

San Simeon Community Services District



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

Board of Directors

Bob McLaughlin, Loraine Mirabal-Boubion, Eric Schell, David Kiech, Carol Bailey-Wood

NOTICE OF MEETING

DISTRICT POLICY ADVISORY COMMITTEE

Monday, September 9, 2002

9:30 A.M.

**San Simeon Community Services District Office
111 Pico Avenue
San Simeon, CA 93452**

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NOTICE OF MEETING
DISTRICT ADVISORY COMMITTEE

Water Committee Meeting

HAS BEEN MOVED

to

Wednesday, September 18, 2002

4:00 P.M.

**Cavalier Banquet Room
9415 Hearst Drive
San Simeon, CA 93452**

San Simeon Community Services District



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Board of Directors
Bob McLaughlin, Loraine Mirabal-Boubion, Eric Schell, David Kiech, Carol Bailey-Wood

NOTICE

The Regular Meeting of the
San Simeon Community Services District
Board of Directors

Scheduled:
September 11, 2002

HAS BEEN CANCELLED

THE NEW MEETING DATE
WILL BE ANNOUNCED & POSTED
UPON SCHEDULING

For Additional Information, Please Contact the District Office
927-4778

**Board of Directors - Regular Meeting
San Simeon Community Services District
AGENDA
Wednesday, September 11, 2002 – 5:30 PM
Cavalier Banquet Room**

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

1. 5:30 PM – CALL TO ORDER
 - 1.1 Roll Call
 - 1.2 Public Comment on Closed Session Items
2. ADJOURN TO CLOSED SESSION
 - 2.1 Personnel/General Manager Discussion – Government Code Section 54957
 - A. Discussion regarding General Manager Contract
 - 2.2 Personnel/Employee Compensation – Fiscal Year 2002/2003
Conference with General Manager, the District's Designated Representative, for the purpose of reviewing the District's position regarding the terms and compensation paid to the unrepresentative employees and giving instructions to the Designated Representative.
3. RECONVENE IN OPEN SESSION (6:30PM)
 - 3.1 Roll Call
 - 3.2 Pledge of Allegiance
 - 3.3 Report on Closed Session
4. 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.
 - No Person shall be permitted to make slanderous, profane or personal remarks against any elected official, committee and/or staff.
 - 4.1 Sheriff's Report
 - 4.2 Public Comment
5. STAFF REPORTS
 - 5.1 General Manager's Report
 - 5.2 Plant Superintendent's Report
 - 5.3 District Engineer's Report
6. ITEMS OF BUSINESS
 - 6.1 Approval of Minutes – August 14, 2002
 - 6.2 Approval of Warrants – August 1, 2002 through August 31, 2002
 - 6.3 Quarterly Investment Report
7. DISCUSSION/ACTION ITEMS
 - 7.1 Preliminary Fiscal Year 2002 – 2003 Budget
 - 7.2 General Manager's Contract - Renewal
 - 7.3 Purchase Order No. 1247 – Fiberglass Safety Grating
 - 7.4 Outfall Line Repair – Payment Authorization
 - 7.5 Authorization to Solicit Proposals for Water Rate Study
 - 7.6 Board Committees
 - 7.7 Board Reports
8. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS
 - 8.1 Strategic Planning Session – Phase II
9. ADJOURNMENT

SAN SIMEON COMMUNITY SERVICES DISTRICT

SUPERINTENDENT'S REPORT FOR AUGUST 2002

FLOW COMPARISON - Water

AUG 2002 3,861,000 gallons	YTD 2002 23,604,000 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	3% decrease 2% increase
AUG 2001 3,962,000 gallons	YTD 2001 23,150,000 gallons	GROSS WATER PRODUCTION: NET WATER PRODUCTION: MONTHLY RECOVERY RATE:	3,882,000 gallons 3,515,330 gallons 91%

RAINFALL

AUG 2002 0.00 inches	02-03 YTD 0.00 inches	MONTHLY COMPARISON: ANNUAL COMPARISON:	0.00 inches less 0.00 inches less
AUG 2001 0.00 inches	01-02 YTD 0.00 inches		

WELL DEPTH COMPARISON

AUG 2002 13.6 feet	JLY 2002 12.05 feet	AUG 2001 13.10 feet	MONTHLY COMPARISON: ANNUAL COMPARISON:	1.55 feet lower 0.5 feet lower
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CHLORIDE COMPARISON

AUG 2002 45 mg/l	JLY 2002 45 mg/l	AUG 2001 56 mg/l	MONTHLY COMPARISON: ANNUAL COMPARISON:	constant lower
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FLOW COMPARISON - District Wastewater Treated

AUG 2002 2,928,000 gallons	YTD 2002 16,528,480 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	4% increase 13% decrease
AUG 2001 2,812,420 gallons	YTD 2001 18,904,670 gallons		

FLOW COMPARISON - State Wastewater Treated

AUG 2002 480,400 gallons	YTD 2002 2,565,867 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	3% decrease 9% decrease
AUG 2001 494,819 gallons	YTD 2001 2,828,568 gallons		

DISCHARGE REQUIREMENTS

EFFLUENT BOD:	3.7 mg/l	EFFLUENT SUSPENDED SOLIDS:	12 mg/l
INFLUENT BOD:	N/A mg/l	INFLUENT SUSPENDED SOLIDS:	N/A mg/l

BIOSOLID DISPOSAL

AUGUST: 24000 gallons	YTD: 152000 gallons
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SUPERINTENDENT'S REPORT

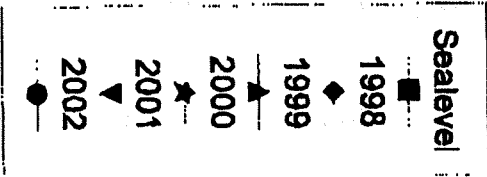
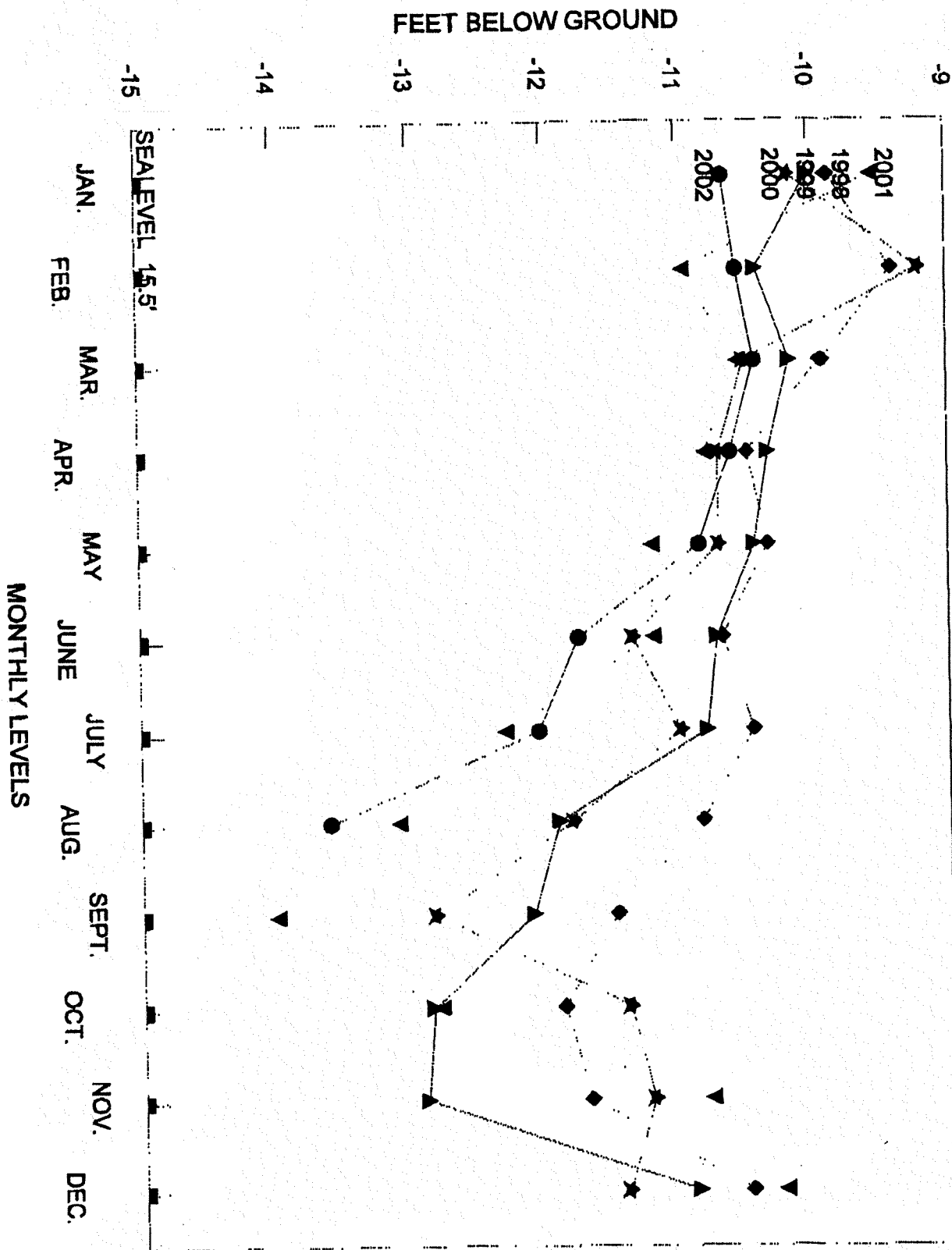
AUGUST 2002

