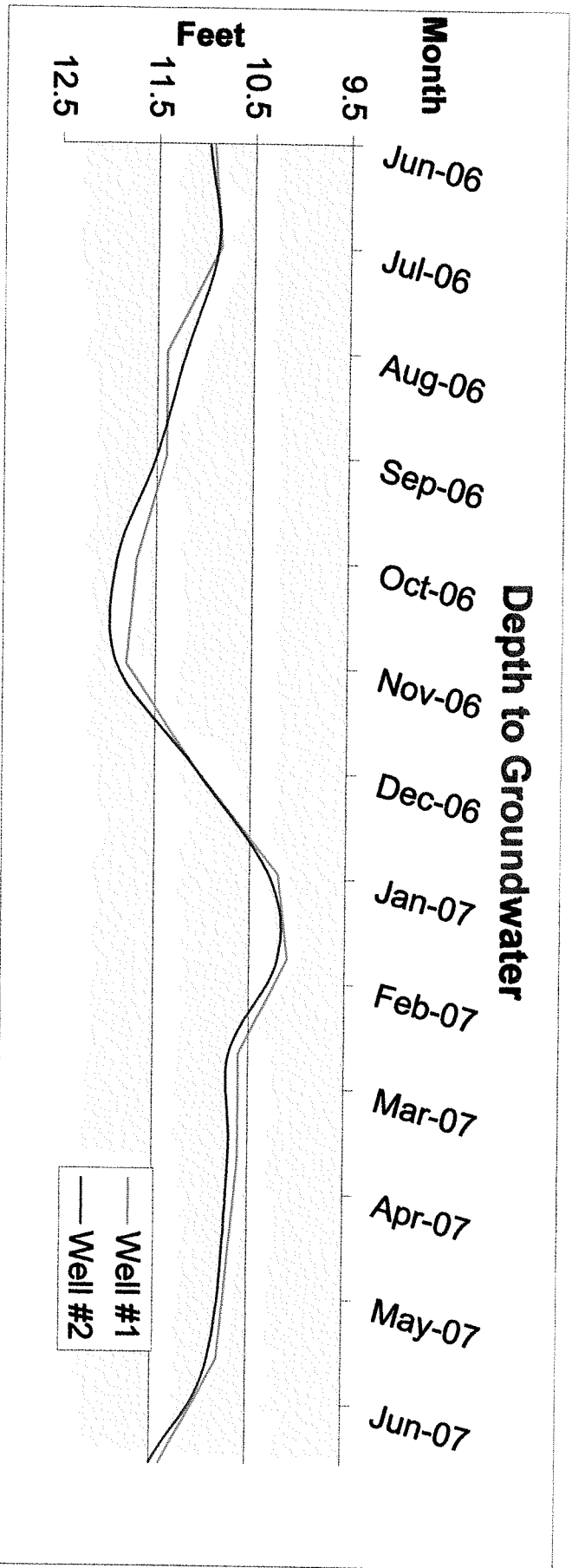
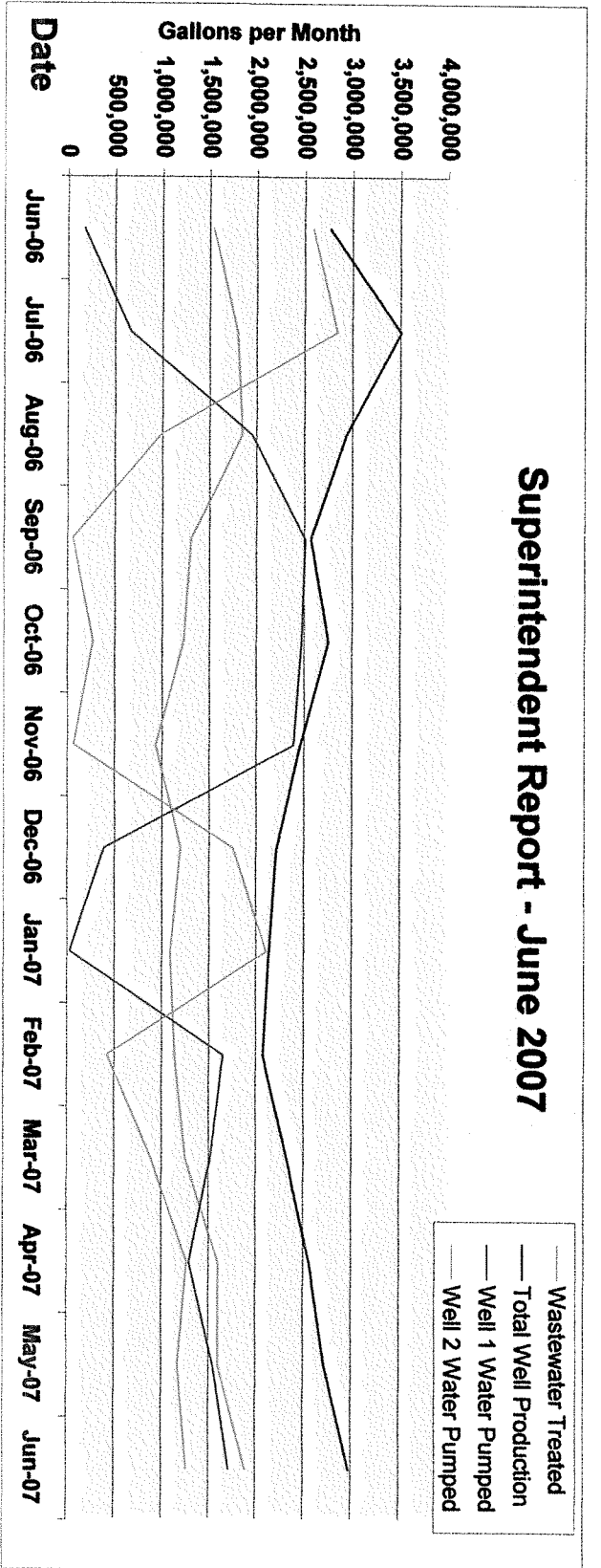
Most of the major components for the instrumentation improvements have been ordered and should be arriving within the next week. Pacific States Electrical & Instrumentation is scheduled to begin installation of components, conduit and wiring the week of July 9th to 13th.

Report prepared and submitted by Dan Daniels, Facility Manager, ECO Resources, Inc.

