

San Simeon Community Services District

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

Board of Directors

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

MEMORANDUM

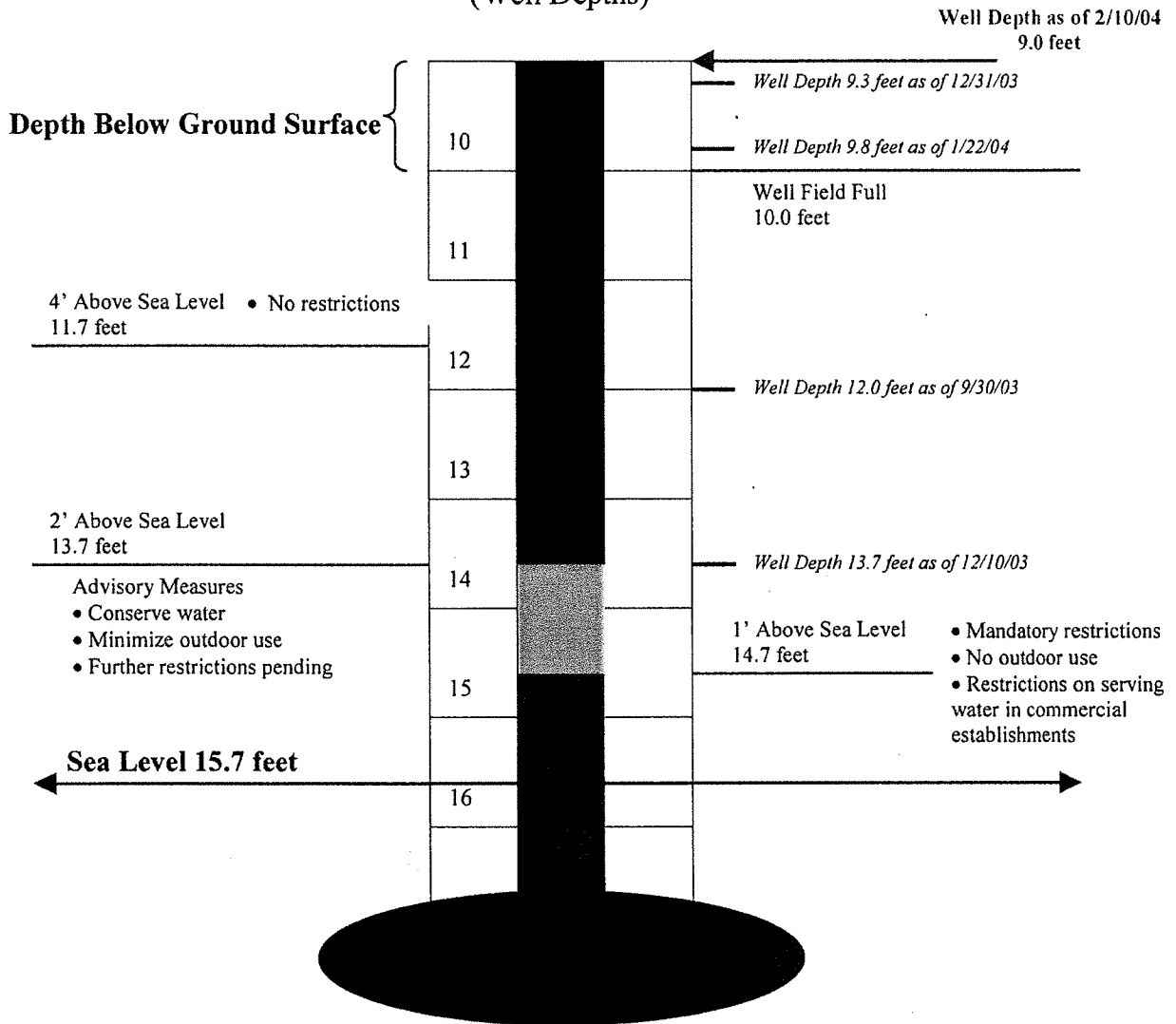
DATE: February 11, 2004
TO: Board of Directors
FROM: Mark A. Bloodgood, General Manager
RE: General Manager's Report

- 1. Internal Controls Program and Office Procedures** – Your District Manager was contacted by the San Luis Obispo County Grand Jury and asked to participate in an interview on February 5, 2004 held at the offices of **eda**. The Grand Jury is looking into the policies, procedures and operations of Community Services Districts in our County due to the recent embezzlement incidents involving the California Valley and San Miguel Districts. They had obviously talked to others previously in that they already had knowledge regarding our District, staff, consultants and community members. They asked questions about internal controls, awarding of contracts, and the working relationships between consultants, staff, the Board and the community.
- 2. Completion of the Action Plan** – While the current management team has resigned, we still remain available to work with the Board in creating the District's mission statement. You will remember that we were going to handle this during a pre-Board meeting session or other designated time.
- 3. Hearst Ranch Agreement with American Land Conservancy.** – No Update.
- 4. Prop 50** – No update.
- 5. Solids Disposal Alternatives** –No update.
- 6. Rate Study** – Staff is waiting for the Facilities / Water Committee to agree on the components and priorities of the District's Needs Assessment before completing the final draft for the Requests for Proposal (RFP) for the Rate Study. When the draft is done, it will be reviewed by the Facilities / Water Committee, Finance Committee and Board. In the Settlement Agreement with the Cavalier Inn, the District agreed "to continue to proceed with plans to review and potentially revise the District's water and sewer service rate structures and collections procedures" and "to finish a water and sewer rate study and determine whether the rate structure should be revised by August 11, 2004." So we need to move on this.