COMMENTS:

In light of the current peak tourist season, we decided to delay interrupting water service to install replacement meters at the various motels, until next month.

The price quote for Sodium Hypochlorite and Sodium Bisulfite from LA Chemical was received. They should be approximately \$5,000.00 less a year than our current supplier, Basic Chemical.

SAN SIMEON C.S.D.
WELL DEPTH



SAN SIMEON COMMUNITY SERVICES DISTRICT

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

DATE: September 11, 2002
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. Temporary Odor Control - Status
2. Air Piping Replacement - Completed
3. Avonne-Castillo Loop - On Hold
4. Annual Road Improvements - Contract package being prepared.
5. Capital Improvement Project List/Descriptions and Estimated Costs FY 02/03 - Ongoing.
6. Pico Creek Wells - Flood proofing - Included in Proposed FY 2002-03 Budget.
7. Standby Power - Included in Facilities Plan
8. Wastewater Treatment Plant Riprap - Coastal Permit being submitted
9. State Revolving Fund Loan - Application made.
10. Facilities Plan: Next draft available in September, 2002

DISCUSSION:

1. Odor Control;

The odor control chemical feed system is now being used concurrent with the use of the equalization basin. Kennedy/Jenks Consultants has reviewed the odor control project and has made recommendations in light of the future plans for the equalization basin.

2. Air Line Replacement Project;

Completed--the statutory 30 day lien period expired August 25, 2002.

3. Avonne - Castillo Waterline Loop;

Staff has been directed to postpone solicitation for bids on this project and to proceed with the higher priority water line project (line to storage tank).

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

Staff continues final street design in accordance with the soils engineer recommendations that identifies both reconstruction and overlay design criteria for this project.

5. Capital Improvement Projects Priority List;
(See Proposed Fiscal Year 2002 - 2003 Budget)

6. Pico Creek Wells;

No further updates at this time, improvements are to be included in the Proposed FY 2002-03 Budget.

7. Emergency Standby Power;

The final recommendations for the type and capacity of standby power will be made by Kennedy/Jenks Consultants as part of the facilities plan recommendations.

8. Wastewater Treatment Plant Rip Rap-- Coastal Commission Notice of Violation

Staff has prepared a Coastal Development Permit Application (CDP) and is submitting it to the County. An exhibit of a field survey which showed the boundary between County and State jurisdiction was previously prepared and submitted to both the County and the State. The project lies in County jurisdiction.

9. 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. San Simeon has been placed on the draft State-wide priority list for funding. A project application will be submitted in accordance with Facilities Plan recommendations and the Proposed FY 2002-03 Budget.

10. Facilities Plan:

The facilities plan is being completed. A preliminary draft report was provided in July for review. The Facilities Committee reviewed the draft several times and comments from the Chamber of Commerce have also been sent to KJC. The final draft report is anticipated to be provided for review in September. The Facilities Plan will address the following projects previously considered by the Board:

1. Equalization Basin Conversion;

Kennedy Jenks is reviewing alternatives to modify and improve the operation of this EQ basin, and recommendations will be incorporated into the overall facilities plan.

2. Recycling Water Supply;

The study was completed in August 2001, and grant reimbursement of 50% of the cost of the study has been received. Further refinement of an acceptable project and a determination of property owners willing to take the water should be done following the development of the Facilities Plan. The anticipated first phase of the water recycling project is included in the FY 2002-03 budget.

3. Safety Projects;

The grating replacement project is scheduled for Board consideration on September 11th. Additional projects are to be identified as part of the Facilities Plan.

4. Shop / Storage Building;

Recommendations for the building will be addressed as part of the Facilities Plan. No further update at this time.

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

Date: Wednesday, August 14, 2002
Place: Cavalier Banquet Room

MINUTES

1.0 CALL TO ORDER

The Board convened at 5:30 p.m.

1.1 Roll Call:

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

Staff Present: District Manager Mark Bloodgood, Assistant District Manager Eileen Putnam, District Counsel Robert Schultz

1.2 Public Comment on Closed Session:

There were no comments.

2.0 ADJOURN TO CLOSED SESSION

A motion was made by Director Bailey-Wood and seconded by Director Mirabel-Boubion to adjourn to closed session for Personnel/General Manager Discussion – Government Code 54957 – Discussion regarding the General Manager Contract and Conference with the General Manager, the District's Designated Representative, for the purpose of reviewing the District's position regarding the terms and compensation paid to the un-represented employees and giving instruction to the Designated Representative. Motion carried unanimously.

3.0 RECONVENE IN OPEN SESSION/CALL TO ORDER

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

3.1 Roll Call:

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

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

3.2 Pledge of Allegiance – Led by Chairperson Bailey-Wood

3.3 Report on Closed Session:

District Counsel Schultz reported that the Board met in closed session for the purpose of discussing the General Manager's Contract and for conferencing with the General Manager, who serves as the Designated District Representative, to review the District's position regarding the terms and compensation paid to the un-represented employees and giving instructions to the Designated Representative. No action was taken.

4.0 PUBLIC COMMENT

4.1 Public Comment:

The subject of obstruction of the fire hydrant, parking issues and littering on Balboa Avenue was presented. Staff had been made aware of the situation and took steps to address residents concerns, including painting the curb to indicate no parking, speaking with surfers regarding the need to pick up

their trash, and contacting the Sheriff's Department to request additional patrols in the area. Another matter presented by the public related to complaints about the noise, speeding, loitering, and debris in and around the Courtesy Inn – rear area. Lt. Basti addressed the matter by stating that residents should direct their concerns to Supervisor Shirley Bianchi. Additionally, residents noting any disturbances and or violations should contact the Sheriff's Department immediately. However, Administration of Code Enforcement is not within the jurisdiction of the Sheriff's Department. A concerned resident presented photos of graffiti, which had been exposed when management of the Inn cleared green waste and debris, the representatives of the Sheriff's Department. Director Schell also raised the point that the evening dispatch at the Sheriff's Department is a problem. Discussion followed.