San Simeon Community Services District - Superintendent's Report - Monthly Data - June 2007

	INPUT Wastewater Inf Meter Tot	CALCULATED Wastewater Daily Flow	INPUT Well 1 Readings	CALCULATED Well 1 Total Pumped	INPUT Well 2 Readings	CALCULATED Well 2 Total Pumped	CALCULATED Total Daily Water Produced	INPUT Well 1 level	INPUT Well 2 level	INPUT State Sewer Daily Flow
5/30/07	24852		27067		45504					
6/1/07	51382	26,530	27117	37,400	45564	44,880	82,280	11.1	-	8,281
6/2/07	114004	62,622	27180	46,750	45629	48,695	95,445	Running	-	7,852
6/3/07	171553	57,549	27261	53,258	45709	59,616	112,873	11.2	-	9,799
6/4/07	225793	54,240	27280	29,396	45755	34,558	63,954	11.1	-	10,839
6/5/07	278655	52,862	27335	33,660	45797	31,416	65,076	Running	-	7,685
6/6/07	326952	48,297	27383	35,904	45859	46,376	82,280	Running	-	8,479
6/7/07	364613	37,661	27427	33,211	45927	50,864	84,075	11.2	-	9,193
6/8/07	408410	43,797	27549	90,658	45982	41,065	131,723	11.3	-	8,475
6/9/07	489602	81,192	27665	86,693	45982	0	86,693	11.3	-	8,731
6/10/07	546156	56,554	27665	0	46088	79,288	79,288	11.3	-	10,700
6/11/07	603271	57,115	27799	100,756	46089	598	101,354	11.3	-	9,996
6/12/07	641519	38,248	27915	86,544	46089	0	86,544	11.3	-	8,750
6/13/07	689611	48,092	27915	0	46191	76,371	76,371	11.3	-	7,774
6/14/07	739027	49,416	28032	87,292	46191	0	87,292	11.3	-	10,543
6/15/07	788109	49,082	28032	0	46294	77,044	77,044	11.3	-	10,544
6/16/07	867312	79,203	28120	65,899	46383	66,871	132,770	11.3	-	9,240
6/17/07	939952	72,640	28242	91,406	46419	26,479	117,885	-	Running	11,287
6/18/07	1008688	68,736	28304	46,376	46509	67,320	113,695	Running	-	10,779
6/19/07	1072637	63,949	28374	52,061	46509	0	52,061	11.4	-	10,330
6/20/07	1143122	70,485	28562	140,998	46510	1,197	142,195	11.5	-	12,382
6/21/07	1219200	76,078	28562	0	46614	77,343	77,343	11.5	-	10,538
6/22/07	1290093	70,893	28678	86,843	46614	0	86,843	11.5	-	10,054
6/23/07	1363327	73,234	28687	6,433	46738	92,827	99,260	Running	-	10,640
6/24/07	1434120	70,793	28822	101,130	46824	64,777	165,906	11.7	Running	12,318
6/25/07	1508501	74,381	28938	86,544	46854	22,066	108,610	11.7	-	11,989
6/26/07	1595273	86,772	28938	0	46959	78,989	78,989	11.6	-	11,734
6/27/07	1675649	80,376	29058	90,284	46959	0	90,284	11.7	-	10,032
6/28/07	1744874	69,225	29178	89,685	47087	95,744	185,429	11.9	-	11,451
6/29/07	1819580	74,706	29269	67,918	47087	0	67,918	Running	-	10,304
6/30/07	1917632	98,052	29359	67,544	47198	82,504	150,049	Running	-	10,570
	TOTALS	1,892,780		1,714,640		1,266,888	2,981,528			302,289
	Average	63,093	Average	57,155	Average	42,230	99,384	11.4	N/A	10,076
	Min	26,530	Min	0	Min	0	52,061	11.1	N/A	7,685
	Max	98,052	Max	140,998	Max	95,744	185,429	11.9	N/A	12,382

Superintendent Report - June 2007



2006 San Simeon Community Services District Data Summary Sheet June 2007

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total for 2006
Wastewater Treated	1,271,275	1,363,034	1,512,445	1,969,993	1,449,000	1,539,298	1,796,204	1,849,711	1,307,276	1,229,498	936,304	1,199,866	17,425,914
Total Well Production	1,995,888	1,926,324	2,167,480	2,418,656	2,633,708	2,767,600	3,509,616	2,940,538	2,571,689	2,755,408	2,464,361	2,216,623	30,367,903
Well 1 Water Pumped	0	540,654	701,474	43,756	0	177,276	663,476	1,955,721	2,514,327	2,479,919	2,395,545	393,523	11,865,674
Well 2 Water Pumped	1,955,888	1,385,670	1,466,005	2,374,900	2,633,708	2,590,324	2,846,140	964,817	57,372	275,488	68,816	1,755,406	18,394,534
Water Well 1 Avg Depth to Water	10.4	10.5	10.1	9.8	10.5	10.9	10.8	11.4	11.4	11.7	11.8	11.1	10.9
Water Well 2 Avg Depth to Water	10.3	10.5	10.4	10.0	10.6	11.0	10.9	11.2	11.5	11.9	11.9	11.1	11.1
State Wastewater Treated	705,247	397,658	292,804	456,107	315,899	315,831	429,805	417,679	285,432	239,387	207,822	269,494	4,333,165
State % of Total WW Flow	55.48	28.17	19.36	23.15	21.80	20.52	23.90	22.58	21.83	19.47	22.20	22.46	25.16
Biosolids Removal (Gallons)	6,000	6,000	12,000	6,000	12,000	35,190	32,288	28,223	25,180	24,607	24,947	6,196	218,933
WW Permit Exceed. Revised 12-7-06	2	1	0	1	4	1	0	1	0	0	1	0	11
Constituents Exceeded			None	T Coliform	T Coliform	None	None	T Coliform					
Sample Limit	230	230		230	230		None	230					
Sample Result	240	500		800	300		1600	350					
	500												
Constituents Exceeded					Tot CL2	Tot CL2							
Sample Limit					0.93	0.93							
Sample Result					7.1	52							

Tot CL2
0.83
1.04

2007

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Total for 2007
Wastewater Treated	1,088,548	1,137,863	1,252,523	1,598,800	1,598,800	1,892,780	8,569,314
Total Well Production	2,140,778	2,076,298	2,329,571	2,565,490	2,722,870	2,981,528	14,816,533
Well 1 Water Pumped	28,349	1,651,734	1,519,338	1,295,835	1,548,360	1,714,640	7,758,256
Well 2 Water Pumped	2,112,427	424,565	891,018	1,269,655	1,174,510	1,266,888	7,139,063
Water Well 1 Avg Depth to Water	10.2	10.1	10.6	10.6	10.6	11.4	10.6
Water Well 2 Avg Depth to Water	10.3	10.2	10.7	10.7	10.9	11.4*	10.6
State Wastewater Treated	191,904	230,939	210,820	286,506	255,666	302,289	1,478,123
State % of Total WW Flow	17.63	20.30	16.83	17.92	15.99	15.97	17.26
Biosolids Removal (Gallons)	0	6,523	5,933	6,487	12,308	6,000	37,252
WW Permit Limitation Exceeded	0	0	1	0	1	0	2
Constituents Exceeded			T Coliform		T Coliform		
Sample Limit			230		230		
Sample Result			300		240		

