

San Simeon CSD's Water and Wastewater Services Divestiture Services Description, History, Challenges, and Plan

History

San Simeon Acres is a small commercial village developed to provide tourist/recreation services along the central coast. It provides food and lodging facilities for Hearst Castle visitors as well as tourists driving the scenic Highway 1 route between San Luis Obispo and the Monterey Peninsula. San Simeon Acres evolved from a 1940 sale of the area by W.R. Hearst to permit recreation development. Present uses are concentrated on the frontage roads along Highway 1. The village reserve line encompasses approximately 100 acres, surrounded on its East side by Hearst Ranch areas devoted to grazing. On the West are the bluffs and beach of the Pacific Ocean. Future development can only occur within the presently subdivided area. The Service Area Boundary and Sphere of Influence are the same as the County's Village Reserve line.

Residential Multi-Family. The areas beyond the commercial frontage are designated for multiple-family residential uses. These include the existing mobile home park and scattered multiple-family units. It is anticipated that expansion of multiple-family units will include triplex, apartments and townhouse developments. In addition, expansion of commercial uses such as motels beyond the frontage may be appropriate following developmental review.

Commercial Retail. Commercial development in San Simeon is oriented to the traveling public using Highway 1 in visiting the central coast. The village provides the nearest accommodations for the more than 1,800,000 persons that visit Hearst San Simeon Historical Monument annually. Frontage roads to the east and west of Highway 1 provide access to the commercial areas.

The San Simeon Community Services District was formed following an election in 1961 for the purpose of providing street lighting, water, and street maintenance to the San Simeon Acres commercial strip bordering Highway 1. In the early 1980's LAFCO investigated several alternatives for reorganization of the CSD which included consolidation with Cambria CSD, incorporation, formation into a County Service Area, or, as it remains today, a Community Services District.

The San Simeon Community Services District currently provides water services to this area from wells located along Pico Creek with a permitted total production of 140 acre-feet. The wells are capable of producing over 400 acre-feet per year but any increase would require approval from the State Water Resources Control Board and State Coastal Commission. The waste water treatment service was added in 1964. The CSD currently provides services to the approximately 160 permanent residents and up to 1,500 transient visitors. A five-member elected board of directors manages District affairs.

The permanent population in San Simeon is limited, as very little year-round residential development has occurred. Anticipated future growth could be in multiple family units to

provide second homes or retirement units, or to serve those who work in the local businesses. Economic development is oriented to tourism and recreation. Motels, restaurants and specialty retail shops serving visitors to the central coast have been developed.

Overall Assessment – An unstable and increasingly complex environment for water and wastewater services that is internally and financially unsustainable and unresolvable by the district.

Services and Facilities Description (w/ Attached 2018 Master Plan detail)

Water -

San Simeon CSD provides potable water to San Simeon’s businesses and residents. Eighty acre-feet per year (AFY) is presently produced. The well license allows up to 140 AFY of withdrawals from the two Pico Creek wells. Businesses primarily include hotels and restaurants. They consume approximately 70% of the water produced. There are approximately 450 permanent residents, with well over half living in rental units and about half of the 200 residences are second homes. There are 210 water connections. Water demand is seasonal, with the summer months having the highest usage. The district is licensed to produce tertiary (recycled) water but has not done so for several years.

The community has one original 150,000-gallon wood-topped reservoir capable of holding one to two days of water supply.

In 2016, the district installed a reverse osmosis desalination facility for dry periods when chloride levels reached 250 milligrams per liter or greater. This facility has been used only for brief periods.

With the installation of RO/Desalination facility, the district’s decades-long development moratorium is or was expected to end. Ending the development moratorium has been the subject of one Federal lawsuit and other legal actions. However, the district cannot start development or even competently end the development moratorium. It lacks the staff, experience, and resources. Development-related district challenges will not be addressed within this paper.

Wastewater -

San Simeon is licensed to treat 200,000 gallons per day (GPD) of wastewater. This capacity includes up to 50,000 GPD of wastewater for California State Parks’ Hearst Castle Visitor’s Center and the San Simeon Village (Hearst Ranch houses, Hearst Ranch Winery, and Sebastian’s Deli) of Hearst Ranch. Fifty-two years ago, State Parks signed an agreement with San Simeon and paid to increase the treatment capacity from 150,000 GPD to its present 200,000 GPD.