4.2 Sheriff's Report:

Deputy Todd Steeb gave the Sheriff's Report. With regards to the matter of evening dispatch, should residents encounter problems, they should call Lt. Basti and he will contact Deputy Steeb. The Deputy also stated that he and his partner plan to be proactive, and to make their presence known in the area. He indicated that he has already made contact with management at the Courtesy Inn and will attempt to facilitate a satisfactory resolution. Deputy Steeb also reiterated that he is working with staff regarding the concerns of Balboa Avenue residents. Finally, he reiterated that he will do everything possible to assist with the noise, loitering and speeding problems in the Avonne Avenue area.

5.0 STAFF REPORTS

5.1 General Manager's Report

Mr. Bloodgood reported that staff is looking into available water conservation education material for broadcast within the District. The August 5th Strategic Planning Session was postponed and that slot was utilized for a Budget Workshop. Robert Rauch is available to facilitate a planning session in October, preferably October 7th. Representatives of Hearst Corporation had to re-schedule our meeting of August 15th. The purpose of this meeting will be to work out details for using the Hearst Ranch well as an emergency backup, addressing the fencing requirements around the District's existing wells and other topics related to the District. Management did have a meeting with Kirk Sturm – Director – Superintendent of Hearst Castle, and discussed several issues, including participation in the infrastructure upgrade, billing adjustments, recycled water and other mutual concerns. Mr. Sturm is also helping our efforts to establish a means for gaining access to an emergency backup generator via the County Office of Emergency Services. A packet of information outlining these items has been forwarded to State Parks staff for review and feedback. The information has also been sent to elected representatives. The District secured its domain name and the web site will be moved to its new location and will be available for viewing on Monday. The address is <http://www.sscsd.org>. Staff obtained quotes for new water conservation signs and passed the information on to the Chamber of Commerce for review. The hope is that they will contribute to the cost of the new signs. The District will continue its efforts to work jointly with the Chamber. Staff and Board Members expressed disappointment that they did not receive any information about the Chamber's Cleanup Day. Chamber President Lambeth apologized, and stated he would provide a lead time of 30 day's notice next time. In regards to weed abatement, the program is complete and that payment had been received from the estate of one property owner whose lot the District had cleared. Finally, Mr. Bloodgood stated that financial statements would be made available to the Board members on a regular basis. The Investment Report for the period ending 6/30/02 will appear on the September agenda.

5.2 Plant Superintendent's Report

Mr. Wallace gave the Superintendent's Report, indicating that usage and flows reflected a slight decrease. The well depths are being closely monitored and today, the level was 12.61. The chloride levels are at acceptable levels. The compound meters have been received and, while the Courtesy Inn shut off their water on July 23rd for repairs, staff replaced their old water meter with the new compound meter. The EQ tank was bypassed for cleaning. Al's Septic pumped the grit out of the bottom of the chamber. On the

evening of July 29th, staff responded to a call regarding a water leak at 555 Pico Avenue. The contractor clearing the weeds ran over the water line on the customer's side of the meter. Staff responded and assisted with making the necessary repairs. The new Dissolved Oxygen probes are installed and operating with the VFD to control the blower speed, thereby holding a constant DO level in the treatment plant. Staff also installed a High Efficiency (93%) 60hp motor on blower #4. Director Kiech asked why the 60hp motor had been replaced. Staff indicated that the Board had received been notified in a past staff report that the old motor could not be connected to the new VFD's during the airline project, and that it needed to be replaced. Director Kiech stated he thought staff was going to wait for the Facilities Plan before replacing any equipment at the plant. He stated that his desire had been to replace the 60hp with a smaller motor since the plant didn't need that much power to run. Michael Hanchett made reference to a statement in the initial Draft of the Kennedy Jenks report that said the plant can operate on 37hp and said that staff should not replace anything else until the Facilities Plan is completed. Mr. Bloodgood stated he would research this. Quotes for the new fiberglass grating around the EQ are still being solicited. Finally, staff has begun painting the fire hydrants in the community. The curbs near the hydrants will also be red striped to indicate No Parking Areas. In response to questions regarding the difference between Gross Water Production and Net Water Production, Mr. Wallace indicated that the discrepancy might be due to the number of days included in the meter readings. The well meters may be read on a different day than the water meters. Staff will look into this.

5.3 District Engineer's Report

District Engineer Wallace stated that the odor control chemical feed is now being used concurrent with the use of the equalization basin. Kennedy Jenks will be including recommendations in light of future plans for the EQ basin. The final corrections have been made and the DO sensors have been replaced and are linked to the operations of the blowers. The Contractor has completed the work and a Notice of Completion has been filed with the County Recorder's office. The statutory lien period expires 8/25/02. Mr. Wallace indicated that a revised schedule for construction of the Avonne Castillo Waterline loop was being coordinated with Accor/Motel 6. A brief discussion was held regarding the need for this project and the benefit of increased fire flow that will result from completion of the looping projects. The question of whether the easement had an expiration date was also raised. Staff will look into this. Discussion continued with the consensus being that all work on this project should be suspended until the final determination of what projects were to be considered priority for FY 2002-03 is complete. Mr. Wallace reported that coordination with the Soils Engineer continues with regards to the road repair project for Avonne Avenue and Otter Way. As reported before, final recommendations relating to the emergency generator for the plant will be made by Kennedy-Jenks in their report. In regards to the Coastal Commission-WWTP Riprap issue, Mr. Wallace explained the history of the situation, and that staff had been working on the issue of which agency the District needed to file a permit with. With the determination of the Mean High Tide now completed, it is clear that the survey shows the riprap is well above the Mean High Tide. As a result, staff will schedule a meeting with Coastal and County staff to review the information and will also commence with the application process with the County. Staff is also researching potential loans funding for wastewater treatment projects via the State Revolving Fund Program. Finally, Mr. Wallace reported that staff is continuing to work with Kennedy-Jenks and the Facilities Advisory Committee on reviewing the initial drafted chapters of the Facilities Plan. Chapter 5 should be forthcoming.

6.0 ITEMS OF BUSINESS

6.1 Approval of Minutes – July 10, 2002:

A motion was made by Director Mirabel-Boubion and seconded by Director McLaughlin to approve the minutes of July 10, 2002. The motion carried unanimously.

6.2 Approval of Warrants – July 1, 2002 through July 31, 2002

A question regarding Warrant No. 0207-009 for Weed Abatement (\$550) and why it was higher than last year was raised. Staff indicated that this encompassed all of the District's usual clearing in addition to the

overgrowth on Pico Avenue that had been discussed at prior meetings. Since this was a right of way issue and the District's responsibility, Mr. Rice cleared the overgrown bushes that were obstructing the roadway. The cost also included the clearing of the Goshgarian lot. This cost, with the specified 10% markup, was billed to the trustees of the property and their payment has been received. Director Kiech asked about Warrant No. 0207-034 (\$865.13) to San Luis Autobody for bumper repair, and whether this should have been submitted to the District's Insurance Carrier for processing. Director Kiech was reminded that he and other members of the Budget Committee were present & meeting at the District Office when the accident occurred, specifically the district truck was accidentally backed into Ms. Putnam's car. Staff explained that the District has a \$500 deductible and that submitting the claim would adversely affect the District's premiums and rating. Director Kiech requested that the District's Auditor be contacted to verify that not submitting the claim was acceptable. A motion was made by Director Mirabel-Boubion and seconded by Director McLaughlin to approve the Warrants for July 1 through July 31, 2002. Motion carried unanimously.