San Simeon Community Services District Superintendent's Report

Comparison of Sales

	2005	2006	2007	January	February	March	April	May	June	July	August	September	October	November	December
Water Sales (Dollars)	\$12,025	\$11,701	\$12,781	\$13,396	\$14,661	\$15,951	\$14,661	\$15,951	\$15,951	\$18,566	\$22,159	\$17,753	\$16,502	\$17,224	\$11,593
Water Sales (Dollars)		\$11,701	\$12,630	\$11,913	\$13,342	\$14,784	\$13,342	\$14,784	\$14,747	\$26,542	\$30,958	\$17,753	\$16,789	\$26,277	\$12,577
% +/- from 2005		0.97		0.89	0.91	0.93	0.91	0.93	0.92	1.43	1.40		1.02	1.53	1.08
Water Sales (Dollars)		\$12,781	\$13,154	\$11,913	\$13,342	\$16,078									
% +/- from 2006		1.09	1.04	1.00	1.00	1.09									

	2005	2006	2007	January	February	March	April	May	June	July	August	September	October	November	December
Amount Water Sold (cu ft)	259,424	242,900	263,799	292,318	317,559	327,339	316,279	327,339	327,339	379,201	453,232	402,325	343,995	350,631	238,106
Amount Water Sold (cu ft)		242,900	261,269	247,461	276,898	305,006	276,898	305,006	305,006	541,198	630,400	360,280	343,995	333,258	258,977
% +/- from 2005		0.94	0.82	0.85	0.88	0.93	0.88	0.93	0.93	1.43	1.39	0.90		0.95	1.09
Amount Water Sold (cu ft)		263,799	272,449	247,461	276,898	327,790	276,898	327,790							
% +/- from 2006		1.09	1.04	1.00	1.00	1.07	1.00	1.07							

	2005	2006	2007	January	February	March	April	May	June	July	August	September	October	November	December
Water Produced - Month Cycle (cu ft)	266,850	286,221	303,720	289,792	311,440	323,375	323,375	352,127	370,028	469,236	393,150	343,836	368,398	329,485	296,362
Water Produced - Meter Cycle (cu ft)		286,221	299,230	289,792	311,440	342,980	342,980	364,020	398,630						
Water Produced - Month Cycle (cu ft)		286,221	299,230	243,280	243,280	387,580	387,580	340,070	400,730						
Water Produced - Meter Cycle (cu ft)		303,720	299,230	243,280	243,280	387,580	387,580	340,070	400,730						
% +/- from 2006		1.07	1.08	1.07	1.07	1.06	1.06	1.03	1.08						

June 2007
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Other Reports
District Financials Summary

District Financials

May 2007 Billings	\$33,553.78
June 2007 Billings	\$28,412.24
June Past Due	\$3,848.29
LAIF Account	\$788,108.93
SEP Accounts	\$85,788.08
	\$20,636.98
Accounts Payable	\$56,101.37
Checking Account Balance	\$98,618.70

**Board of Directors – Regular Meeting
San Simeon Community Services District
MINUTES
Wednesday June 13, 2007
Regular Meeting 6:00 PM
Cavalier Banquet Room**

1. 6:00 PM – REGULAR SESSION

Roll Call-All Directors present
Pledge of Allegiance

2. Public Comment: Resident Bob McLaughlin, Noah Smukler of the Surf Rider Foundation, Mary of Los Osos, and resident Karina Tiwana spoke individually in support of the plan for Tertiary Upgrade.

A. Sheriff's Report: No Representative present

3. STAFF REPORTS:

A. General Manager's Report (Charlie Grace)

a. NPDES renewal update: The Regional Water Quality Control Board adopted the National Pollution Discharge Elimination Permit (NPDES) for the Wastewater Treatment Plant. Copies are available at the office or online.

b. Draft Quarterly Newsletter: The first reintroduced Quarterly Newsletter was sent with the June billing statements.

c. Smoke Testing: A verbal estimate was obtained to perform collection system smoke testing based on the concern that the collection system experiences infiltration. The cost to perform smoke testing of the entire collection system is conservatively estimated to be \$14,500.

d. Pico Bridge Crossing: Cal Trans was contacted and subsequently performed graffiti removal from the Pico Creek Bridge crossing on June 6, 2007.

e. Weed Abatement: Weed abatement activity has been performed by Mike Rice and letters were mailed out to property owners. The deadline for weed clearing is June 30, 2007.

f. Surf Rider Tour: Thirteen members of the local Surf Rider Foundation toured the Waste Water Treatment Facility on May 11, 2007 from 3:00pm to 5:00pm. Dan Daniels and Jerry Copeland prepared visual displays of water entering the plant as compared to the treated water exiting the plant and prepared a handout for participants which described the treatment process.

B. Superintendent Report: The report was presented by Facility Manager Dan Daniels. He announced no exceedances in the last month. Wastewater flow has gone up as well as water usage. The well levels are stable and unchanged. Monitoring is only occurring at well #1 as the measuring tape at well #2 is hung up somewhere inside the well.

C. Other Reports

a. District Financial Summary:

<u>May 2007 Billings</u>	<u>\$33,553.78</u>
<u>April 2007 Billings</u>	<u>\$37,815.21</u>
<u>May Past Due</u>	<u>\$3,847.00</u>
<u>LAIF Account</u>	<u>\$788,108.93</u>
<u>SEP Accounts</u>	<u>\$85,420.30</u>
	<u>\$20,548.51</u>
<u>Accounts Payable</u>	<u>\$38,674.61</u>
<u>Checking Account Balance</u>	<u>\$98,618.70</u>

D. District Counsel Report – Along with his normal general duties of instructing the District as to Brown Act issues, District Counsel created a response letter to the North Area Coastal Plan to dispute the penalties with the Water Board.

4. ITEMS OF BUSINESS:

A. Approval of Minutes – May 9, 2007

Motion made to approve the minutes with a spelling correction under part B of Discussion Action Items and an elaboration on the motion made taken from the last sentence as suggested by Director Russell.