The fifty-year State Parks agreement expired in 2021. A new contractual agreement and billing arrangement are needed. Unclear is what the agreement for the San Simeon

Village/Hearst Ranch service includes. LAFCO's review and approval of such an agreement is required.

In 2019, San Simeon CSD reached a settlement with the California Coastal Commission for long-standing violations related to its wastewater treatment facility. This After-the-Fact Coastal Development Permit (ATF-CDP) provided the district a 20 year limited authorization to relocate its wastewater treatment plant away from the ocean where it is presently located. The limited authorization of relocation of the plant is to be completed from the date of the CCC approval (through February 7, 2038). The initial detailed plan for the relocation is due July 2024. That study is woefully behind schedule. The Coastal Commission has provided the district (through the County) with a grant to prepare an updated Coastal Hazards Response Plan (CHRP) to address these issues.

As a part of the Coastal Commission After-the-Fact Coastal Development Permit (ATF-CDP) was inclusion of a requirement for the SSCSD to provide a 10 ft wide pedestrian bridge over Arroyo del Padre Juan Creek to replace the existing water/wastewater pipe bridge. The cost of the pedestrian bridge project alone has been estimated as well in excess of \$3M.

However, San Simeon CSD, a small disadvantaged community, has a finite overall budget of just over \$1.2 million. This budget is based on the very small number of rate-payers that fund SSCSD operations and basic maintenance needs for water, wastewater, streets, street lights, and weed abatement.

Further, the district lacks the resources to perform the detailed engineering and environmental impact studies for the development of a new wastewater treatment facility, along with the mitigation and removal of the existing plant, to a requisite return of the affected area to natural bluffs and beach area. The requisite mitigation requirements of the After-the-Fact Coastal Development Permit (ATF-CDP) includes potential penalties related to 1. the loss of shoreline structure quantified in the loss of beach area on which the WWTP is located, 2. Long-term loss of beach area when the back beach is fixed on an eroding area, and, 3. The amount of material that would have been supplied to the beach if the bluffs and beach were to have eroded naturally. The CA Coastal Commission established the cost of this beach loss impact over the 55 years of the WWTP existence at a cost of just under \$5M in 2018, thus establishing the mitigation costs required of the district. The CCC final After-the-Fact Coastal Development Permit (ATF-CDP) decision trades the mitigation cost back to the district for the cost of construction of the public access pedestrian bridge and planning for the relocation of the WWTP and removal of the revetments, restoration/repurposing the WWTP property for another use, including public access, or open space, appropriately mitigates the beach sand supply and public access impacts, in lieu of payment of the calculated mitigation fee.

The burden on community rate-payers represented by the pedestrian bridge, in concert with the requirement to remove and relocate the WWTP and the other mitigation requirements to return the bluffs and beach to their native situation is insurmountable and immediately sets the SSCSD up for failure.

Master Plan -

In 2018, San Simeon had an engineering company create a master plan for the district's potable water, wastewater, recycled water, and a road network improvement plan. That plan is attached.

The plan document provides a detailed description of existing facilities and usage as of 2018. Primary issues identified in the Master Plan indicated that pressures through the potable water system would be adequate, given the existing system configuration, but fire flow modeling produced inadequate pressures, much lower than the required fire flow demands. This suggests the need for major pipeline improvements and normal, operational as well as emergency and fire water storage improvements.

The Master Plan identified five (5) phases with a total estimated cost in 2018 dollars of \$12.6 million. The plan was done prior to the California Coastal Commission After-the-Fact Coastal Development Permit (ATF-CDP) settlement so the cost of moving the wastewater treatment plant was not included.