7 DISCUSSION/ACTION ITEMS

7.1 Ordinance No. 96 – Relating To Mandatory Water Conservation Restrictions

District Counsel Schultz recapped the discussion at the July meeting, where the Board had requested more stringent penalties for violations to the Water Restrictions. Mr. Schultz had reviewed other agencies policies. As a result, fines were included in the Ordinance. A discussion followed, and it was pointed out that Counsel had inadvertently omitted two restrictions: 1) that all outdoor irrigation of vegetation with SSCSD water shall be prohibited and 2) the washing of automobiles, trucks, trailers, boats, mobile homes and other types of mobile equipment with SSCSD water is prohibited. The penalties were also discussed, and the consensus was that they should be listed as follows: 1st Offense is an infraction and a Warning will be issued; 2nd Offense is a misdemeanor with a \$100 fine; 3rd Offense is a misdemeanor with a \$250 fine; and the 4th offense shall result in discontinuance of water service. Cooperation will be the key to success. A motion was made by Director Kiech and seconded by Director Schell to adopt Ordinance No. 96 declaring a Water Emergency within the District, repealing Ordinance No. 95, and re-establishing a Comprehensive Water Conservation Plan, with the above amendments to be included in the Ordinance. A roll call vote was held with Director's Kiech, McLaughlin, Schell, Mirabel-Boubion and Bailey-Wood all voting in the affirmative. Motion carried unanimously. The information will be disseminated to the press, residents and businesses of San Simeon, and will be posted in various locations throughout the District. The information mailed to residents will be bi-lingual.

7.2 Preliminary Fiscal Year 2002 – 2003 Budget

Mr. Bloodgood reported that staff is still compiling information on cost saving strategies for the FY 2002-03 Budget. Mike Hanchett indicated that we is concerned the Board is not dealing with Capital Improvements correctly, and that they need to be dealt with in a different manner. He also stated that he felt Zero Based Budgeting was not used correctly. As for Employee Compensation and any Cost Of Living Adjustments that may be considered, he would like to know what Index is being utilized. He recommended a review of the staffing patterns at the wastewater plant, a switch to bi-monthly billing, and potentially closing the office and outsourcing the accounting/administration. Terry Lambeth suggested that the District should look at the cost of outsourcing the office duties and look at the implication of such action over time. Mr. Bloodgood replied that every one of these items, in addition to other potential cost savings strategies, had already been raised by the Budget Committee and/or members of the Board and were being reviewed as part of the budget process.

7.3 Board Committees

Water Committee: Met on August 7th and discussed two topics. In regards to water recycling, the committee would like to enter into discussions with the State Parks regarding the possibility of providing recycled water to the Visitor's Center. The committee would also like to develop a database with an



inventory of the current water. The recommendations of the committee are to 1) direct the General Manager/Paul Reichardt to write a letter of introduction to the State Parks Superintendent regarding the possibility of providing recycled water to the Visitor's Center and 2) to direct the Budget Committee to allocate \$5,000 in the FY 02-03 Budget for development of a Water Inventory. Director Bailey-Wood made a motion to accept the recommendations of the Water Committee. The motion was seconded by Director Kiech, and the motion passed unanimously. The Water Committee's next meeting is scheduled for September 4th.

Budget Committee: No Report

Policy Committee: A meeting will be scheduled. The CSDA Sample Policy Book has been purchased. District Counsel Schultz will be working with the Committee after September 1st, when he is officially on a monthly retainer.

Facilities Committee: The Facilities Committee has reviewed the initial draft of the first four chapters of the Kennedy Jenks Report and submitted their comments to Mr. Jenks. The Chamber Advisory committee also submitted their comments to Mr. Jenks for consideration. The Committee is awaiting initial drafts of the last two chapters, which will include Kennedy Jenks recommendations.

7.4 **Board Reports**

Director Bailey-Wood gave a brief report on the last North Coast Advisory Committee meeting.

7.5 **Robert's Rules of Order and Orderly Conduct At Meetings**

Sample information of was provided to the Board of Directors for review. This matter was referred to the Policy Committee for review. The Policy Committee can then formulate a recommendation for the Board to consider.

8 **BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS**

9. **ADJOURNMENT**

The meeting was adjourned at 7:45 P.M.

SAN SIMEON COMMUNITY SERVICES DISTRICT
WARRANT REPORT
 August 1 through August 31, 2002