Motion made: Director Ricci
Second: Director Russell
Approved 5-0 as amended

B. Approval of Warrants – June 1- June 30, 2007

The check for Crosby and Cindrich will be held until the final report is complete.

Motion made: Director Russell
Second: Director Ricci
Approved 5-0

5. DISCUSSION/ACTION ITEMS:

A. LAIF (Local Agency Investment Fund) Account: The LAIF account requires a resolution from the Board of Directors naming the General Manager (Charles Grace) as authorized to make transfers.

Motion made: Director Russell

Second by: Director McAdams
Approved 5-0 without exception

B. Pipe Bridge Painting Quotes: Staff directed to return with structural inspection cost and cost for bid specs.

Motion made: Director Fields
Second by: Director McAdams
Approved 5-0 without exception

C. District Counsel Increase Salary: Motion made to approve District Council increase in salary of \$75.00 per month.

Motion made: Director Fields
Second by: Director McAdams
Approved 5-0 without exception

D. Scenic Byway Signage at San Simeon Entrance: Motion made to approve the design of the sign. The sign will be placed at both ends of town.

Motion made: Director Russell
Second by: Director Ricci
Approved 5-0 without exception

E. Coastal Commission Letter: Motion made to approve District Counsel's letter pointing out the concerns regarding specific items listed in the Coastal Commission North Coast Area Plan.

Motion made: Director Russell
Second by: Director Fields
Approved 5-0 without exception

F. Consumer Price Index Ordinance: Motion made to approve the Ordinance raising San Simeon Community Services District water and wastewater fee based on the Los Angeles Consumer Price Index plus 1%.

Motion made: Director Fields
Second by: Director McAdams
Approved 5-0 without exception

G. Authorize General Manager to mail proposition 218 notice: Proposition 218 requires mailing notice to the owners / rate payers 45 days in advance of a change. Motion is made to authorize the General Manager to mail the notice.

Motion made: Director Ricci
Second by: Director Fields

Approved 5-0 without exception

H. Review / Approve 2007-2008 Fiscal Budget as presented by the Budget Committee: Motion made to approve 2007/2008 Fiscal year budget as prepared and presented by the Budget Committee.

Motion made: Director Fields
Second by: Director Russell
Approved 5-0 without exception

I. Develop SSMP (Sewer Management Plan) to comply with State WDR (Waste Discharge Requirements).

The State Water Resource Control Board has required public agencies with a mile or more of collection system to apply for a General waste discharge permit and complete a (SSMP) Sewer System Management Plan. In addition to other items the management plan will identify sewer spill procedures as well as identify routine maintenance items. The General WDR has been applied for and a motion was made granting the General Manager authorization to request a quote from ECO Resources to perform this task.

Motion made: Director Russell
Second by: Director Fields
Approved 5-0 without exception

J. Review/Approve draft 2005/2006 financial audit: Motion made to approve draft financial audit for the previous fiscal year as provided by Crosby and Cindrich.

Motion made: Director Russell
Second by: Director Ricci
Approved 5-0 without exception

C. Board Committee Reports: Director Russell oversees the Water Master Plan Committee. The subcommittee met this same afternoon with Jon Hanlon of Boyle Engineering.

D. Board Reports: Stage Two of Water Conservation will most likely take effect soon as it has been a very dry year. Mr. Grace will investigate current well levels and provide his findings to the board.

7. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS: None

8. ADJOURNMENT

**San Simeon Community Services District
WARRANT REPORT
June 1-30 2007**

Type	Date	Open Balance	Warrant #	Check #
Fields, Alan	7/7/2007	100.00	0707-001	5666
Ricci, DeeDee	7/7/2007	100.00	0707-002	5670
Lambeth, Terry	7/7/2007	100.00	0707-003	5674
Ralph McAdams	7/7/2007	100.00	0707-004	5665
Russell, John	7/7/2007	100.00	0707-005	5672
Schultz, Rob	7/7/2007	1,575.00	0707-006	5656
Schultz, Rob	7/7/2007	1,560.00	0707-007	5676
ECO Resources	7/7/2007	38,284.46	0707-008	5681
GBP&B	7/7/2007	1,200.00	0707-009	5671
Winsor Construction	7/7/2007	6,540.00	0707-010	5675
Crosby and Cindrich	7/7/2007	1,418.58	0707-011	5669
PG and E	7/7/2007	672.62	0707-012	5673
Bytes and Sites	7/7/2007	275.00	0707-013	5682
Boyle Engineering Corp.	7/7/2007	3,747.60	0707-014	5680
CAL Pers	7/7/2007	178.11	0707-015	5668

task 1-06, 2-06, 3-05, 7-05
task cap
Monthly Billing
USF cap
USF LOAN
terrestrial operation
warner master plan

Debbie or Raymond Smith	Deposit Refund	7/7/2007	\$	50.00	0707-016	5662
Mark Graper	Deposit Refund	7/7/2007	\$	50.00	0707-017	5663
Paul Hough	Deposit Refund	7/7/2007	\$	50.00	0707-018	5664

Total: **\$ 56,101.37**

Discussion / Action Item

July 11, 2007

A. Review and approval of pipe bridge structural review / bid package

At the June 13, 2007 regular board meeting a question arose regarding the structural integrity of the sewer crossing Pipe Bridge as well as the cost of preparing a bid package for painting the pipe bridge. Attached for your approval is a quote from Advantage Technical Services to provide a coating evaluation and ultrasonic thickness survey and the cost for Council to provide a Pipe Bridge painting bid package. Staff request approval to authorize Advantage to perform the coating evaluation and thickness survey and authorization to request bid package from council if the bid package is deemed necessary after the evaluation is performed.

B. Coastal Commission Letter

This letter has been prepared to inform the County of San Luis Obispo that the San Simeon Community Services District has significant concerns regarding specific items listed in the Coastal Commissions Plan.

C. 2005 - 2006 Annual Audit

Attached is a Final 2005 - 2006 San Simeon Community Services District annual audit. Staff recommends approval of the annual audit.

D. Review / Approve 2007-2008 Annual Budget Resolution 07-0314.

The 2007-2008 Fiscal year budget has been prepared and revised per June 13 2007, meeting. Resolution Number 07-0314 is presented as part of this Board Packet for review and approval.

E. Collection system smoke testing

At the June 13, 2007, regular Board meeting the General Manager presented as part of the General Manager Report preliminary cost of \$14,500 to perform sewer collection system smoke testing. During the preparation of the smoke testing job quote it was recognized that bypass pumping of various sections of sewer line will need to occur during the testing process thus increasing the time and equipment necessary to perform the overall task. Staff recommends approval of ECO Resources to provide smoke testing for the collection system at a cost not to exceed \$18,000.