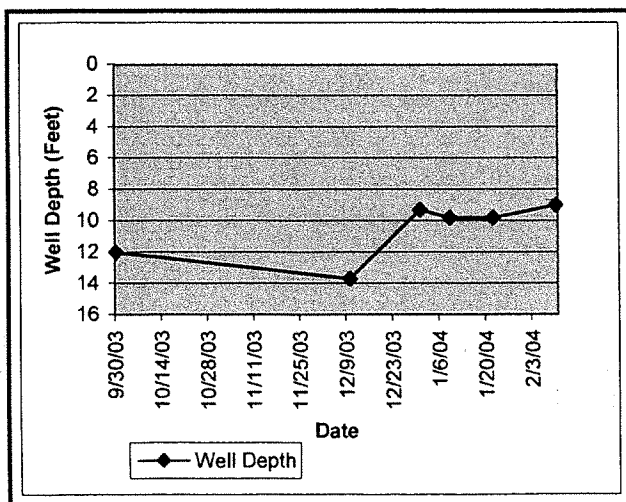
7. **Worker's Compensation Policy Renewal** – The District's Worker's Compensation Policy is coming up for renewal in March. State Compensation Fund is requesting an estimate for 2004 payroll. Currently, the District does not have any "employees" on payroll. Staff is requesting direction from the Board as to responding to the information request.
8. **FEMA –OES Post Earthquake Inspection:** Representatives of FEMA – OES visited the wastewater plant earlier today. They will be reviewing the District's contracts for operations, as well as the bills associated with the earthquake later this week. On this evening's agenda, the board will take action on staff's recommendation that John L. Wallace and Associates be designated as the District's agent. Management recommends that you approve this recommendation since it is the most cost effective. JLWA staff, specifically Jeremy Freund, has extensive experience in FEMA / OES procedures and is working to expedite completion of the processing.
9. **Hazard Mitigation Grant Program** – At the January 23 local CSDA meeting, discussion was held regarding the Hazard Mitigation Grant Program. Authorized under Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the HMGP administered by FEMA provides grants to states and local governments to implement long-term hazard mitigation measures after a major disaster has been declared. The purpose of the program is to reduce the loss of life and property due to natural disasters and to enable mitigation measures to be implemented during the immediate recovery from a disaster. Hazard mitigation planning is an important aspect of a successful mitigation program. States and communities use the hazard mitigation planning process to set short and long-range mitigation goals and objectives. Hazard mitigation planning is a collaborative process whereby hazards affecting the community are identified, vulnerability to the hazards are assessed, and consensus reached on how to minimize or eliminate the effects of these hazards. The deadline for completion of a Hazard Mitigation Plan is 11/01/04. If, after that deadline, a significant hazard occurs and there is no Hazard Mitigation Plan in place, the District would not be eligible for aid. San Luis Obispo County is using a consultant and student intern to complete their plan. We will follow up on what SSCSD needs to do in order to comply with the requirements.
10. **Response Letter to the Regional Water Quality Control Board (RWQCB)**– You will remember that the District had received a letter from the RWQCB after the earthquake regarding the installation of a generator at the wastewater treatment plant as a backup power supply. Staff prepared a response letter indicating, "The District is in the process of retaining an electrical engineer to evaluate the electrical requirements for the entire plant" which "will include the determination for the sizing connection requirements for the generator." The letter goes on to say that the authorization to proceed with this item will be on the agenda for our February 11, 2004 meeting. (This is 7.2 on our agenda.)
11. **Office Administrator Position** - Unfortunately, due to time constraints, the Board has yet to address the issue of filling the Office Administrator's position. **eda** has been handling these duties on an interim basis for the past three months but the Board needs to determine whether they wish to contract this out

or to hire an employee. This issue is, of course, connected to the issue of whether or not to keep the office open.

San Simeon Community Services District WATER CONSERVATION TRIGGER EVENTS (Well Depths)



Depth of Water in District Wells



KEY		
DESCRIPTION		FEET
As of 2/10/04	Current Level Well Field	9.0
—————	Well Field Full	10.0
↔	Sea Level (SL)	15.7
Water Conservation Trigger Levels	1 ft above SL	14.7
	2 ft above SL	13.7
	4 ft above SL	11.7

San Simeon Community Services District



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

February 5, 2004

Mr. Roger W. Briggs, Executive Officer
RWQCB Central Coast Region
895 AeroVista Place, Suite 101
San Luis Obispo, CA 93401

**Subject: Interim Status of Installation of Backup Power Supply,
San Simeon Wastewater Treatment Plant, San Luis Obispo County**

Dear Mr. Briggs,

The District has received your letter of January 2, 2004, regarding the installation of a backup power supply for the District's wastewater treatment plant located in San Simeon. As you know, the San Simeon earthquake temporarily disrupted PG&E power to the treatment plant and Fluid Resource Management, our contract operators, were able to bring in a portable generator from Templeton to prevent any overflow of wastewater to the adjacent beach and ocean. The District has been planning for the purchase and installation of a backup generator for some time and this item is included in our Capital Improvement budget. The District is in the process of retaining an electrical engineer to evaluate the electrical requirements for the entire plant. This evaluation will include the determination for the sizing connection requirements for the generator. Authorization to proceed with this item will be acted upon at the Board meeting on February 11, 2004. Therefore, we will attempt to meet the time line as expressed in your letter of January 2nd, to have a copy of the request for proposals for the generator to the Regional Board by March 25, 2004. It may be necessary to request an extension of that time, dependent upon the availability of the electrical engineer and the receipt of his / her final report. We will keep you informed of our progress.

If you have any questions we would appreciate you contacting me or John Wallace, the District's Consulting Engineer at (805) 544-4011.

Sincerely,
San Simeon Community Services District

David Kiech
Chairperson

P.E.

ADVANTAGE TECHNICAL SERVICES, INC.
SPECIALTY ENGINEERING AND INSPECTION COMPANY

February 3, 2004

Mr. Craig Taylor
Associate District Engineer
John Wallace and Associates

RE: Proposal for Inspection of Potable Water Storage Reservoir for San Simcon

Dear Mr. Taylor,

Thank you for your request for proposal. Advantage Technical Services, Inc. takes pride in its ability to offer quality technical and professional services for water purveyors and engineering firms.

Technical Expertise

Advantage Technical Services, Inc. provides tank inspections by Registered Engineers and inspectors who have designed or inspected hundreds of water storage reservoirs. This allows A/T/S to provide seamless reporting and engineering recommendations that are important in maintaining healthy storage systems with minimum cost.