Ten-year Operational History and Present Status

The 2014 Emergency – The District Faced Complete Shutdown of Water and Wastewater Operations and Administration

In 2014, San Simeon CSD faced a complete collapse/shutdown of operations, administration, and management when its provider of these services, APTwater Services LLC, parent company, went bankrupt. APTwater Services stopped paying district bills including electric bills and other suppliers. This was costly because the district had continued to pay APTwater Services for some time despite them failing to pay their suppliers. Ultimately the district had to pay these bills. The final blow came when it stopped payroll for its staff running San Simeon – operators, the district office staff, and the district general manager.

This was a convoluted and conflicted situation. At the time, Charles Grace was the general manager of the startup company, APTwater Systems LLC, while simultaneously contracting himself out as the General Manager of San Simeon CSD. APTwater Systems' parent company had gone bankrupt without notice to the district and ultimately stopped paying Grace. To Grace's credit, he stepped in and personally paid the operators' and administrator's salaries until a contract for services could be completed with his company. A major service disruption was avoided.

With the assistance of the prominent San Simeon hotel officer/owner, an emergency services contract was arranged and signed on August 14, 2014, with Grace's own company Grace Environmental Services (GES). A company Grace had formed one year earlier in Ventura. Under his company's new contract, he continued acting as San Simeon's General Manager with the district, paying his company for operations, administration, and his general manager services. The emergency services contract with Grace's new company

prevented a complete shutdown of San Simeon CSD's critical water and wastewater services.

This kind of close-call situation should never happen to San Simeon or any other community. If a contractor is used for essential community services, it must be of sufficient size, experience, and financial stability.

January 2016 to September 2023 – Grace Environmental Services LLC Provides Operations, Administration, and General Manager Services

In January 2016, a five-year plus two-year extension contract was sole-sourced to Charles Grace's company, Grace Environmental Services, a single-member LLC. At the end of that seven-year term, the agreement was extended one year to January 2024. Grace continued as the district general manager. Again, there was no record of him officially being appointed the district's general manager or taking the oath of office. This was later confirmed by the District Attorney and Grace's attorneys.

Grace's company was relatively small. At San Simeon's site, he had one senior operator and a trainee. Neither of them was full-time in San Simeon. In 2022, the long-time San Simeon CSD operator decided to move out of state. For a half-year, the San Simeon wastewater treatment plant was operated with a lower-than-required skill level operator. Grace received a notice of violation from the California Water Quality Control Board for doing this. In addition, he had refused to disclose the names of the operators to the public. For this, he received a violation for failure to adequately disclose operator credentials. He finally disclosed that he was using Morro Bay employees on weekends to aid operations.

This thin staffing level and secrecy of operations staff and associated certification levels are unacceptable for contractors operating critical water and wastewater services. During the Covid pandemic, there was a concern that the senior operator could become ill, leaving the district in a compromised position.

2023 Water Supply Emergency

In the spring of 2023, San Simeon experienced several days of heavy rainfall. This caused tremendous amounts of ultra-fine particles to drain into the district wells along Pico Creek. The district's filtration systems were unable to filter out these ultra-fine particles. The district was unable to produce clean, potable water for the community. Potable water had to be hauled in special tankers from Cambria to San Simeon for over two days. The water was pumped from a Cambria fire hydrant in front of the Veteran's Hall.

This heavy rainfall was a rare event. This situation would have been avoided had the district upgraded its aging, undersized water storage reservoir to new, larger water storage tanks, as identified in the 2018 Master Plan. Larger storage tanks would have provided several days to a week of potable water, covering periods of heavy rainfall and associated ultra-fine particles in Pico Creek.

*June 2023 to Present – Abrupt Change of Services from Grace Environmental Services LLC
Leading In-Part to the Present Unstable Situation*

In 2023 a multiyear investigation by the San Luis Obispo County District Attorney's Office concluded. It found that Grace Environmental Services contracts with San Simeon CSD violated state laws, including conflict of interest laws. The district has been operating with a management conflict of interest for the past eight years. The district general manager provided all district services via his own company.

The final court settlement agreement effectively required the immediate removal of Charles Grace as San Simeon's General Manager. This resolved the main conflict of interest and violation of state law but left the district without a general manager.

The new board majority terminated the Grace Environmental Services contract entirely in September, 2023. There was an abrupt and hostile transition of operations, administration, and general management. The Board hired an Interim General Manager to begin the process of restructuring the district administration to more appropriately address the current needs of the district.