Charlie Grace

From: Rob Schultz [RSchultz@morro-bay.ca.us] **Sent:** Mon 6/25/2007 4:56 PM
To: Charlie Grace
Cc:
Subject: Re: Pipe bridge bid package
Attachments:

It would probably take 10-15 hours at 150 hour. A budget not to exceed \$1,500 would do it.

Rob Schultz
City Attorney
City of Morro Bay
955 Shasta Ave.
Morro Bay, 93442
(805) 772-6568 (office)
(805) 550-3588 (cell)
(805) 772-6572 (fax)

This message may contain confidential or privileged information. If you received this message in error, please contact the sender and then delete this message from your system.

>>> "Charlie Grace" <CGrace@ecoresources.com> 6/24/2007 12:43:46 pm
>>>
Rob,

What will you charge SSCSD to put together a bid package for the sewer pipe, bridge painting?

Charlie

San Simeon Community Services District



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

Board of Directors
John Russell, Ralph McAdams, Allen Fields, Dee Ricci, Terry Lambeth

July 2, 2007

Commissioners
California Coastal Commission
45 Fremont Street
Suite 2000
San Francisco, CA 94105-2219

Re Agenda Item W10a: *San Luis Obispo County LCP Amendment No. SLO-MAJ-1-06
PART 1 (Cambria & San Simeon Acres Community Plans)*

Dear Coastal Commission Members:

The draft San Luis Obispo County Local Coastal Program for Cambria and San Simeon Acres Community contains many laudable intents and goals for the Local Coastal Program. Unfortunately, some of these new policies would have serious financial impacts on the San Simeon Community Services District. Therefore, the Board of the San Simeon Community Services District has reviewed the draft Local Coastal Program for San Simeon Acres and provides you with the following comments, concerns and/or corrections.

As a general note, throughout the draft Local Coastal Program, reference is made to the San Simeon Community Services District as the San Simeon Acres Community. In 1991, the Board of Directors amended and changed its name thereby deleting the reference to "Acres" to more correctly represent and identify the District with its geographical location. Therefore, please delete any reference to "Acres" in the draft Local Coastal Program.

In regard to other changes proposed by the San Simeon Community Services District: for ease of reference we have set forth the proposed draft policies along with our comments, concerns and/or corrections, which are in bold type.

Page 3-38. *San Simeon Acres Sewage Disposal:*

Based on the ~~projected~~ potential increase in residential units and tourist facilities and a corresponding increase in sewage flow from the Hearst Castle Visitors' Center, it is

estimated that average dry-weather flow at the maximum hypothetical buildout allowed by the land use designations would equal or exceed the current capacity of the treatment plant. An increase in the rate of flow per capita or per motel room could result in peak flows 25 percent higher than the plant's capacity.

To handle these peak flows, that would result from the maximum hypothetical buildout under this Plan, expansion of the existing plant, or constructing a new plant at a different location, will be necessary. With modifications and upgrades, it has been estimated that the current system could handle 400,000 gpd. The hypothetical buildout flow could be accommodated by a plant of this size. However, the location of the existing treatment plant is threatened by coastal erosion, and alternative locations for the plant must therefore be pursued. ~~If a larger plant should be needed in the future, the Master Water and Sewerage Plan identifies two alternatives: 1) a new plant designed to serve San Simeon Acres (within the Village Reserve Line); and, 2) joint use and expansion of the Cambia wastewater treatment plant.~~ Final sizing of plant expansion or replacement plant should be limited to that needed to serve San Simeon Acres, Hearst Castle, and Department of Parks and Recreation staging area facilities. In addition, beneficial use of treated effluent should be considered rather than continuing use of the outfall line. Projected sewage flow associated with the hypothetical maximum density of development allowed by the San Simeon Acres land use designations is indicated in Figure 3-6.

The statement that “the location of the existing treatment plant is threatened by coastal erosion” is a completely false statement. There is no factual evidence that any erosion has occurred in front of the treatment plant. The District certainly will look at alternative locations during any CEQA evaluation of a project, but this language must be eliminated.

Page 7-97. *Marine Habitat (SRA):*

1. Marine Habitat (SRA) – Projects with Point-Source Discharges. The richness, sensitivity, and unspoiled character of the marine habitats in San Simeon Acres demand particularly rigorous measures to ensure the protection of these special resources. Accordingly, no surface point-source discharges into the marine environment are allowed, except as follows:

Exceptions:

- A. San Simeon Acres Community Services District. ~~Any capacity expansions needed to serve permitted growth within the existing Discharges by the San Simeon Acres Services District (CCSD) service areas, provided that any new outfall have been properly permitted by the County, the California Coastal Commission (CCC), Regional Water Quality Control Board (RWQCB), State Lands Commission (SLC), Environmental Protection Agency (EPA), and is consistent with Monterey Bay National Marine Sanctuary (MBNMS) provisions.~~

- B. Stormwater Outfalls. Stormwater outfalls that discharge to the beach, intertidal area, or marine environment are prohibited unless it has been demonstrated that it is not possible to detain the stormwater on-site, or direct the stormwater to pervious land areas or the street, without causing flooding problems or erosion hazards. In such instances, stormwater outfalls shall include filtration and treatment systems necessary to protect coastal water quality; be screened from public view using underground pipes and/or native vegetation of local stock; and receive all necessary approvals from the agencies listed above. Consolidation of existing outfalls shall be pursued where feasible.

Section B is an unfunded mandate. The SSCSD does not have the staffing or resources to fund this project and unless the County or CCC is going to fund such a project, the language should be eliminated.

Page 7-98. *Service Capacity. Modify San Simeon Acres Village Communitywide Standard 1 as follows:*

1. Service Capacity. The San Simeon Acres Community Service District (SSCSD) shall maintain and reserve available water and sewer treatment capacity ~~on a yearly basis for~~ the following priority uses:
 - A. Visitor-Serving Uses. 75 percent of available water and sewer capacity.
 - B. Affordable Housing – Program Required. Of the remaining 25 percent of capacity, the SSCSD shall reserve sufficient water and sewer capacity to serve affordable housing. ~~If consistent with other permits, the amount of water and sewer capacity required to serve affordable housing units may be re-allocated from the Visitor-Serving category.~~

~~Prior to issuance of any further water will-serve letters, the District shall propose to the County a program to accommodate a limited number for affordable housing units each year. The exact number shall be determined based on unmet housing needs, and availability of water. Under this program and to meet the need of affordable housing units, the District may divert part of the water which otherwise would have been allocated to the Visitor-Serving water waiting list.~~

Section B is an unfunded mandate. The SSCSD does not have a Planning Department or Planning Staff and affordable housing issues are not within its jurisdiction. Therefore, the District should not and cannot be required to develop a program to accommodate affordable housing. The program should reside with the County. An affordable Housing Program within SSCSD is within the jurisdiction of the County.