Diving Expertise

Advantage Technical Services' dive teams are trained and certified for potable water tank diving. Potable water diving operations are conducted to American Water Works Association Standard for Disinfection of Water Storage Facilities which helps assure that your potable water will remain sanitary.

Wet inspection eliminates the need for draining and disinfecting the tank prior to returning to service. The inspection is conducted with tanks full of water so that the diving inspector has access to the entire shell and roof. Inspection and engineering evaluation will be conducted to find and determine the extent of any seismic damage relating to the recent San Simcon Earthquakes.

Reporting

Advantage Technical Services will provide a full report of tank internal and external conditions as observed by inspectors trained by National Association of Corrosion Engineers (NACE). The report will include photographs and text that will describe the conditions of the coatings, the roof structure, reservoir, and appurtenances.

Pricing

Item	Description	Qty.	Unit	Total
1	Wet inspection	1	LS	\$1,000
2	Color photographs, text of coatings, roof struct., & Acc.	1	LS	\$400
Total				\$1,400

Thank you for the consideration of our firm for this project. Please call if you have any questions regarding the services that we are offering.

Sincerely,
Advantage Technical Services, Inc.



William D. Bellis, P.E.
Principal

February 9, 2004

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

Re: Proposal for Boundary Survey; SSCSD Waste Treatment Facility
APN 013-031-028, 041
[eda #2-2645-000]

Dear Board of Directors:

Thank you for giving us an opportunity to submit a proposal for a boundary survey of your property.

BOUNDARY SURVEY (.35 code)

This will include a boundary survey of the Sewer Treatment Plant sufficient to set monuments for the property. In performing the survey, we will research the title history of the property with respect to prior surveys and maps, check consistency of record data, perform a field survey to find record monuments, resolve the boundary based on found monumentation, set final monuments and witness stakes, prepare a Record of Survey map in conformance with State law and submit the map to County Engineering for review and recordation.

Fees for checking and recording the Record of Survey are currently \$140.00 and are not included in the estimate. Please provide a check in the amount of \$140.00 payable to the "County of San Luis Obispo". The check will be submitted with our first map check submittal.

RIP RAP LOCATION (.31 code)

This will include office and field topographic survey services to locate limits of visible rip rap rock along the Northern and Western boundary of the Sewer Treatment Plant with sufficient detail to prepare a Legal Description for that portion of the visible rip rap that lies North of the Northern property line of the Sewer Treatment Facility.

Fixed Fee: \$2,500.00

SCHEDULE:

We can have the finished product to you within two weeks of receiving a signed contract.

ASSUMPTIONS:

This estimate of costs is based upon certain assumptions made at the time of the estimate which will be found to be valid or invalid by the actual field survey, calculations, or record and title review as the survey progresses. Some of these assumptions are; availability of monumentation based on record information, mathematical accuracy of record maps and deeds, consistency of record data to measured data, access to adjacent parcels for field survey, absence of problems or errors in title report, absence of gaps, overlaps, encroachments, adverse possession claims or conflicts with adjacent deeds. Should any of these assumptions prove invalid, the cost of the survey may increase. This constitutes notice that this estimate is subject to change based upon those assumptions and is a firm figure only where those assumptions prove correct. Where unexpected developments increase the cost of the work from that of the original contract and the assumptions of the estimate, **eda** shall make a reasonable effort to contact the client and discuss changes. The client, by agreeing to the change, recognizes that the estimate of cost may also change. The actual cost of the survey will not exceed the estimate without consultation with, or notification to the client.

TERMS OF SERVICE AND COMPENSATION

eda will perform these services as described herein, and in accordance with the enclosed Standard Provisions of Agreement (7/10/02 revision), incorporated herein as Exhibit A.

Additional client expenses, charged at 1.1 times the actual cost, may include title report fees, application fees, overnight deliveries, UPS charges, toll and long distance telephone charges, film processing, microfilm charges, outside reproduction charges and other reasonable and customary charges and fees necessary to accomplish this work.

You will be billed monthly, with payment being due and payable upon your receipt of our billing invoice.

San Simeon Community Services District
February 9, 2004
Page 3 of 3

If this proposal is acceptable and you agree with the terms and conditions, please sign, date and return the original to our office. For your convenience, we have enclosed a duplicate original for your files. Work will commence upon receipt of this executed proposal. This proposal shall be valid for 60 days from the date hereof. Once again, thank you for requesting a proposal from **eda**.

Sincerely,

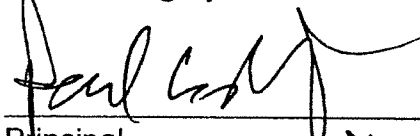
eda - design professionals

Paul E. Reichardt, PLS 5693

ACCEPTED

I have read the above, and the attached Exhibit A - Standard Provisions of Agreement (7/10/02 revision), incorporated herein by reference, and agree to the terms and conditions set forth in this proposal.