<u>DATE</u>	<u>NUM</u>	<u>NAME</u>	<u>WARRANT#</u>	<u>MEMO</u>	<u>AMOUNT</u>
8/13/02	3926	AMERICAN INDUSTRIAL SUPPLY	0208-001	PAINT & PAINT THINNER	\$ 104.16
8/13/02	3927	ARGO CHEMICAL	0208-002	FERRIC CHLORIDE FOR V.C. PUMP STATION	\$ 1,340.20
8/13/02	3928	AT&T	0208-003	TELEPHONE	\$ 68.61
8/13/02	3929	BASIC CHEMICAL SOLUTIONS	0208-004	SODIUM HYPOCHLORITE & BISULFITE	\$ 1,037.32
8/13/02	3930	CAMBRIA HARDWARE	0208-005	WIRE CONNECTORS, PAINT, BRUSH, BATTERY	\$ 161.57
8/13/02	3931	CRYSTAL SPRINGS WATER	0208-006	WATER DELIVERY	\$ 38.00
8/13/02	3932	FGL ENVIRONMENTAL	0208-007	INORGANIC ANALYSIS	\$ 85.00
8/13/02	3933	MILLER DRILLING COMPANY	0208-008	ABANDON STEEL WELL	\$ 1,400.00
8/13/02	3934	MISSION COUNTRY DISPOSAL	0208-009	RUBBISH	\$ 218.33
8/13/02	3935	MISSION UNIFORM SERVICE	0208-010	TOWELS & COVERALLS	\$ 117.60
8/13/02	3936	PACIFIC BELL	0208-011	TELEPHONE	\$ 206.62
8/13/02	3937	RMA COMPUTER SOLUTIONS	0208-012	WEBSITE UPDATES FOR AUGUST 2002	\$ 25.00
8/13/02	3938	SLO CO. AUDITOR-CONTROLLER	0208-013	LAFCO BUDGET ALLOCATION	\$ 1,889.00
8/13/02	3939	SCHULTZ TRANSPORTATION	0208-014	MONTHLY CONTAINER RENTAL	\$ 80.00
8/13/02	3940	U.S.A. TRANSPORT INC.	0208-015	SLUDGE DISPOSAL	\$ 1,051.08
8/13/02	3941	UNDERGROUND SERVICE ALERT	0208-016	ANNUAL MEMBERSHIP	\$ 50.00
8/13/02	3942	KATHY FRY	0208-017	SEC. DEP. REFUND LESS FINAL BILL #1066	\$ 17.02
8/15/02	3943	KIMBERLY ALLISON	0208-018	PAYROLL 8/1/02-8/15/02	\$ 561.39
8/15/02	3944	MICHAEL HASSETT	0208-019	PAYROLL 8/1/02-8/15/02	\$ 1,305.11
8/15/02	3945	RONALD HEAD	0208-020	PAYROLL 8/1/02-8/15/02	\$ 1,671.71
8/28/02	3946	AL'S SEPTIC PUMPING SERVICE	0208-021	SLUDGE DISPOSAL	\$ 325.00
8/28/02	3947	AMERICAN INDUSTRIAL SUPPLY	0208-022	RED PAINT FOR HYDRANT CURBS	\$ 82.64
8/28/02	3948	BASIC CHEMICAL SOLUTIONS	0208-023	SODIUM HYPOCHLORITE & BISULFITE	\$ 1,058.81
8/28/02	3949	CELLULAR ONE	0208-024	CELL PHONE	\$ 54.18
8/28/02	3950	CAROL BAILEY-WOOD	0208-025	MONTHLY BOARD SERVICE FOR AUGUST 2002	\$ 75.00
8/28/02	3951	DAVID KIECH	0208-026	MONTHLY BOARD SERVICE FOR AUGUST 2002	\$ 75.00
8/28/02	3952	ROBERT MCLAUGHLIN	0208-027	MONTHLY BOARD SERVICE FOR AUGUST 2002	\$ 75.00
8/28/02	3953	LORAIN MIRABAL-BOUBION	0208-028	MONTHLY BOARD SERVICE FOR AUGUST 2002	\$ 75.00
8/28/02	3954	ERIC SCHELL	0208-029	MONTHLY BOARD SERVICE FOR AUGUST 2002	\$ 75.00
8/28/02	3955	FGL ENVIRONMENTAL	0208-030	INORGANIC ANALYSIS	\$ 2,454.00
8/28/02	3956	FLUID SOLUTIONS COMPANY	0208-031	MARATHON INVERTER DUTY MOTOR	\$ 1,999.35
8/28/02	3957	MID-STATE BANK	0208-032	GAS & OIL	\$ 150.26
8/28/02	3957	MID-STATE BANK	0208-032	WORK BOOTS	\$ 134.05
8/28/02	3958	MID-STATE BANK	0208-033	GAS & OIL	\$ 224.82
8/28/02	3958	MID-STATE BANK	0208-033	TIRES, FUEL FILTER FOR TRUCK	\$ 720.35
8/28/02	3958	MID-STATE BANK	0208-033	CSDA POLICY BOOK, DOMAIN NAME, ETC..	\$ 449.68
8/28/02	3959	PG&E	0208-034	ELECTRICITY	\$ 6,947.26
8/28/02	3960	SAN LUIS POWERHOUSE	0208-035	ANNUAL GENERATOR LOAD TEST	\$ 343.75
8/28/02	3961	USA BLUE BOOK	0208-036	GLOVES, 15' SAMPLER	\$ 268.23
8/28/02	3962	USA TRANSPORT	0208-037	SLUDGE DISPOSAL	\$ 1,062.07
8/28/02	3963	PUBLIC EMP. RET. SYSTEM	0208-038	HEALTH INSURANCE FOR SEPTEMBER 2002	\$ 836.83
8/28/02	3964	A BETTER BEEP	0208-039	PAGER	\$ 29.45
8/31/02	3965	KIMBERLY ALLISON	0208-040	PAYROLL 8/16/02-8/31/02	\$ 411.29
8/31/02	3966	MICHAEL HASSETT	0208-041	PAYROLL 8/16/02-8/31/02	\$ 1,294.20
8/31/02	3967	RONALD HEAD	0208-042	PAYROLL 8/16/02-8/31/02	\$ 1,717.69
8/31/02	3968	MID-STATE BANK	0208-043	PAYROLL TAXES FOR AUGUST 2002	\$ 1,658.10
8/31/02	3969	EMPLOYMENT DEV. DEPT.	0208-044	PAYROLL TAXES FOR AUGUST 2002	\$ 416.77
8/31/02	3970	PUBLIC EMP. RET. SYSTEM	0208-045	RETIREMENT FOR AUGUST 2002	\$ 1,262.83
8/31/02	3971	STATE WORKERS COMP INS FUND	0208-046	WORKERS COMP INS FOR 7/20/02-8/20/02	\$ 1,042.08
8/31/02	3972	GROENIGER & COMPANY	0208-047	COMPOUND METERS, NUTS, BOLTS, GASKETS	\$ 14,748.16
8/31/02	3973	GROENIGER & COMPANY	0208-048	APOLLO WAFER & SPACER	\$ 416.13
8/31/02	3974	GROENIGER & COMPANY	0208-049	NUTS, BOLTS, RING GASKET	\$ 292.92
8/31/02		TOTAL			\$ 52,203.62

San Simeon Community Services District



San Simeon Investment Report As of June 30, 2002 (Unaudited)

June 30, 2002

ASSETS

Current Assets

Checking/Savings

1022- General Checking	\$	9,397.08
1026- Money Market Account	\$	553.07
1200- LAIF - Non Restricted Cash	\$	<u>1,118,259.32</u>

Total Checking/Savings \$ 1,128,209.47

Other Current Assets

1201 Non Current Restricted Cash

1201.5 - Restricted Cash Reserves	
1202.0 - Contingent Liability Reserves	\$ 250,000.00
1210.0 - Customer Security Deposits	\$ 9,100.00
1212.0 - Connect Hookup Wait Deposits	<u>\$ 43,470.00</u>

Total 1201.5 Restricted Cash Reserves \$ 302,570.00

Total 1201 Non Current Restricted Cash \$ 302,570.00

Total Other Current Assets \$ 302,570.00

Total Current Assets \$ 1,430,779.47

TOTAL ASSETS \$ 1,430,779.47

The District has the ability to meet the next 3 months cash flow requirements
Market Valuation is stated as of the 6/30/02 LAIF Statement
Investments are in compliance with current district policies

SAN SIMEON COMMUNITY SERVICES DISTRICT

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

DATE: September 11, 2002
TO: Board of Directors
VIA: Mark Bloodgood, District Manager
FROM: John L. Wallace, District Engineer
SUBJECT: Safety Grating Purchase - Wastewater Treatment Plant

RECOMMENDATIONS:

Staff recommends the Board:

Authorize staff to purchase the new fiberglass reinforced plastic safety grating materials from Harrington Industrial Plastics of Ventura California in the amount of \$3,479.36, which includes tax and shipping costs.

FUNDING:

Currently, funds in the amount of \$5,000 are to be included in the District's Proposed FY 2002-2003 Budget for Safety Improvements - Grating.

DISCUSSION:

The existing steel grating system originally used at the wastewater treatment plant is severely corroded and in some cases missing entirely.

Reinforced fiberglass safety grating has been recommended as the material to select to replace the steel wire mesh. The new grating materials allows staff to cut and install each custom shape found throughout the plant. In addition, the new grating is skid and corrosion resistant.

Staff has solicited quotations from two suppliers of fiberglass reinforced grating materials. The lowest quotation received is Harrington Industrial Plastics in the amount of \$3,479.36.

SAN SIMEON COMMUNITY SERVICES DISTRICT
111 Pico Avenue
San Simeon, California 93452
(805) 927-4778

DATE: September 11, 2002
TO: Board of Directors
VIA: Mark Bloodgood, District Manager
FROM: John L. Wallace, District Engineer
SUBJECT: Final Payment - Ocean Outfall Repair

RECOMMENDATIONS:

Staff recommends the Board:

Approve final payment to Underwater Resources, Inc., in the total amount of
\$13,958.05

FUNDING:

Currently, funds in the amount of **\$30,000.00** were carried over and are now included in the District's FY 2002-2003 Budget under Item No. S-9 Sewer System Improvements.

The estimated labor cost for the repair of the ocean outfall emergency repair was estimated at **\$10,000.00**, depending upon weather and surf conditions. The cost to purchase four new diffuser valves was **\$4,412.00**.

With the additional time required for construction during heavy surf, the total cost for the ocean outfall repair including the new diffusers is **\$18,370.05**.