The SSCSD Board selected a much larger water and sewer operations company, Fluid Resource Management (FRM) to take over water and wastewater operations. To FRM's credit and experience, the transition of water and wastewater operations has significantly improved the district capability. FRM have six highly qualified operators trained on San Simeon's water and wastewater systems. They have added online communication and warning systems for each stage of the water controls.

Current District Challenges

For the district to provide reliable water and wastewater services, it must have a stable administration and management structure. The district must be capable of handling new requirements, including a new wastewater treatment plant as discussed above, lifting a decades-long moratorium, and managing subsequent development.

Critical Single Point of Failure – Administrative functions

The transition of administrative functions from GES has been the most challenging. As of December 2023, the transition remains incomplete. Considerable time and effort have been needed to recreate and migrate the accounting system to an online, fully backed-up modern system. Water bills have had to be done manually. An audit is coming soon.

Unfortunately, the district's administrative and bookkeeping services remain a critical single point of failure. The interim general manager and the bookkeeper are both contractors and perform all of the administrative functions. This sets up a single point of potential failure.

Development

After decades, the district is facing new development in San Simeon. The district has a moratorium ordinance. It has a hookup waitlist. The district has a capacity fee ordinance for hookups. The district lost a development-related Federal lawsuit. Other legal challenges exist. Some will-serve letters have been issued, including one for a huge project of 145 motel rooms and a restaurant. The district accepted a \$700,000 check for the associated capacity fees.

All this is happening while the County has yet to change the Local Coastal Plan to allow development in San Simeon.

Due to the lack of district policies, procedures, or ordinances over the last several years regarding how and when to spend capacity fees on infrastructure improvements, the district does not know if the deposits/fees are refundable and, if so, under what circumstances.

Grants and Infrastructure Improvements

Only minor to no work has been done on facility upgrades or repairs for the last five or more years. San Simeon is a disadvantaged community and has long been dependent on grant money and longer-term loans for infrastructure improvements. Over the last five years, the district lost over \$1 million in grants for various reasons, including false statements to grant providers; project mismanagement and poor oversight.

San Simeon is such a tiny community, which means a shortage of grant writing and administration skills. It is nearly impossible for a two-person staff to provide all the

information needed for grants and grand administration while performing their other duties. Grants, loans, and project management are things that the county does well, as shown in the above example.

District Board Instability

In 2022, at the strong recommendation of then District Counsel for the existing Board, San Simeon CSD was divided into five voting districts/areas to comply with the California Voting Rights Act. The district only has two hundred registered voters. These mini-voting areas went into effect with the November 2022 elections. In early 2023, two directors resigned. Eventually, one candidate came forward for Area A. No candidate came forward from Area C, which has only 24 registered voters. That area remains unrepresented. San Simeon has 450 residents and 200 registered voters. Statistically, one can conclude that it will be difficult for San Simeon to fill seats in each of the tiny voting areas given the current requirement for five representative areas.

The result is that it will be even more challenging for San Simeon to maintain a five-member board or even a three-member board. The change to mini-voting districts/areas in San Simeon clearly raised the concern level for the continued operation of the district for essential water and wastewater. A functional board is required for a community services district to operate.

Proposed Service Plan of Divestment of Water and Wastewater

San Simeon's critical water and wastewater services remain at unacceptably high risk, directly or indirectly, given the aging equipment, inadequate previous maintenance, and persistent administration and management needs. The unstable and increasingly complex environment for water and wastewater services is internally unsustainable and unresolvable by the district.

The proposed service plan would transfer San Simeon CSD's water and wastewater services to the County. The County presently provides these services for other small communities via County Service Area arrangements. At the same time, no additional county operations staff should be needed. The county could assume responsibility for the recent Fluid Resource Management contract to operate the district's water and wastewater services.

Regarding billing administration, San Simeon is migrating to the same Springbrook utility billing system that the county is using. The county currently processes 1,600 utility bills for CSAs. San Simeon would be an additional 230 bills. Further, Springbrook can make this transfer seamless because it is a cloud-based service.