eda - design professionals


Principal PLS 5693
License Number

2/9/04
Date

CLIENT

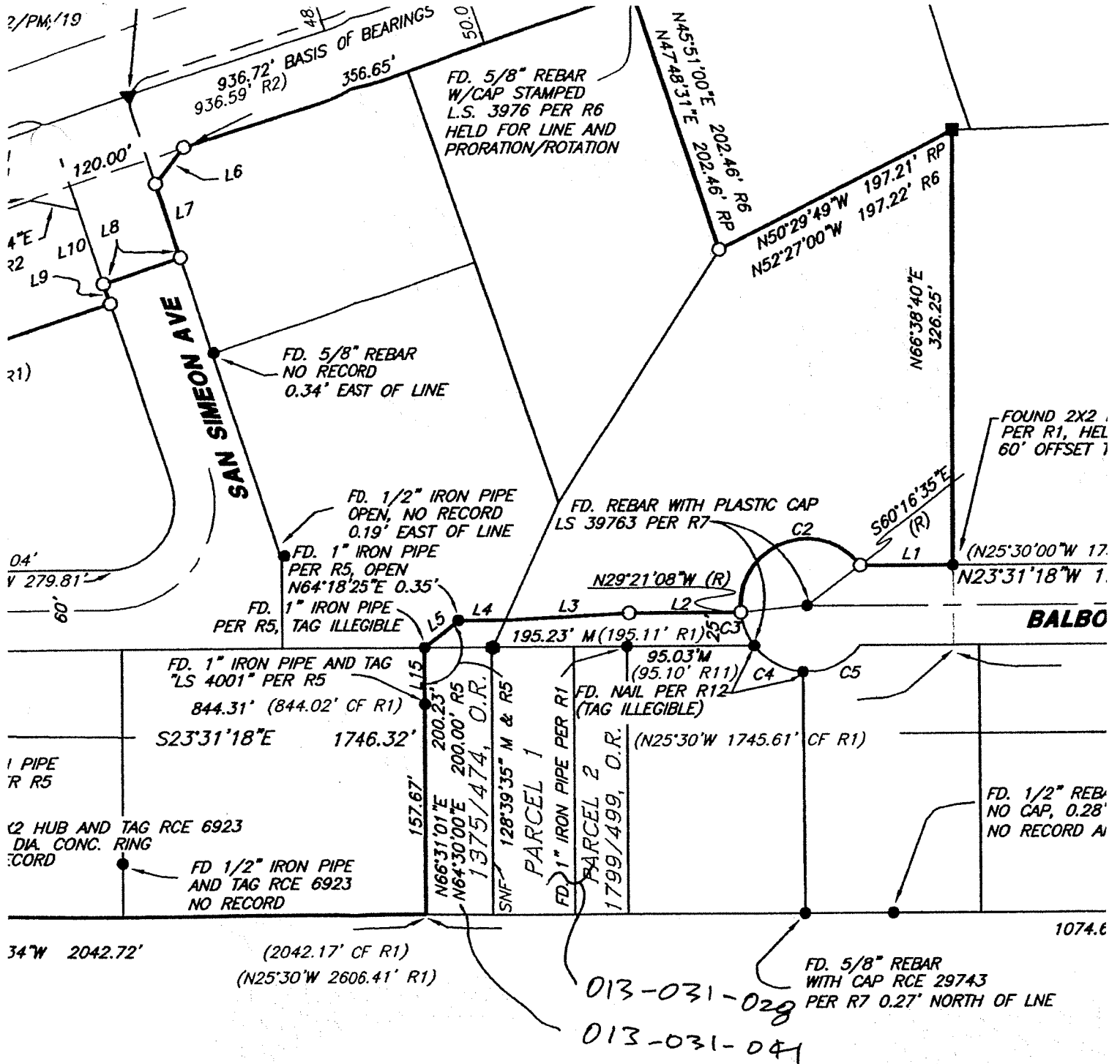
San Simeon Community Services District

Date

proposals-jobfiles/folders2601-2700/2601-2625/2645.000

eda - design professionals

1998 Santa Barbara Street, San Luis Obispo, CA 93401
805-549-8658 & Fax 805-549-8704
www.edainc.com



RECORDER'S STATEMENT

FILED THIS _____ DAY OF _____, 2004,
 AT _____ M. IN BOOK _____ AT PAGE _____ OF
 RECORDS OF SURVEYS AT THE REQUEST OF
 PAUL E. REICHARDT

DOCUMENT NUMBER: _____

FEE: _____

COUNTY RECORDER

BY: _____
 DEPUTY

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE SOUTHWESTERLY LINE OF _____ AS SHOWN ON R2, BETWEEN _____ PER R2 AND R6, THAT BEARING _____

CORDANCE
 SIONAL LAND
 F _____

013-031-028
 013-031-041

Eileen Putnam

From: Michael R. Hanchett [MRH@cavalierresort.com]
Sent: Monday, February 09, 2004 4:10 PM
To: eileenh@edainc.com
Subject: Hiring Committee



Big Hi,

The Community Affairs Committee of the Chamber has authorized me to submit the following names to be included as members of the SSCSD Hiring Committee. They are myself representing business and Ralph McAdams who owns a Condo here and participates on our committee. Ralph has been active in helping to put together our community status book and information for our committee and as a retired electrician understands the electrical needs of our community, etc.

Please accept these two individuals as representatives from the Chamber.

Thanks!

Michael R. Hanchett
President
Cavalier Inn, Inc.
250 San Simeon, Ave., Ste. 4C
San Simeon, CA 93452
mrh@cavalierresort.com
(805) 927-4441

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2/9/2004

February 4, 2004

Mr. Dave Keich, Chairman

San Simeon Community Services District
111 Pico Ave.
San Simeon, CA 93452

RE: District engineer contract renewal.

Dear Mr. Keich,

This letter comes to you and the other board members to hopefully recap and highlight the numerous reasons for not accepting a new contract for our existing district engineer.

There are five different areas of focus that I want to address. I have listed them below and will speak to each one individually.

- Existing long-term problems at the treatment plant.
- Conflict of interest issues.
- Ability/competence.
- Ethical considerations
- Lack of focus and proper protocol.

Although these items are don't easily separate, I will attempt to do so for purposes of clarity.