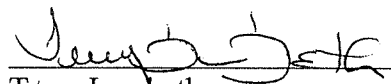
Pg. 7-100. *Shoreline Access in New Visitor-Serving and Public Facility Developments. Modify Communitywide Standard 3 as follows:*

3. Shoreline Access in New Visitor-Serving and Public Facility Developments. Visitor-serving and Public Facility developments located between the first public road and the sea shall be required to provide the following public access improvements:
 - A. Access from the Road to the Beach. A vertical access easement for public pedestrian use
 - B. Parking Areas. Areas available for public parking.
 - C. Lateral access dedications from the toe of the bluff to the mean high tide line.
 - D. Blufftop Lateral Access. New development, including demolition/remodel or a change of use of existing facilities shall designate, construct, and maintain a lateral blufftop access trail for public use. The dedicated lateral access easement shall have the ability to "float" inland overtime as the bluff erodes. The trail shall be a minimum of 10 feet wide.
 - E. Arroyo del Padre Juan Bridge Crossing. The existing "pipe bridge crossing Arroyo del Padre Juan shall be improved to include a bike and pedestrian crossing.

Section E is an unfunded mandate. The SSCSD has very limited resources and does not have the ability to fund such a project and unless the County or CCC is going to fund such a project, the language should be eliminated.

In closing, The San Simeon Community Services District recognizes that the County Local Coastal Program must include policies that address issues such as shoreline public access and recreation. However, the San Simeon Community Services District strongly believes that environmental concerns and economic and human goals should go hand-in-hand and will continue to strive to make this possible for the community in a positive, responsible and sustainable way.

Sincerely,


Terry Lambeth
Chair

**SAN SIMEON
COMMUNITY SERVICES DISTRICT**

**Independent Auditors' Report
and
Financial Statements**

For the Years Ended
June 30, 2006 and 2005

SAN SIMEON COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Years Ended June 30, 2006 and 2005

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SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF DIRECTORS
June 30, 2006

BOARD OF DIRECTORS

NAME

TERM EXPIRES

Terry Lambeth, Chairperson

November, 2006

John Russell, Vice-Chairperson

November, 2008

David Kiech, Director

November, 2006

Loraine Mirabal-Boubion, Director

November, 2008

Alan Fields, Director

November, 2008



CROSBY & CINDRICH, CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

1368 MARSH STREET - SAN LUIS OBISPO, CA 93401
PHONE: (805)543-5800 FAX: (805)543-2575

Independent Auditors' Report

Board of Directors
San Simeon Community Services District
San Simeon, California

We have audited the accompanying financial statements of the business-type activities of the San Simeon Community Services District as of and for the years ended June 30, 2006 and 2005, which collectively comprise the organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the San Simeon Community Services District as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, management has elected not to include a management discussion and analysis. This analysis is not a required part of the basic financial statements but is supplementary information normally required by U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements that collectively comprise the San Simeon Community Services District basic financial statements. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CROSBY & CINDRICH
Certified Public Accountants
A Professional Corporation

May 17, 2007

SAN SIMEON COMMUNITY SERVICES DISTRICT

STATEMENTS OF NET ASSETS

PROPRIETARY FUNDS

As of June 30, 2006 and 2005

ASSETS	<u>2006</u>	<u>2005</u>
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,116,934	\$ 1,350,586
Accounts receivable	60,717	58,326
Interest receivable	12,376	9,473
Prepaid expenses	5,997	6,157
 Total current assets	 1,196,024	 1,424,542
<i>Non-current assets</i>		
Capital assets:		
Construction in progress	351,621	14,823
Property, plant & equipment	2,443,036	2,441,166
Less accumulated depreciation	(1,305,797)	(1,230,286)
 Total noncurrent assets	 1,488,860	 1,225,703
 Total assets	 \$ 2,684,884	 \$ 2,650,245
 LIABILITIES		
<i>Current liabilities</i>		
Accounts payable	\$ 37,557	\$ 16,735
Deposits	52,478	53,370
 Total liabilities	 \$ 90,035	 \$ 70,105
 NET ASSETS		
Invested in capital assets	\$ 1,488,860	\$ 1,225,703
Unrestricted	1,105,989	1,354,437
 Total net assets	 \$ 2,594,849	 \$ 2,580,140

The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues		
Utility sales	\$ 348,472	\$ 420,269
Service charges	33,345	34,358
State of California - Department of Parks and Beaches	105,765	67,094
Total operating revenues	487,582	521,721
Operating expenses		
Bookkeeping/secretarial	14,400	11,161
Health insurance	1,762	1,921
Website	7,300	1,416
Supplies and small tools	4,040	
Repairs and maintenance	43,130	1,634
Equipment rental	1,345	2,059
Utilities and telephone	6,893	314
Insurance	6,702	
Office expense	477	250
Legal and professional	33,008	62,232
Licenses and permits	6,032	6,639
Director's fees	5,900	5,325
Depreciation	75,511	76,819
Other expense	783	8,280
Membership and seminars	245	395
Contract labor	325,977	336,566
Total operating expenses	533,505	515,011
Operating income (loss)	(45,923)	6,710
Non-operating revenues (expenses)		
Investment income	47,773	30,459
Property taxes	68,336	62,946
Miscellaneous income	6,946	3,036
Gain (loss) on disposal of capital assets		1,200
Penalties and violations	(4,604)	(64,500)
Education revenue augmentation	(52,502)	(52,502)
Tax administration fee	(167)	(231)
LAFCO budget allocation	(5,150)	(2,026)
Total non-operating revenues (expenses)	60,632	(21,618)
Changes in net assets	14,709	(14,908)
Net assets-beginning of year	2,580,140	2,595,048
Net assets-end of year	\$ 2,594,849	\$ 2,580,140