The county is already involved in the move planning of the San Simeon wastewater treatment plant. While the WWTP move is a large one, the County would have to have assistance from the State regardless. The initial study grant for the move of the WWTP is from the Coastal Commission to the County. The county would eventually need to change the LCP for this plan and the county has the skill set to handle this complex task.

The county is already involved in lifting the development moratorium for San Simeon, which will ultimately also lead to an LCP change. Again, the county has the skill set to address development, permitting, and associated tasks.

A San Simeon advisory council could be established to provide input to the county for water and wastewater services operations. Note: an advisory council would provide resident input but would not be a decision-making body.

San Simeon CSD could retain roads, street lighting, and weed abatement. These services are non-enterprise services funded by property taxes.

San Simeon CSD Divestiture of Water and Wastewater Services

Exhibit 5 – Financial

Financial Summary

Governmental cost, operational, and management efficiencies exist with the divestiture and resolve the unstable arrangement for San Simeon's critical water and wastewater services.

It is expected that the County will be able to provide San Simeon's water and wastewater services at a lower cost than today.

Present water and wastewater revenue totals \$1.2 million. Budgeted expenses are \$1.1 million, leaving a forecasted net operating gain of \$0.1 million for the Fiscal Year 2023-24.

Direct costs for operations, including electrical power and depreciation, are \$660,000 or 61% of the budget. That leaves \$510,000 of revenue for administration, management, and other miscellaneous costs.

Exhibits 5-B and 5-D provide details on present costs.

Five hundred thousand dollars of revenue is sufficient for over three full-time county administration, engineering, and management staff dedicated to San Simeon for water and wastewater services. It appears that that is more money than necessary for the county to manage our tiny district's water and wastewater.

By the end of the fiscal year, June 30, 2024, cash reserves are estimated at \$600,000 to \$700,000. Upon divestiture, the SSCSD would retain its share of \$200,000 associated with road, lighting, and weed abatement services. The remaining water and wastewater cash/reserve funds balance of \$400,000 to \$500,000 would be transferred to the county, assuming divestiture occurs in the June-July 2024 timeframe.

Exhibit 5-E is the most recent audit report and provides a schedule of capital assets.

The transition of services to the county is expected to be nearly seamless at the operations and utility billing levels.

Fluid Resource Management (FRM) is presently operating San Simeon's water and wastewater services. The initial migration of operations would be a transfer of the FRM contract to the county. State Parks' Hearst Castle Visitor Center and San Simeon Village (Hearst Ranch, Hearst Wines, Sebastian's) operations also use FRM for their wastewater collection and conveyance to San Simeon. This includes over three miles of pipelines and three lift stations. Continued use of FRM for San Simeon would make for a smooth transition of operations arrangement for the north coast.

Further, San Simeon is migrating to the same utility billing system the county uses for its County Service Areas (CSA). This billing system is a cloud-based service. The district has only 230 connections/bills. The billing software company could easily merge the billing files from San Simeon into the County system— a straightforward migration effort.

San Simeon is a disadvantaged community eligible for grants and low-interest loans to fund planning studies, engineering, and infrastructure improvements. The county does well at obtaining grants and loans. San Simeon CSD has been more challenged in this area. This would be a benefit to the community and reduce overall costs.

At this time, county management and overhead costs are unknown. However, economies of scale, skilled professionals, and expert management would be realized for these services. For example, the county is already the main focal point for potential development in San Simeon. As discussed above, San Simeon clearly lacks the staff and skills to manage new development.

A similar lack of skills and staff exists for the mandated relocation of the district's wastewater treatment facility. The new treatment facility will be a regional facility handling San Simeon, State Parks Hearst Parks operations, and the Hearst Corp. wastewater. The county has been involved in the relocation study, including grant funding for the Coastal Hazards Response Plan development, and making LCP changes.

Cost efficiencies exist with the operation, administration, and management of multiple water and wastewater systems as the county does for its CSA's. As noted above, with San Simeon's present revenues, the county would have approximately \$500,000 to fund administration and management. This is more than enough money to hire ample staff and consultants to achieve the relocation of the wastewater treatment facility and lift the building moratorium along with other projects that have been deferred for far too long.