The first item addresses the many many problems the treatment plant has had over the years that seem to take months and months to fix or remedy. There have been so many problems at the treatment plant over the years that it borders on complete incompetence of the part of the district engineer. How is it possible that such a small plant can have so many issues that can't be resolved quickly, easily and cost effectively? Its my opinion that the person responsible for keeping the plant in proper working order from an engineering perspective is not doing the job even in a minimal way. The smell issue was a classic example of a problem that took way more time to fix than it should have, and this problem has not actually been completely resolved totally as we speak today. The problem is to some degree seasonal, peaking and ebbing. The solution proposed by the district engineer was to put a top on the tank, which of course would have been a very considerable expense to the district to say the least. But the truly interesting part of this equation is that the district engineer's first solution to the smell problem was the most expensive. There were many other directions the district engineer could have gone in terms of cost and remedy that would have been much more cost effective and

financially prudent to the SSCSD, however, since portions of the district engineer's income derived from the SSCSD has a percentage arrangement tied to projects taken on by the district, he gained to benefit financially to a greater degree than a lesser expensive solution. A very recent example of the district engineer's lack of comprehension of the districts needs and capabilities was the proposal of a second water tank having a capacity of 750,000 gallons. The CDF's (California Division of Forestry) recommendation for San Simeon was 180,000 gallons. The proposed tank by SSCSD's engineer was over 4 times greater than CDF's recommendation. Water storage capacity for Cambria's district is currently 980,000 gallons and they have 3000 homes embedded within a forested area. How does the district engineer for SSCSD justify this proposal not to mention the expense to the district? Once again, I suspect, that income tied to percentage with respect to project cost played a role in the district engineer's decision to propose a water tank the community of San Simeon doesn't need nor want. One of the most fundamental parts of the district engineer's job is to prioritize the needs of the district. A second water tank is so far down on the list of priorities that one has to question the competence of the individual for making such an ill-timed and unnecessary proposal. The history of the treatment plants operation and condition is strewn with poor decisions and improper approaches and remedies, a pathetic history that is longer than this letter allows but should not be forgotten.

Speaking to the issue of conflict of interests, it is totally unacceptable, unethical and unprofessional for the district engineer to oversee the districts needs from an engineering point of view, do the design, and then receive a percentage of the construction contract amount. The way it should be done to eliminate this one hand feeding the other concept is the district engineer should assess the districts needs engineering wise, the board contract out the design and then contract out the construction of the accepted design. At no time should the district engineer be entitled to a financial cut or portion of the design or construction costs. He is there to serve the district, paid for his engineering services to oversee the district engineering needs and be independent of the design or construction processes, a form of checks and balances for the overall process. One can never objectively assess or evaluate the performance of anything if they have a hand in it nor admit to its failure or less than intended performance. This is the situation that past boards have created over the years and its time the current board dismantle it and start with a new and more equitable approach that is financially sound to the people of the district and passes the common sense test.

The ability and competence of the districts current engineer is so open to criticism because over the years there has been one engineering blunder after another. The list is lengthy, the remedies commonly inappropriate for the scope of the problem or need, the follow through and timeliness of the completion process unacceptable and the final expense of such undertakings commonly significantly different that the initial projected cost. In the private sector, this would never go on for as long as it has in the SSCSD, another most valid reason to not renew the contract for the current district engineer.

Regarding the ethical considerations in renewing the current district engineer's contract, I have, to a large degree already highlighted the primary issue, that being a conflict of interest problem. It is not acceptable for an engineer who serves at the pleasure of the board of the district, who is in a rather unique position to wear more than one hat. The district engineer's job is to oversee and direct the engineering business of the district and is paid to do just that, but its not appropriate for this same person to be paid to perform the functions of the district engineer job and then profit from the work or contracts that this person deems necessary and appropriate. This convoluted relationship is wrong, unhealthy to the successful operation of the district and above all unethical. This practice needs to be terminated.

The last topic I want to address is the current district engineer's inability to focus and the lacking of protocol in the performance of the district engineers duties. Speaking to the issue of focus, the district for years has not properly attended to the necessary and ongoing maintenance of not only the treatment plant but the rest of the infrastructure under the districts responsibility. The water and sewer lines, the water valves in the ground, the fire hydrants, the manholes, the water tank, the pump and well field area, all these items have not had any sort of consistent ongoing maintenance over the years and this is part of the district engineers overall responsibilities. It's only recently that some manholes were found; it's only recently that the water valves are being found and exercised. One would easily conclude that a service district that has the same district engineer for as many years as SSCSD has, that there would be in place maintenance schedules, maps of all the lines and valves in the ground, but in fact these things have only happened very recently. What excuse could one have for not having all these types of things in place with as many years of service as the current district's engineer has had? If each of the board members were paying for this unacceptable level of service out of their own pocket, they would have terminated the service long ago.

I have tried to clearly explain a difficult and convoluted situation that is rooted in years of confusion, misrepresentation, lack of care and concern on many fronts, misunderstanding, commonly passing the problem along to the next board or shelving the problem because it may require making a difficult decision and unpopular decision. It is the responsibility of each board member to do their own due diligence, which is necessary to effectively carry out the responsibility you have been given by the residents of the district. With respect to the issue before the board, whether to renew the contract for the current district engineer; the facts are many and don't support renewal the contract. One doesn't have to dig very deep to support this conclusion, as the evidence is pervasive in every direction one chooses to investigate.

Its time for the district to move forward, seek more qualified engineering talent, someone that will put the needs and responsibilities of the district ahead of the ability to profit from it.

Sincerely,

Raymond Long
11 Zanzibar Terrace Dr.
Morro Bay, CA 93442
805-455-1032

RCL:sal

From: Ronald Hurlbert <ronaldhurlbert@excite.com>
To: sscsd@thegrid.net
Subject: Re: District manager/water aquisition committee.
Date: Feb 7, 2004 6:34 PM

Thank you. I will be out of the Country or would have attended the meeting...Ron

--- On Fri 02/06, sscsd@thegrid.net < sscsd@thegrid.net > wrote:
From: sscsd@thegrid.net [mailto: sscsd@thegrid.net]
To: ronaldhurlbert@excite.com
Date: Fri, 6 Feb 2004 17:17:20 -0800 (GMT-08:00)
Subject: Re: District manager/water aquisition committee.

I have received your letter, and will pass it on to the Board of Directors.

Eileen Putnam
Assistant General Manager

-----Original Message-----
From: Ronald Hurlbert <ronaldhurlbert@excite.com>
Sent: Feb 6, 2004 9:59 AM
To: sscsd@thegrid.net
Subject: District manager/water aquisition committee.

Board of Directors.

This letter is to request that you not rehire John Wallace as District Engineer.

Mr Wallace has not performed for the District with respect to providing the water for present and future residents of the community.