The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
As of June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<i>Cash flows from operating activities</i>		
Cash received from operating revenue	\$ 485,191	\$ 518,559
Other payments	(440,807)	(467,381)
Net cash provided by operating activities	44,384	51,178
<i>Cash flows from non-capital financing activities</i>		
Property tax revenues	68,336	62,928
Miscellaneous income	6,946	3,036
Penalties and violations	(4,604)	(64,500)
Education revenue augmentation	(52,502)	(52,502)
Property tax administration fees paid	(167)	(213)
LAFCO budget allocation	(5,150)	(2,026)
Net cash provided (used) by non-capital financing activities	12,859	(53,277)
<i>Cash flows from capital and related financing activities</i>		
Acquisition of capital assets	(1,870)	(56,443)
Net cash used by capital and related financing activities	(1,870)	(56,443)
<i>Cash flows from investing activities</i>		
Proceeds from sale of equipment		1,200
Construction in progress	(336,798)	
Interest income	47,773	30,459
Net cash provided (used) by investing activities	(289,025)	31,659
<i>Net decrease in cash</i>	(233,652)	(26,883)
<i>Cash and cash equivalents-beginning</i>	1,350,586	1,377,469
<i>Cash and cash equivalents-ending</i>	\$ 1,116,934	\$ 1,350,586
<i>Reconciliation of operating income to net cash provided by operating activities:</i>		
Operating loss	\$ (45,923)	\$ 6,710
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	75,511	76,819
Net changes in assets and liabilities		
Accounts receivable	(2,391)	(3,162)
Interest receivable	(2,903)	(4,547)
Prepaid expense	160	(6,157)
Accounts payable	20,822	(18,935)
Deposits	(892)	450
Net cash provided by operating activities	\$ 44,384	\$ 51,178

The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE 1: ORGANIZATION

The San Simeon Community Services District (District) is a political subdivision of the State of California and operates under a Council form of government. The District administers the following community services as provided by its charter: Water, sanitation and general administrative services.

Reporting Entity

The San Simeon Community Services District complies with U.S. Generally Accepted Accounting Principles and all relevant U.S. Governmental Accounting Standards Board pronouncements. These technical pronouncements establish criteria for determining the organization's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Management has elected not to include a management discussion and analysis, which is not a required part of the basic financial statements but is supplementary information normally required by U.S. generally accepted accounting principles.

The District is a member of the Special District Authority Risk Management Joint Powers Agency, which was organized for the purpose of providing general liability, automobile, errors and omissions, and property loss insurance coverage to special districts. This organization is financed through premium charges to each member.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Fund Type (Enterprise Funds)

The San Simeon Community Services District accounts for its operation as an Enterprise Fund. Enterprise Funds are used to account for water and sanitary utility operations which are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The enterprise funds of the District are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

An annual budget is adopted by the Board of Directors at the start of each year. Any changes or revisions to that budget throughout the year must be approved by the Board of Directors.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid expenses.

Accounts Receivable

Water and sewer charges are billed monthly. Customer accounts receivable are written off in full when the receivable is deemed totally uncollectible. An allowance for uncollectibles is not considered necessary since it would not be material.

Property, Plant and Equipment

All fixed assets are valued at historical cost or estimated historical cost if actual costs are not available. Depreciation has been provided over the estimated useful life of the asset using the straight-line method. The estimated useful lives are as follows:

Treatment Plant and Collection System	50 years
Supply/Distribution System	30 years
Buildings/Blowers	20 years
General Plant Machinery and Equipment	5-10 years

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

These assets consist of cash restricted for Water Fund customer deposits and will serve deposits.

Property Taxes

The County of San Luis Obispo bills and collects property taxes for the District. Tax revenues are recognized by the District in the year levied.

NOTE 3: CASH AND CASH EQUIVALENTS

The values of cash and cash equivalents at June 30, 2006 and 2005 are summarized as follows:

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Petty cash	\$ 150	\$ 100
Demand deposits	142,565	128,537
Cash and investments with:		
County treasurer	2,847	2,733
Local Agency Investment Fund (LAIF)	<u>668,452</u>	<u>916,296</u>
Subtotal	814,014	1,047,666
Local Agency Investment Fund – restricted	<u>302,920</u>	<u>302,920</u>
Total	<u>\$ 1,116,934</u>	<u>\$ 1,350,586</u>

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure district deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Credit Risk, Carrying Amount, and Market Value

Cash is classified in three categories of credit risk as follows:

- Category 1 -insured or collateralized with securities held by the entity or by its agent in the entity's name;
- Category 2 -collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- Category 3 - uncollateralized.

Investments in pools managed by other governments (LAIF) or in mutual funds are not required to be categorized.

At June 30, 2006, the carrying amount of the District's cash deposits was \$142,565. The bank's balance was \$149,276. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2006, are as follows:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Bank accounts	\$ <u>100,000</u>	\$ <u>-0-</u>	\$ <u>49,276</u>	\$ <u>149,276</u>	\$ <u>142,565</u>

NOTE 4: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of fixed assets by major classifications is as follows:

	<u>June, 30</u> <u>2005</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>June 30,</u> <u>2006</u>
Sewer plant	\$ 1,372,642			\$ 1,372,642
Water plant	357,772			357,772
Building	394,004	1,870		395,874
Equipment	316,748			316,748
Construction in progress	14,823	339,177	2,379	351,621
Subtotal	<u>2,455,989</u>	<u>\$ 341,047</u>	<u>\$ 2,379</u>	<u>2,794,657</u>
Less: Accumulated depreciation	<u>1,230,286</u>	<u>\$ 75,511</u>	<u>\$</u>	<u>1,305,797</u>
Totals	<u>\$ 1,225,703</u>			<u>\$ 1,488,860</u>

See Auditors' report

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006 and 2005

NOTE 4: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS
(continued)

Depreciation expense for the periods ended June 30, 2006 and 2005, were \$75,511 and \$76,819 respectively.

A of couple projects have been started by the San Simeon Community Services District but have not been completed at year end. All costs associated with these projects/studies have been capitalized to construction in progress, as follows:

	<u>June 30,</u> <u>2005</u>	<u>Additions</u>	<u>Amounts</u> <u>Capitalized/</u> <u>Expensed</u>	<u>June 30,</u> <u>2006</u>
Major water/sanitation Projects	\$ <u>14,823</u>	\$ <u>339,177</u>	\$ <u>2,379</u>	\$ <u>351,621</u>

NOTE 5: DEPOSITS

Hook-up, customer meter, and miscellaneous deposits totaled \$52,220 and \$52,920 for the years ended June 30, 2006 and 2005, respectively. These deposits represent a non-interest bearing restricted current liability. All deposits are currently invested with the Local Agency Investment Fund (see note 3).

The hook-up deposits are from customers on a waiting list to connect into the system. These deposits totaled \$43,470 for both years ended June 30, 2006 and 2005, respectively. Each deposit represents total hook-up fees owed by the customer based on the fee schedule in place at the time of the payment. Additional fees may be required from the customer, based on the current fee schedule, when the utility connection is completed.