In summary, the county would be expected to provide these services at a lower or the same cost, with the additional operating income being set aside for infrastructure improvements.

There should not be a rate increase for a minimum of two years.

Financial Exhibits

Descriptions and explanations of operating income are provided in Exhibit 5-A, expenses in Exhibit 5-B, and cash/reserves in Exhibit 5-C.

Exhibit 5-D provides the detailed San Simeon CSD water and wastewater budgets for Fiscal Year 2023-2024.

Exhibit 5-E is the most recent audit report and provides a schedule of capital assets.

Exhibit 5-A

Operating Revenues

Following are the present revenues anticipated for the divested water and wastewater services. As noted, San Simeon processes State Park’s wastewater from its Hearst Parks operations. A 50-year-old agreement has expired. A new agreement and billing arrangement will require State Parks and LAFCO approval.

San Simeon CSD FY23-24 Budget				
<u>Revenue Associated with Divested Water and Wastewater Services</u>				
Operating Revenues		Wastewater	Water	Total Budget
Utility fees-waste		\$513,639	\$0	\$513,639
Utility fees-water		\$0	\$474,128	\$474,128
Meter/Service fees		\$0	\$109,501	\$109,501
California State Parks utility fees-wastev		\$71,912	\$0	\$71,912
	Total Operating Revenue	\$585,551	\$583,629	\$1,169,180

Note: Fiscal Year 2023-2024 is the last year of a five-year Prop 218 rate increase program.

Exhibit 5-B
Operating Expenses and Net Operating Income

Four expense areas represent ninety percent of present costs. Operations are 53% of costs. Add depreciation of 8%, and the total comes to 61% for direct expenses. The budgeted operations costs were based on the prior operations company. These costs are expected to decrease with the new service provider, Fluid Resource Management.

Professional Fees include part-time general manager and administration staff. Legal fees have been high because of the challenges facing the district. These costs are falling with the resolution of several litigation matters. Legal and administration costs represent 26% of budgeted costs.

<u>Budgeted Costs and Net Operating Income FY23-24</u>				
	Wastewater	Water	Total	
<u>Total Income</u>	\$ 585,551	\$ 583,629	\$ 1,169,180	
<u>Expense</u>				<u>% of Total</u>
Operations				
O & M operations	\$ 230,339	\$ 229,584	\$ 459,923	42%
Electrical Power	\$ 38,462	\$ 38,335	\$ 76,797	7%
Operating Repairs & Supplies	\$ 18,392	\$ 18,331	\$ 36,723	3%
	\$ 287,193	\$ 286,250	\$ 573,443	53%
Depreciation Expense	\$ 42,987	\$ 42,846	\$ 85,833	8%
Professional Fees	\$ 75,866	\$ 75,617	\$ 151,483	14%
Legal Fees	\$ 68,969	\$ 68,743	\$ 137,711	13%
Other Misc. Expenses	\$ 57,420	\$ 85,619	\$ 143,038	13%
Total Expense	\$ 532,434	\$ 559,075	\$ 1,091,508	100%
Net Operating Income(Loss)	\$ 53,117	\$ 24,554	\$ 77,672	

Other miscellaneous expenses include director salaries, bank fees, bookkeeping, dues and subscriptions, LAFCO costs, licenses, permits, website support, and liability insurance. Details are available in Exhibit 5-D

Exhibit 5-C
Cash/Reserves Summary and Allocation

San Simeon's net cash/reserve position as of December 2023 excludes refundable deposits, as shown in the table below. It is important to note that what is shown here is the total cash/reserves for all of San Simeon's present services: water, wastewater, roads, lighting, and weed abatement. The district never separated reserves for individual funds or between enterprise and non-enterprise funds.