There may also have been certain conflicts of interest with respect to Wallace Assc. engineering work and District manager responsibilities.

Also, since the District has been in a building moratorium for 18 years I think it pretty clear that the Boards of Directors have not been serious about obtaining additional sources of water either through enhanced retrofitting, desal , Hearst etc.
I think the Board needs to appoint a water aquisition committee that REALLY pushes to acquire water. The committee needs to meet at least monthly and actually push.

Thank you for your consideration in this matter.

Ron Hurlbert
property owner

From: Ronald Hurlbert <ronaldhurlbert@excite.com>
To: sscsd@thegrid.net
Subject: District manager/water aquisition committee.
Date: Feb 6, 2004 9:59 AM
Board of Directors.

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Ron Hurlbert
property owner

SAN SIMEON COMMUNITY SERVICES DISTRICT

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

DATE: February 11, 2004
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. San Simeon Quake Status - OES/FEMA Designation of Applicant's Agent Resolution
2. Capital Improvement and Major Maintenance Projects Priority List
3. Emergency Standby Power - Included in Facilities Plan
4. Wastewater Treatment Plant Rip-rap & Aeration Tank Expansion-Coastal Permit Pending
5. State Revolving Fund Loan - District is on the list.
6. Proposition 50 Projects - Funding Legislation delayed.
7. District Infrastructure Inventory - Completed
8. Pico Creek Well - Flood Study and Well Head Modifications

DISCUSSION:

1. San Simeon Quake Status;

As one of the requirements for public assistance (FEMA Form 90-49), a designation of the applicant's agent by resolution (OES 130) needs to be submitted (see attached staff report). Staff met with OES and FEMA representatives to present the District's preliminary list of projects to better understand the processing and requirements for reimbursement. A more complete verbal report will be provided at the Board meeting on February 11th.

2. Capital Improvement and Major Maintenance Projects Priority List;

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

3. Emergency Standby Power;

Recommendations for standby power were made as part of the Final Facilities Plan and further analysis of horsepower requirements is the subject of an RFP for electrical facilities/power review. Attached is a letter from President Kiech responding with interim status to the RWQCB requiring the District to submit a time line for installation.

4. Wastewater Treatment Plant Rip-rap & Aeration Tank Expansion-Coastal Permit
Wastewater Treatment Plant Rip-rap. No change in status.

5. State Revolving Fund (SRF) Program;

Staff investigated potential loan funding for wastewater projects through the State Revolving Fund which provides loans at a low interest rate (approximately 2.5 to 3%). Because of the potential to construct several different improvements with SRF funds, a "general project" application was submitted as a "place holder" for the SWRCB to consider. As a result, San Simeon has been placed on the draft State-wide priority list for funding. A project application will be submitted in accordance with the final Facilities Plan recommendations/Facilities Committee recommendations and the Proposed FY 2003-04 Budget. However, at this time due to State budgetary constraints, most SRF loans are being frozen.

6. Proposition 50 Projects;

No change in status; As previously discussed with the Board, Prop. 50 may eventually make \$650,000 of funding available to this District for water/recycling and water tank/water line projects. The projects selected will eventually be included in the District's capital improvement program. Unfortunately, the State budget process has delayed funding for an undetermined period. A workshop is being conducted this month in Sacramento and Los Angeles to discuss the project selection criteria.

7. Infrastructure Inventory;

The drawings for the District's water, sewer, roads and street lighting infrastructure have been finalized. FRM is preparing a program for manhole repairs and valve replacement.

8. Pico Creek Well - Flood Study and Well Head Modification;

For sanitary conditions related to flooding and drainage, the top of the well casing needs to terminate above grade and above known levels of flooding caused by drainage or runoff from surrounding land. FEMA's flood insurance rate map indicates that the well field is within an area of a 100 year flood from the Pico Creek watershed but actual base flood elevations have not been determined at this time. (See separate agenda item)