DISCUSSION:

Staff has coordinated installation of the four new diffusers and underwater repairs with Underwater Resources, Inc., of San Francisco, California. The goal was to complete the repairs as soon as practicable considering surf/weather conditions. Unfortunately, the contractor experienced heavy surf during the repairs of the outfall and the project took longer than expected. The extra cost associated with the heavy surf conditions and extra time is **\$3,958.05**.

It is recommended by staff to approve Underwater Resources, Inc., final payment of **\$13,958.05**.

September 2002

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
1	2 Labor Day Holiday	3	4	5	6	7
8	9	10	11 SSCSD Board Mtg	12 Checks To Sign	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30 Checks To Sign					

October 2002

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
		1	2	3	4	5
6	7 Strategic Planning Session - Ph II	8	9 SSCSD Board Mtg	10	11	12
13	14	15 Checks to Sign	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31 Checks to Sign Halloween		

Posted on Sun, Sep. 01, 2002

Well levels rise following efforts to save water

Kathe Tanner
The Tribune

SAN SIMEON - Since the San Simeon Community Services District put stringent water-conservation measures in place, levels in the district's water wells have risen just a bit, according to Plant Superintendent Ron Head.

"Because the board passed the ordinance, some of the people here are trying hard," he said.

The district has banned the use of its potable water for:

- washing cars and other kinds of vehicles and mobile equipment;
- washing sidewalks, driveways, buildings, parking lots or other structures (except in cases of fire or threat to public sanitation);
- irrigating plants and other landscaping; and
- refilling, filling or adding water to pools, fountains and spas (other than that amount needed to keep the equipment operative and replace water that has evaporated).

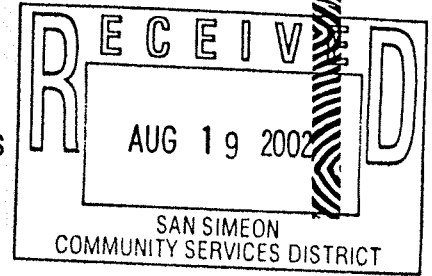
The Aug. 14 ordinance states that water supplies are limited, the district's water has problems with undesirable levels of chlorides, there is no long-term solution to the water shortage and there is a risk of running out of water by the end of the dry season.

Also, restaurants may not automatically serve glasses of water to customers but can provide water if patrons request it.

The district has put similar ordinances in place before during unusually dry months and during droughts.

STOP NOTICE

LEGAL NOTICE TO WITHHOLD CONSTRUCTION FUNDS
(Public or Private Work)
(Per California Civil Code Section 3103)



To: San Simeon Community Services District
(Name of owner, public body or construction fund holder)
111 Pico Avenue
(Address, if directed to a bank or savings and loan assn., use address of branch holding fund)
San Simeon, Ca. 93452
(City, state and zip)

Project: Air Distribution System Piping Upgrade
(Name)
9245 Balboa Ave.
(Address)
San Simeon, Ca 93452
(City, state and zip)

TAKE NOTICE THAT Ben's Electric Co.
(Name of the person or firm claiming the stop notice. Licensed contractors must use the name under which contractor's license is issued)
whose address is 1380 Randall Dr. Cambria, Ca 93428
(Address of person or firm claiming stop notice)

has performed labor and furnished materials for a work of improvement described as follows: To: D-KAL Engineering
San Simeon Sewer Treatment Plant: 9245 Balboa Ave. San Simeon, Ca 93452
(Name and location of the project where work or materials were furnished)

The labor and materials furnished by claimant are of the following general kind: electrical;
installation of conduit, wire, boxes, VFD's; controls, breakers etc.
(Kind of labor, services, equipment, or materials furnished or agreed to be furnished by claimant)

Total value of the whole amount of labor and materials agreed to be furnished is: \$ 30,818⁸²
The value of the labor and materials furnished to date is: \$ 30,818⁸²
Claimant has been paid the sum of: \$ 20,717¹¹
and there is due, owing and unpaid the sum of: \$ 10,111⁷¹

You are required to set aside sufficient funds to satisfy this claim with interest, court costs and reasonable costs of litigation, as provided by law. You are also notified that claimant claims an equitable lien against any construction funds for this project which are in your hands.

FIRM NAME: Ben's Electric Co.
(Name of stop notice claimant)

By: Benjamin A. Jordan
(Writer or agent of stop notice claimant must sign here and verify below)

VERIFICATION

I, the undersigned, say: I am the A Partner of
(President of, A partner of, Owner of, Agent of, etc.)
the claimant named in the foregoing Stop Notice; I have read said Stop Notice and know the contents thereof; the same is true of my own knowledge.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on Aug. 19, 2002 at Cambria, California.
(Date this document was signed) (Name of city where stop notice signed)

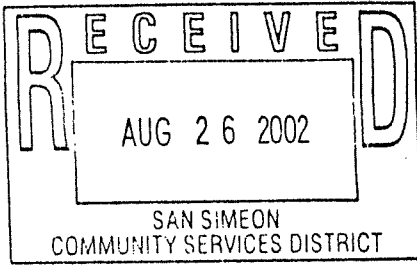
Benjamin A. Jordan
(Personal signature of the individual who is swearing that the contents of stop notice are true)

REQUEST FOR NOTICE OF ELECTION

(Private Works Only)
(Per California Civil Code Section 3159, 3161, or 3162)

If an election is made not to withhold funds pursuant to this stop notice by reason of a payment bond having been recorded in accordance with Sections 3235 or 3162, please send notice of such election and a copy of the bond within 30 days of such election in the enclosed preaddressed stamped envelope. This information must be provided by you under Civil Code Sections 3159, 3161, or 3162.

Signed: _____
(Claimant must enclose self-addressed stamped envelope)



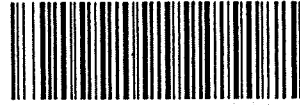
JULIE RODEWALD
San Luis Obispo County – Clerk/Recorder

SR
7/25/2002
9:08 AM

Recorded at the request of
Public

DOC#: **2002060541**

Titles: 1 Pages: 1



Fees 0.00
Taxes 0.00
Others 0.00
PAID \$0.00

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

JOHN L WALLACE & ASSOCIATES
4115 Broad Street Suite B-5
San Luis Obispo, California 93401

NOTICE OF COMPLETION

Project Title: AIR DISTRIBUTION SYSTEM PIPING UPGRADE

Date: July 10, 2002

The Project completed is: Air Distribution System Piping Upgrade

The location of The Project is: San Simeon, California

The work performed under this contract has been inspected by authorized representatives of the District, the Contractor, and the Engineer, and the Project (or specified part of the Project, as indicated above) is hereby accepted by the District and declared to be substantially completed on the above date.

Completion of the Work shall be the date of such acceptance of the Work by the District, as provided under California Civil Code Section 3086. Completion shall mean substantial performance of the contract as such is defined in Black's Law Dictionary, Revised Fourth Edition, West Publishing Company.

There are no items remaining to be completed or corrected. The Contractor does hereby waive any and all claims to all monies withheld by the District under the Contract to cover the value of any uncompleted or uncorrected items.