<u>Cash Balances (December 2023)</u>		
Pacific Bank - Savings	\$	1,456,000
Checking	\$	105,000
LAIF	\$	572
Sub-Total Cash	\$	1,561,572
<u>Refundable Reserves</u>		
Customer Deposits	\$	(8,450)
Water Waitlist Deposits	\$	(93,539)
Capacity Fees*	\$	(678,999)
Sub-Total Refundables	\$	(780,988)
Net Cash/Reserves (Dec 2023)	\$	780,584
<u>Adjustments Estimated (January-June 2024)</u>		
Estimated Expenses Exceeding Revenue	\$	(60,000)
LAFCO & Legal Charges for Divestiture	\$	(30,000)
Sub-Total Adjustments	\$	(90,000)
Estimated Net Reserves (July 1, 2024)	\$	690,584
<u>Allocation of Associated Reserves at Divestiture</u>		
San Simeon - Roads, Lighting, Weed Abate Reserves	\$	200,000
County - Water and Wastewater	\$	500,000

December 2023 balances are then adjusted to June 30, 2024, the end of the fiscal year and the desired time of divestiture. District expenses have been exceeding revenue since about January 2022. For example, in 2022, the district agreed to pay \$200,000 of legal fees to defend General Manager Grace and his company, Grace Environmental Services, against multiple charges brought by the District Attorney's Office. Ultimately, the District Attorney

prevailed in a court settlement, with Grace admitting years of conflict of interest. There have been other unrelated legal settlements that have added to the district's costs, hence reducing reserves.

By the end of the fiscal year, June 30, 2024, cash reserves are estimated at \$600,000 to \$700,000. Upon divestiture, the district would retain its share of \$200,000 associated with road, lighting, and weed abatement services. The remaining water and wastewater cash/reserve funds balance of \$400,000 to \$500,000 would be transferred to the county, assuming divestiture occurs in the June-July 2024 timeframe.

Exhibit 5-D
Detailed Water and Wastewater Budget FY 2023-2024

Budgeted Costs FY23-24 - Net Operating Income				
		Wastewater	Water	Total
Total Income		\$ 585,551	\$ 583,629	\$1,169,179
Expense				
6000	Accounting	\$ 4,598	\$ 4,583	\$ 9,181
6020	Bank Fees	\$ 276	\$ 275	\$ 551
6025	Bookkeeping	\$ 8,736	\$ 8,707	\$ 17,443
6030	Director Fees	\$ 2,759	\$ 2,750	\$ 5,508
6031	Payroll Expense	\$ 230	\$ 229	\$ 459
6035	Dues and Subscriptions	\$ 2,989	\$ 2,979	\$ 5,967
6045	Electrical Power	\$ 38,462	\$ 38,335	\$ 76,797
6075	Insurance-PERS Health	\$ 2,299	\$ 2,291	\$ 4,590
6076	Pension Plan - PERS Retirement	\$ 8,276	\$ 8,249	\$ 16,525
6080	Insurance - Liability	\$ 5,518	\$ 5,499	\$ 11,017
6095	LAFCO Costs Apportionment	\$ 1,379	\$ 1,375	\$ 2,754
6100	Legal Fees	\$ 68,969	\$ 68,743	\$ 137,711
6105	Licenses and permits	\$ 16,452	\$ 4,096	\$ 20,548
6115	Miscellaneous expenses	\$ 690	\$ 687	\$ 1,377
6120	Office Expenses	\$ 460	\$ 458	\$ 918
6125	O & M operations	\$ 230,339	\$ 229,584	\$ 459,923
6130	Operating Repairs & Supplies	\$ 18,392	\$ 18,331	\$ 36,723
6145	Professional Fees	\$ 75,866	\$ 75,617	\$ 151,483
6191	Emergency Water Standby	\$ -	\$ 20,000	\$ 20,000
6192	Excess Repairs	\$ -	\$ -	\$ -
6195	Website Support	\$ 2,759	\$ 2,750	\$ 5,508
Other Expenses				
	Depreciation Expense	\$ 42,987	\$ 42,846	\$ 85,833
	Capital Projects/Improvements	\$ -	\$ -	\$ -
	Water Well Loan Interest	\$ -	\$ 11,641	\$ 11,641
	Water Well Loan Repayment	\$ -	\$ 9,049	\$ 9,049
	Future Capital Project Funding	\$ -	\$ -	\$ -
Total Expense		\$ 532,434	\$ 559,075	\$1,091,508
		\$ -	\$ -	
Net Operating Income(Loss)		\$ 53,117	\$ 24,554	\$ 77,671