SAN SIMEON COMMUNITY SERVICES DISTRICT

WARRANT REPORT

January 1 through January 31, 2004

<u>DATE</u>	<u>NUM</u>	<u>NAME</u>	<u>WARRANT#</u>	<u>MEMO</u>	<u>AMOUNT</u>
01/09/2004	4751	AMERIPRIDE	0401-001	MATS, WET MOP	\$ 62.25
01/09/2004	4752	CAMBRIA HARDWARE	0401-002	ABS ADAPT, CLAMP, HUB, NUTS, BOLTS, SC	\$ 21.90
01/09/2004	4753	CREEK ENVIRONMENTAL LABORATORIES, INC.	0401-003	TOTAL COLIFORM ANALYSIS	\$ 185.00
01/09/2004	4754	EDA, INC.	0401-004	GEN MANAGEMENT SERVICES FOR OCT/03	\$ 9,782.48
01/09/2004	4755	FARM SUPPLY COMPANY	0401-005	SUMP PUMP & SWITCH	\$ 441.44
01/09/2004	4756	FLUID RESOURCE MANAGEMENT, INC.	0401-006	ADD SERVICES-JUNE-03 WWTP, WEEDS, WI	\$ 3,536.25
01/09/2004	4757	GREAT WESTERN ALARM & COMMUNICATIONS, INC	0401-007	MONTHLY ALARM MONITORING	\$ 25.00
01/09/2004	4758	JOHN WALLACE & ASSOCIATES, INC.	0401-008	DIST. ENGINEERING FOR SEPT/03	\$ 2,575.04
01/09/2004	4759	LA CHEMICAL	0401-009	CHEMCLOR & SODIUM BISULFITE	\$ 966.94
01/09/2004	4760	PG&E	0401-010	LOCAL TELEPHONE	\$ 902.14
01/09/2004	4761	PLATINUM PLUS FOR BUSINESS	0401-011	GAS & OIL	\$ 1,339.34
01/09/2004	4762	U.S.A. BLUE BOOK	0401-012	HAND CLEANER & TOWELS	\$ 53.39
01/09/2004	4763	U.S.A. TRANSPORT INC.	0401-013	SLUDGE DISPOSAL	\$ 697.83
01/09/2004	4764	VIKING OFFICE PRODUCTS	0401-014	HARD DIARY 2004	\$ 59.81
01/09/2004	4765	ARROYO GRANDE, CITY OF	0401-015	TESTED WATER METER	\$ 34.00
01/09/2004	4766	FLUID RESOURCE MANAGEMENT, INC.	0401-016	ADDTL SERVICES& SUPPLIES FOR AUG/03	\$ 1,284.62
01/09/2004	4767	JOHN WALLACE & ASSOCIATES, INC.	0401-017	MAJOR PROJECTS FOR OCT/03	\$ 1,818.75
01/09/2004	4768	FLUID RESOURCE MANAGEMENT, INC.	0401-018	ADDTL SERVICES FOR SEPT/03	\$ 699.49
01/09/2004	4769	FLUID RESOURCE MANAGEMENT, INC.	0401-019	SEPTIC PUMPING	\$ 945.00
01/09/2004	4770	FLUID RESOURCE MANAGEMENT, INC.	0401-020	REIMBURSABLES-MATERIALS & SUPPLIES	\$ 280.41
01/09/2004	4771	FLUID RESOURCE MANAGEMENT, INC.	0401-021	WWTP OPERATIONS FOR JAN/04	\$ 10,850.00
01/16/2004	4772	AMERIPRIDE	0401-022	MATS, WET MOP	\$ 20.75
01/16/2004	4773	AT & T	0401-023	LONG DISTANCE TELEPHONE	\$ 51.47
01/16/2004	4774	CREEK ENVIRONMENTAL LABORATORIES, INC.	0401-024	TOTAL COLIFORM ANALYSIS	\$ 40.00
01/16/2004	4775	CRYSTAL SPRINGS WATER	0401-025	WATER DELIVERY	\$ 10.00
01/16/2004	4776	GREAT WESTERN ALARM & COMMUNICATIONS, INC	0401-026	SERVICE CALL	\$ 65.00
01/16/2004	4777	MISSION COUNTRY DISPOSAL	0401-027	RUBBISH JAN/04	\$ 132.30
01/16/2004	4778	PACIFIC BELL	0401-028	LOCAL TELEPHONE	\$ 172.32
01/16/2004	4779	PG&E	0401-029	ELECTRICITY	\$ 499.21
01/16/2004	4780	SWRCB	0401-030	WATER RIGHTS FEE 7/1/03-6/30/04	\$ 100.00
01/16/2004	4781	U.S.A. TRANSPORT INC.	0401-031	SLUDGE DISPOSAL	\$ 697.30
01/16/2004	4782	WTW MEASUREMENT SYSTEMS, INC.	0401-032	ACCESSORY KIT	\$ 169.87
01/31/2004	4783	AIR POLLUTION CONTROL DISTRICT	0401-033	PERMIT 0612 FOR WWTP OPERATING PERM	\$ 100.00
01/31/2004	4784	AMERICAN WATER WORKS ASSOCIATION	0401-034	2004 UTILITY MEMBERSHIP	\$ 190.00
01/31/2004	4785	AMERIPRIDE	0401-035	MATS, WET MOP	\$ 62.25
01/31/2004	4786	CALIFORNIA RURAL WATER ASSOCIATION	0401-036	ANNUAL 2004 MEMBERSHIP DUES	\$ 240.00
01/31/2004	4787	CAMBRIA HARDWARE	0401-037	SNAP COVER, PVC ADAPT., PVC VALVE	\$ 29.69
01/31/2004	4788	CAROL BAILEY-WOOD	0401-038	MONTHLY BOARD SERVICE FOR JAN/04	\$ 100.00
01/31/2004	4789	CREEK ENVIRONMENTAL LABORATORIES, INC.	0401-039	TOTAL COLIFORM ANALYSIS	\$ 120.00
01/31/2004	4790	DAVID KIECH	0401-040	MONTHLY BOARD SERVICE FOR JAN/04	\$ 100.00
01/31/2004	4791	ERIC SCHELL	0401-041	MONTHLY BOARD SERVICE FOR JAN/04	\$ 100.00
01/31/2004	4792	VOID	0401-042	VOID	\$ -
01/31/2004	4793	GREAT WESTERN ALARM & COMMUNICATIONS, INC	0401-043	ALARM CALLOUT FOR POST QUAKE DISAST	\$ 203.26
01/31/2004	4794	LA CHEMICAL	0401-044	CHEMCLOR & SODIUM BISULFITE & FERRIC	\$ 1,391.21
01/31/2004	4795	LORAIN MIRABAL-BOUBION	0401-045	MONTHLY BOARD SERVICE FOR JAN/04	\$ 100.00
01/31/2004	4796	PERS - HEALTH	0401-046	HEALTH INSURANCE FOR FEB/04	\$ 118.94
01/31/2004	4797	PG&E	0401-047	ELECTRICITY	\$ 917.96
01/31/2004	4798	PLATINUM PLUS FOR BUSINESS	0401-048	QUARTERLY WEBSITE HOSTING	\$ 74.85
01/31/2004	4799	RMA COMPUTER SOLUTIONS	0401-049	ADD NEW PAGE-WELL LEVEL, WEBSITE UPI	\$ 50.00
01/31/2004	4800	ROBERT W. SCHULTZ ESQ.	0401-050	LEGAL SERVICES FOR JAN/04	\$ 1,500.00
01/31/2004	4801	SAN LUIS OBISPO CO. ENVIRON. HEALTH	0401-051	REPORT REVIEW 11/17-12/29/03-CROSS COI	\$ 100.00
01/31/2004	4802	STATE COMPENSATION FUND	0401-052	WORKERS COMP INS. FOR RECON. FOL. AU	\$ 252.12
01/31/2004	4803	SWRCB/AFRS	0401-053	ANNUAL FEE FOR WASTE DISCHARGE REQUI	\$ 3,008.00
01/31/2004	4804	TERRY LAMBETH	0401-054	MONTHLY BOARD SERVICE FOR JAN/04	\$ 100.00
01/31/2004	4805	U.S.A. TRANSPORT INC.	0401-055	SLUDGE DISPOSAL	\$ 698.10
1/31/2004		TOTAL			\$ 48,075.68

\$ 48,075.68

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

Date: February 5, 2004
To: Board of Directors
From: District Counsel
Subject: Approval of Contract with John Wallace Associates.