NO TRANSFERORS

John L. Wallace & Associates

By Craig R. Taylor 7-3-02

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0033
(916) 319-2033

DISTRICT OFFICE
1302 MARSH STREET
SAN LUIS OBISPO, CA 93401
(805) 549-3381
(805) 549-3400 FAX

Assembly California Legislature

ABEL MALDONADO
ASSEMBLYMEMBER, THIRTY-THIRD DISTRICT

COMMITTEES:
Vice-Chairman, AGRICULTURE
MEMBER:
APPROPRIATIONS
BUDGET
GOVERNMENTAL ORGANIZATION
BUDGET SUBCOMMITTEE #5 ON
INFORMATION TECHNOLOGY/
TRANSPORTATION



August 13, 2002

Ms. Eileen Putnam, Ass't General Manager
San Simeon Community Services District
111 Pico Avenue
San Simeon, CA 93452

Dear Ms. Putnam:

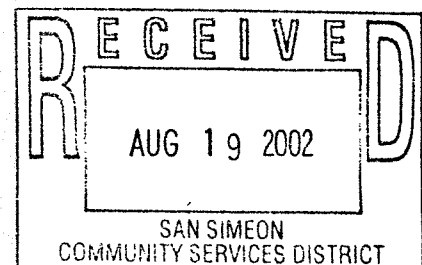
Thank you once again for having contacted me regarding your concerns with the impact of energy surcharges on local government. I have again contacted the Public Utilities Commission to remind them of my interest on your behalf.

Please be assured that I will continue to monitor this matter and keep you advised of any information I receive.

Sincerely,


ABEL MALDONADO
Assembly Member

AM:cr





Employment
Development
Department



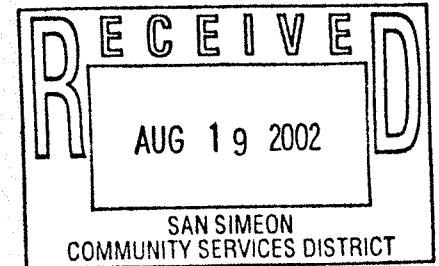
Gray Davis, Governor

State of California

Health and Human Services Agency

4:T040e:JHuang;jh:t040e
August 19, 2002

SAN SIMEON COMMUNITY SERVICES DISTRICT
RR 1 BOX S-17
SAN SIMEON CA 934529801



Employer Account Number 499-0255-4

The Administrative Law Judge Decision listed below states that your reserve account is relieved of benefit charges for the following claimants. We have removed the benefit charges and adjusted your reserve account.

<u>NAME</u>	<u>SSA NUMBER</u>	<u>DATE OF CLAIM</u>	<u>CHARGES</u>	<u>DECISION NUMBER</u>	<u>DATE OF DECISION</u>
F WARREN	573-72-5820	09-24-00	\$5980.00	600311	04-18-02

Enclosed is an amended Notice of Contribution Rates and Statement of UI Reserve Account, DE 2088. If your rate has been lowered and you have already paid UI contributions at the previous tax rate, you may take credit against future UI payments due within this tax year. If you do not take the credit for the excess contributions during the year, it will be refunded to you after the Annual Reconciliation Return (DE 7) is processed.

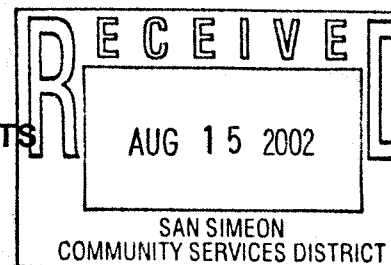
If the removal of the above charges makes you eligible to participate in the Voluntary UI Program, or changes your payment option amounts, enclosed will be your new Voluntary UI Contribution Notice, (DE 2088A), and the Explanation and Worksheet, (DE 2088VU). If you previously submitted a payment that was sufficient for one of the options, it is reflected on the enclosed notice. If you would like to reduce your UI rate to one of the other options, please use the enclosed Voluntary UI Contribution Form to remit any additional amounts due.

If you have any questions, please contact Judy Huang of my staff at (916) 654-6494.

JANICE NAKAOKA, Supervisor
Charge Protest Unit, MIC 4
Contribution Rate Group
Tax Branch

LAFCO • The Local Agency Formation Commission

Serving the Area of San Luis Obispo County



TO: ALL INDEPENDENT SPECIAL DISTRICTS

FROM: PAUL L. HOOD, EXECUTIVE OFFICER

DATE: AUGUST 8, 2002

SUBJECT: REPEAL OF REGULATIONS AFFECTING THE
FUNCTIONS AND SERVICES OF SPECIAL
DISTRICTS WITHIN THE COUNTY

COMMISSIONERS

RICHARD ROBERTS, Chair
Public Member

CAROLYN MOFFATT, Vice Chair
Special District Member

RAY JOHNSON
City Member

BARBARA MANN
Special District Member

DUANE PICANCO
City Member

SHIRLEY BIANCHI
County Member

MICHAEL P. RYAN
County Member

ALTERNATES

KATCHO ACHADJIAN
County Member

HELEN MAY
Special District Member

TOM MURRAY
Public Member

ALLEN SETTLE
City Member

STAFF

PAUL L. HOOD
Executive Officer

RAY BIERING
Legal Counsel

DAVID CHURCH
LAFCO Analyst

LEAHA K. MAGEE
Clerk to the Commission

At its July 17, 2002 meeting, the Commission considered a request from the SLO Chapter of the California Special Districts Association to repeal its rules and regulation concerning the exercise of latent powers by special districts. Latent powers are those powers that were authorized when the district was formed, but are not actively used presently. Since 1994, if a district wishes to exercise a latent power, it must first receive LAFCO approval. This requirement was a condition of special district representation on the Commission, but has since been repealed as part of the Cortese-Knox-Hertzberg Act of 2000.

Repeal of the rules and regulations affecting latent powers can either be initiated by the Commission or by a majority of the independent special districts within the County. Since having each special district adopt a resolution asking LAFCO to repeal its rules and regulations would be a cumbersome process, the Special Districts Association requested that the Commission initiate the process.

The Commission has agreed to initiate the repeal process, but has requested that the independent special districts be given an opportunity to comment on this action. The Commission will consider repealing these rules and regulations at its September 19, 2002 meeting. Therefore, if any special district has concerns about this action they should contact me before the September hearing date. Scheduling the hearing for September should allow special districts adequate time to place this matter on their board agendas, if necessary.

Please feel free to contact me if you have any questions or need further information.

1042 Pacific Street, Suite A • San Luis Obispo, California 93401
Phone: 805.781.5795 Fax: 805.788.2072
www.slolafco.com

**SAN SIMEON
COMMUNITY SERVICES DISTRICT**

AUDIT PROPOSAL

**FOR THE THREE YEARS ENDING
JUNE 30, 2004**



**CROSBY & CINDRICH, CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION**

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

July 18, 2002

Board of Directors
San Simeon Community Services District
111 Pico Avenue
San Simeon, California 93452

Members of the Board:

We appreciate this opportunity to submit our proposal for the audits of the San Simeon Community Services District, for the years ended June 30, 2002, June 30, 2003, and June 30, 2004.

QUALIFICATIONS OF THE FIRM

Crosby & Cindrich is a full-service CPA firm, located in San Luis Obispo. Both Partners, collectively, have thirty-one years of auditing experience. Our experience with governmental fund accounting and auditing and our familiarity with the San Simeon Community Services District accounts will enable us to audit and prepare the required reports in the most efficient and timely manner. We will make ourselves available when you need us, giving prompt, informed responses to your questions, while conducting your audit in a professional, comprehensive manner.

Crosby & Cindrich meets all current GASB audit standards. The Firm successfully conducted an independent peer review of its accounting and auditing practice in June 2000. The review indicates that the Firm maintains the strict quality control standards set by the American Institute of Certified Public Accountants (AICPA).

Our professional liability insurance is with CAMICO; with coverage totaling \$1,000,000.

The following discussion outlines the technical, timing, and fee details of our proposal.

AUDIT APPROACH

We will audit the financial statements of the San Simeon Community Services District for the years ended June 30, 2002, June 30, 2003, and June 30, 2004, for the purpose of expressing an opinion on them. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audits.