The customer meter deposits totaled \$9,450 and \$8,750 for the years ended June 30, 2006 and 2005, respectively. For each metered customer, a \$50 refundable deposit is required, before any service can be provided by the District.

SAN SIMEON COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE 4: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS
(continued)

Depreciation expense for the periods ended June 30, 2006 and 2005, were \$75,511 and \$76,819 respectively.

Several projects have been started by the San Simeon Community Services District but have not been completed at year end. All costs associated with these projects/studies have been capitalized to construction in progress, as follows:

	June 30, <u>2005</u>	<u>Additions</u>	Amounts Capitalized/ <u>Expensed</u>	June 30, <u>2006</u>
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NOTE 5: DEPOSITS

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SAN SIMEON COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE 6: RESERVED NET ASSETS

The District has set up "reserves" to set aside net asset balances for a specific future use. Reserves have been established by Board resolution for contingent liabilities and future capital projects.

NOTE 7: JOINT POWERS AUTHORITY

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program period July 1, 2005 through June 30, 2006.

General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 200607. This covers \$2,500,000 per occurrence, subject to policy deductibles.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 206507. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Property Loss: Special District Risk Management Authority, coverage number PPC SDRMA 200607. This policy covers the replacement cost for property on file, \$350,000,000 per occurrence, subject to a \$2,000 deductible.

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 200607. This covers \$100,000,000 per occurrence, subject to a \$1,000 deductible. The District also participated in the elective comprehension/collision coverage on selected vehicles, subject to policy deductibles.

Public Officials Personal Liability: \$2,500,000 per occurrence, annual aggregate per each elected/appointed official.

Members are subject to dividends and/or assessments, in accordance with Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

SAN SIMEON COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2006 and 2005

	<u>Sanitation</u> <u>Fund</u>	<u>2006</u> <u>Water</u> <u>Fund</u>	<u>Total</u>	<u>2005</u> <u>Total</u>
Operating revenues				
Utility sales	\$ 167,482	\$ 180,990	\$ 348,472	\$ 420,269
Service charges		33,345	33,345	34,358
State of California	105,765		105,765	67,094
Total operating revenues	273,247	214,335	487,582	521,721
Operating expenses				
Bookkeeping/secretarial	9,360	5,040	14,400	11,161
Health insurance	1,410	352	1,762	1,921
Website	5,840	1,460	7,300	1,416
Supplies and small tools	2,393	1,647	4,040	
Repairs and maintenance	40,376	2,754	43,130	1,634
Equipment rental	1,345		1,345	2,059
Utilities and telephone	5,514	1,379	6,893	314
Insurance	5,362	1,340	6,702	
Office expense	392	85	477	250
Legal and professional	22,144	10,864	33,008	62,232
Licenses and permits	4,821	1,211	6,032	6,639
Director's fees	3,127	2,773	5,900	5,325
Depreciation	60,409	15,102	75,511	76,819
Other expense	557	226	783	8,280
Membership and seminars	126	119	245	395
Contract labor	209,453	116,524	325,977	336,566
Total operating expenses	372,629	160,876	533,505	515,011
Operating income (loss)	(99,382)	53,459	(45,923)	6,710
Non-operating revenues (expenses)				
Investment income	38,218	9,555	47,773	30,459
Property taxes	54,669	13,667	68,336	62,946
Miscellaneous income	5,557	1,389	6,946	3,036
Gain (loss) on disposal of capital assets				1,200
Penalties and violations	(4,604)		(4,604)	(64,500)
Education revenue augmentation	(42,002)	(10,500)	(52,502)	(52,502)
Tax administration fee	(200)	33	(167)	(231)
LAFCO budget allocation	(3,347)	(1,803)	(5,150)	(2,026)
Total non-operating revenues (expenses)	48,291	12,341	60,632	(21,618)
Changes in net assets	\$ (51,091)	\$ 65,800	\$ 14,709	\$ (14,908)

See Auditors' report

L. R. PAULSELL CONSULTING
CONSTRUCTION MANAGEMENT and INSPECTION
PIPELINE VIDEO INSPECTION

July 5, 2007

ECO Resources
905 Corporation Street
Santa Paula, CA 93060

Attn: Mr. Charles Grace

Subject: Proposal for San Simeon Sewer Smoke Testing.

Gentlemen:

Thank you for your request to provide quality Pipeline Services on the above project. I understand this project consists of smoke testing 9,000 lineal feet of sewers located throughout the Community. As we discussed the smoke will be inserted at various points along the sewers. Small marker flags will then be placed at any locations where the smoke escapes and those locations will be digitally photographed. A summary sheet will be provided listing all flagged locations by sewer segment. Sewer bypass pumping equipment will be on hand should it be necessary to plug sewer sections to perform the smoke test. We have estimated the work will take approximately 10 working days. Smoke testing can be somewhat disruptive to the community and requires notification of the local Fire Department. We will be using a liquid smoke agent that poses no fire hazard. We recommend that the work be performed after the summer tourist season ends.

Sewer Smoke Testing:	Lump Sum	\$15,750.00
Mobilization and Demobilization:	Lump Sum	\$2,250.00
	Total Cost	<hr/> \$18,000.00

At this time the work can be scheduled for the middle to the end of September. Please call me if you have any questions.

Very truly yours,

Robin Paulsell S.E.T.

P. O. Box 816, Crockett, CA 94525
Office (510) 245-7037 Fax (510) 245-7038

Meeting Date:	7/11/07
Meeting Type:	REGULAR
Call to Order Time:	1:05
Director Roll Call:	
P=Present A= Absent	
Lambeth	P
Ricci	P
Russell	P
Fields	P
McAdams	P
Staff:	
Grace	P
Schultz	P
Facility Manager	P
District Manager	P
Other	
Approval of Minutes for:	
Motion	Russell
Second	Ricci
Vote	5-0
Approval of Minutes for:	
Motion	
Second	
Vote	
Approval of Warrants for:	
Motion	Russell
Second	McAdams
Vote	5-0

Discussions/Action Items:	A.
Motion	Russell Get Inventory rest Done By Next Meeting
Second	FIELDS
Vote	5-0
Discussions/Action Items:	B.
Motion	No Action required
Second	
Vote	
Discussions/Action Items:	C.
Motion	Direct Staff to Drive New Audit Queue
Second	Fields
Vote	5-0
Discussions/Action Items:	C.
Motion	Approve Form Staff Audit
Second	Russell
Vote	5-0
Next Meeting Agenda Items:	
1	Disc / Act Items: O
2	Fields L.A. Puccio Get Addressed Issues
3	Russell
4	5-0
Notes:	Processed Agenda Items:
Adjournment Time:	1940