San Simeon CSD Budget FY 2023- 2024 - ALL PRESENT SERVICES

	Sanitation Fund	Water Fund	Roads, Lighting, Weed Abatement	Total Budget
	45.98%	45.83%	8.19%	100.00%
	2.70%	2.70%	2.70%	
	3.00%	3.00%	3.00%	
	1.057	1.057	1.057	
Operating Revenues	Wastewater	Water		
Utility fees-waste	\$513,639	\$0	\$0	\$513,639
Utility fees-water	\$0	\$474,128	\$0	\$474,128
Meter/Service fees	\$0	\$109,501	\$0	\$109,501
California State Parks utility fees-wastewater	\$71,912	\$0	\$0	\$71,912
Total Operating Revenue	\$585,551	\$583,629	\$0	\$1,169,179
Property Taxes				
4110 Prop Tax current secured	\$0	\$0	\$104,331	\$104,331
Total Property Taxes	\$0	\$0	\$104,331	\$104,331
Other Income				
Interest Income	\$0	\$0	\$0	\$0
Interest- LAIF	\$0	\$0	\$0	\$0
Grant Funds	\$0	\$0	\$0	\$0
Trash Franchise Rebate	\$0	\$0	\$0	\$0
Total other Income	\$0	\$0	\$0	\$0
Total Income	\$585,551	\$583,629	\$104,331	\$1,273,510
Expense				
Accounting	\$4,598	\$4,583	\$819	\$10,000
Bank Fees	\$276	\$275	\$49	\$600
Bookkeeping	\$8,736	\$8,707	\$1,557	\$19,000
Director Fees	\$2,759	\$2,750	\$492	\$6,000
Payroll Expense	\$230	\$229	\$41	\$500
Dues and Subscriptions	\$2,989	\$2,979	\$533	\$6,500
Electrical Power	\$38,462	\$38,335	\$6,853	\$83,650
Election Expenses	\$0	\$0	\$0	\$0
Road Maintenance	\$0	\$0	\$35,000	\$35,000
RipRap Engineering	\$0	\$0	\$0	\$0
Equipment Rental	\$0	\$0	\$0	\$0
Insurance-PERS Health	\$2,299	\$2,291	\$410	\$5,000
Pension Plan - PERS Retirement	\$8,276	\$8,249	\$1,475	\$18,000
Insurance - Liability	\$5,518	\$5,499	\$983	\$12,000
LAFCO Costs Apportionment	\$1,379	\$1,375	\$246	\$3,000
Legal Fees	\$68,969	\$68,743	\$12,289	\$150,000
Licenses and permits	\$16,452	\$4,096	\$316	\$20,864
Miscellaneous expenses	\$690	\$687	\$123	\$1,500
Office Expenses	\$460	\$458	\$82	\$1,000
O & M operations	\$230,339	\$229,584	\$41,041	\$500,964
Operating Repairs & Supplies	\$18,392	\$18,331	\$3,277	\$40,000
Weed Abatement	\$0	\$0	\$3,000	\$3,000
Professional Fees	\$75,866	\$75,617	\$13,517	\$165,000
Street lights	\$0		\$8,565	\$8,565
Emergency Water Standby	\$0	\$20,000		\$20,000
Excess Repairs				\$0
Unreimbursed Utilities				\$0
Website Support	\$2,759	\$2,750	\$492	\$6,000
Other Expenses				
Depreciation Expense	\$42,987	\$42,846	\$7,659	\$93,492
Capital Projects/Improvements	\$0	\$0	\$0	\$0
Water Well Loan Interest	\$0	\$11,641	\$0	\$11,641
Water Well Loan Repayment	\$0	\$9,049	\$0	\$9,049
Future Capital Project Funding	\$0	\$0	\$0	\$0
				\$0
Total Other Expenses	\$42,987	\$63,536	\$7,659	\$114,182
Total Expense	\$532,434	\$559,075	\$138,817	\$1,230,325
Net Operating Income(Loss)	\$53,117	\$24,554	(\$34,486)	\$43,185