Audit Proposal
Re: San Simeon Community Services District

Letter of Transmittal
July 18, 2002

We will conduct our audits of the San Simeon Community Services District on the accrual/modified accrual basis, in accordance with 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 audit will provide a reasonable basis for our opinion.

Based on discussions with management and our review of your operations and accounting systems, we will obtain a firm understanding of your system of internal control, and test the effectiveness of the internal controls in place. This will enable us to determine the timing and extent of our substantive audit testing. We will not issue an opinion on the system of internal control. We will however, issue a management letter at the conclusion of the engagement, informing you of any material weaknesses or reportable conditions we find in the internal control system. We will also include, in the management letter, any business advisory comments or observations we feel may improve the efficiency and effectiveness of operations of the San Simeon Community Services District.

Our audit procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and tests of the physical existence of Property, Plant, and Equipment, as well as, direct confirmation of receivables and certain other assets and liabilities with certain creditors, legal counsel, and banks. We will search for unrecorded liabilities and perform analytical procedures on the income and expense accounts. In addition, we will compare actual performance to budgeted levels and investigate material discrepancies.

We will prepare the independent auditors' report on the audit of the financial statements of the San Simeon Community Services District, financial statements, the appropriate footnotes to the financial statements, in accordance with generally accepted accounting principles. We will also prepare the "Annual Report of Financial Transactions of Special Districts" for the State Controller Division of Local Government Fiscal Affairs, and review the annual calculation of the appropriations limitation for the years ended June 30, 2002, June 30, 2003, and June 30, 2004.

ENGAGEMENT TIMING

We expect to commence the audit work as soon as most of the items on our "items needed list" are completed by your staff. We would like to have all audit confirmations mailed by July, to avoid any confusion in the responses. We will provide a list of the schedules and supporting information required for the audits. Provided that we do not encounter unforeseen obstacles, and the necessary schedules are timely prepared by your staff, the draft copy of the annual report, management letter, and appropriations limitation report will be completed by September 30 and the final report copies will be submitted by October 31 of each year.

Audit Proposal
Re: San Simeon Community Services District

Letter of Transmittal
July 18, 2002

METHOD AND BASIS OF COMPENSATION

The San Simeon Community Services District audit should require approximately 50 hours to complete. The total current year audit fees are not expected to exceed \$3,200. The two subsequent years included in the bid proposal will each be \$3,200, with a possible adjustment for inflation based on the consumer price index.

If extraordinary circumstances or major personnel changes indicate more intensive and detailed services are required, we will consult with you before increasing our maximum fee. Additional fees will be based on our standard hourly billing rates.

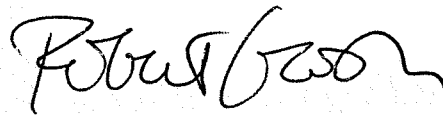
Additional fees may be required if the San Simeon Community Services District requires assistance in implementing the new GASB 34 requirements. Based on the District's annual revenue, it appears as though the District will be required to implement these changes in the 2003/2004 fiscal year.

Our audit staff includes two CPAs and one Enrolled Agent staff accountant. Our firm does not utilize CPA trainees to conduct the audit and field work. Our clients expect to learn from our expertise, rather than train our staff accountants. We will insure that the books are adequately closed and the proper reversing entries are made for the subsequent year. If needed, we will spend extra time to help educate the San Simeon Community Services District's staff on the proper audit procedures and preparation for the audit.

We provide these extra services to maintain a long-term working relationship with all of our audit clients. We believe that the benefits of these extra services streamline future audits and ultimately are passed on to the organization in reduced audit rates.

We are enthusiastic about working with you and welcome your inquiries.

Respectfully submitted,



Robert P. Crosby, CPA

CROSBY & CINDRICH
Certified Public Accountants
A Professional Corporation

REFERENCES
COMMUNITY SERVICE DISTRICT AUDIT CLIENTS

Avila Beach Community Services District John Wallace - General Manager Post Office Box 309 Avila Beach, California 93424 Audited Financial Statements - Fiscal Years Ended 1997 - 2001	(805) 595-2664
Cambria Community Services District Vern Hamilton - General Manager 1316 Tamson Drive, Suite 201 Cambria, California 93428 Audited Financial Statements - Fiscal Years Ended 1999 - 2001	(805) 927-6223
Los Osos Community Services District Bruce Buel - General Manager Post Office Box 6064 Los Osos, California 93412 Audited Financial Statements - Fiscal Years Ended 1997 - 2001	(805) 528-9375
Oceano Community Services District Gina Davis - Assistant General Manager Post Office Box 599 Oceano, California 93445 Audited Financial Statements - Fiscal Years Ended 1987 - 2000	(805) 481-6730
San Miguel Community Services District Mike Ellison - General Manager Post Office Box 180 San Miguel, California 93451 Audited Financial Statements - Fiscal Years Ended 1999 - 2001	(805) 467-3300
Santa Margarita Fire Protection District Robert Murach, Jr. - Assistant Fire Chief Post Office Box 67 Santa Margarita, California 93453 Audited Financial Statements - Fiscal Years Ended 1997 - 2001	(805) 438-5618
South San Luis Obispo County Sanitation District John Wallace - General Manager Post Office Box 399 Oceano, California 93406 Audited Financial Statements - Fiscal Years Ended 1988 - 2001	(805) 481-6903

San Simeon Community Services District



111 Pico Avenue, San Simeon, California 93452

(805) 927-4778 Fax (805) 927-0399

Board of Directors

Bob McLaughlin, Loraine Mirabal-Boubion, Eric Schell, David Kiech, Carol Bailey-Wood

Attn: Manager
San Simeon Restaurant
9520 Castillo
San Simeon, CA 93452

Re: Water Restriction Ordinance No. 96 – 1st Offense Warning Notice

Dear Sir or Madam:

This Notice serves as an Official Warning Notice that you violated the terms of the San Simeon Community Services District Ordinance No. 96 – Water Emergency – Mandatory Restrictions, adopted August 14, 2002.

The District wells are perilously low due to lack of adequate rainfall this year. Residents and businesses in San Simeon were notified of the need to restrict the use of water. A separate letter was also sent to all businesses, outlining the need to comply and the consequences for any violations of the Ordinance.

Please be advised that any subsequent violation(s) shall be considered a misdemeanor, punishable by fine and or discontinuation of water service.

If you have any questions, please contact the District Office at 927-4778.

Sincerely,

A handwritten signature in black ink, which appears to read "Mark A. Bloodgood". The signature is fluid and cursive.

Mark A. Bloodgood
General Manager

San Simeon Community Services District



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

Board of Directors

Bob McLaughlin, Loraine Mirabal-Boubion, Eric Schell, David Kiech, Carol Bailey-Wood

Attn: Manager
Inns of California
9280 Castillo Drive
San Simeon, CA 93452

Re: Water Restriction Ordinance No. 96 – 1st Offense Warning Notice

Dear Sir or Madam:

This Notice serves as an Official Warning Notice that you violated the terms of the San Simeon Community Services District Ordinance No. 96 – Water Emergency – Mandatory Restrictions, adopted August 14, 2002.

The District wells are perilously low due to lack of adequate rainfall this year. Residents and businesses in San Simeon were notified of the need to restrict the use of water. A separate letter was also sent to all businesses, outlining the need to comply and the consequences for any violations of the Ordinance.

Please be advised that any subsequent violation(s) shall be considered a misdemeanor, punishable by fine and or discontinuation of water service.

If you have any questions, please contact the District Office at 927-4778.

Sincerely,

A handwritten signature in cursive script that reads "Mark A. Bloodgood".

Mark A. Bloodgood
General Manager