Since August 2003, the Board of Directors has been discussing the contract between SSCSD and John Wallace & Associates.

Pursuant to your direction at the Special meeting on January 19, 2004, I have made the appropriate changes to the Agreement that the Board has suggested. On January 26, 2004, I sent the contract to the Board for review and comment. I have not received any comments in response.

The Board has now had over 6 month's to review and comment on the proposed contract with John Wallace & Associates. It is Staff's recommendation that you approve the attached contract.

RWS

CONSULTANT SERVICES AGREEMENT

This Agreement made this ___ day of _____ 200_, by and between **SAN SIMEON COMMUNITY SERVICES DISTRICT**, a special district and political division of the State of California (hereinafter referred to as "**DISTRICT**"), and **JOHN L. WALLACE**, doing business as John L. Wallace and Associates (hereinafter referred to as "**CONSULTANT**"), based upon the following agreed upon facts:

WHEREAS, the parties entered in to an Agreement dated June 9, 1997, hereinafter collectively referred to as the "1997 Agreement"), wherein **CONSULTANT** agreed to provide **DISTRICT** services as an Engineer; and

WHEREAS, **DISTRICT** desires to continue to utilize the services of **CONSULTANT** as a Consultant Engineer; and

WHEREAS, in order to effectuate the above, the parties agree that upon the effective date of this Agreement, the 1997 Agreement shall terminate and have no legal force and effect.

NOW, THEREFORE, in consideration of their mutual covenants, the parties hereto agree as follows:

1.00 GENERAL PROVISIONS

1.01 **TERM**: This Agreement will become effective on the date of execution set forth below, and will continue in effect until terminated as provided herein.

1.02 SERVICES TO BE PERFORMED BY CONSULTANT:

CONSULTANT agrees to perform or provide the services specified in Exhibit "A" attached hereto and incorporated herein by this reference. All services rendered pursuant to this Agreement shall be at the direction and request of **DISTRICT**'s Board of Directors or its authorized designee.

CONSULTANT shall determine the method, details and means of performing the above-referenced services.

1.03 COMPENSATION:

JWA shall be compensated for its services according to the attached rate schedule Exhibit B. In no event shall SSCSD be liable for paying more than forty Thousand (\$40,000.00) per fiscal year for JWA's services rendered per this Agreement. This amount shall not be exceeded without the prior written approval of the Board of Directors.

SSCSD will evaluate JWA's performance during the month of May, 2004, and annually thereafter. JWA shall be provided a copy of the evaluation and an opportunity to respond to it. If such an evaluation warrants, the SSCSD, may in its discretion increase or decrease the compensation and number of work hours per week.

2.0 **OBLIGATIONS OF CONSULTANT**

2.01 **MINIMUM AMOUNT OF SERVICE BY CONSULTANT.**

CONSULTANT agrees to devote the hours necessary to perform the services set forth in this Agreement in an efficient and effective manner. **CONSULTANT** may represent, perform services for and be employed by additional individuals or entities, in **CONSULTANT**'s sole discretion, as long as the performance of these extra-contractual services do not interfere with or present a conflict with **DISTRICT**'s business.

Nothing in this agreement shall prevent the **DISTRICT** from hiring other Engineering Consultants to perform Engineering services for the **DISTRICT**.

2.02 **TOOL AND INSTRUMENTALITIES.**

CONSULTANT shall provide all tools and instrumentalities necessary to perform the services under this Agreement.

2.03 **LAWS TO BE OBSERVED.**

CONSULTANT shall:

- a. Pursuant to Board direction, procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by **CONSULTANT** under this Agreement;
- b. Keep itself fully informed of all existing and proposed federal, state and local laws, ordinances, regulations, orders, and decrees which may affect those engaged or employed under this Agreement, any materials used in **CONSULTANT**'s performance under this Agreement, or the conduct of the services under this Agreement;
- c. At all times observe and comply with, and cause all of its employees to observe and comply with all of said laws, ordinances, regulations, orders, and decrees mentioned above;

- d. Immediately report to **DISTRICT** in writing any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above;

2.04 **RELEASE OF REPORTS AND INFORMATION.**

Any video tape, report, information, data, or other material given to, or prepared or assembled by, **CONSULTANT** under this Agreement shall be the property of **DISTRICT** and shall not be made available to any individual or organization by **CONSULTANT** without the prior written approval of **DISTRICT**'s attorney.

2.05 **QUALIFICATIONS OF CONSULTANT.**

CONSULTANT represents that it is qualified to furnish the services described under this Agreement.

2.06 **WORKERS' COMPENSATION AND OTHER EMPLOYEE BENEFITS.**

DISTRICT and **CONSULTANT** intend and agree that **CONSULTANT** is an independent contractor of **DISTRICT** and agrees that **CONSULTANT** and **CONSULTANT**'s employees and agents have no right to Worker's Compensation and other employee benefits. **CONSULTANT** agrees to provide Workers' Compensation and other employee benefits, where required by law, for **CONSULTANT**'s employees and agents. **CONSULTANT** agrees to hold harmless and indemnify **DISTRICT** for any and all claims arising out of any claim for injury, disability, or death of **CONSULTANT** and **CONSULTANT**'s employees or agents.

2.07 **INDEMNIFICATION.**

During all phases of this agreement, **CONSULTANT** agrees to indemnify and save harmless **DISTRICT**, its officers, agents, and employees from any and all claims, demands, losses, or expenses including attorney fees which the **DISTRICT**, its officers, agents, and employees may sustain or incur or which may be imposed upon them for injury to or death of persons, or damage to property as a result of, arising out of, or connected with **CONSULTANT**'s alleged negligent acts or omissions under the terms of this Agreement, excepting, however, any such claims and demands which are the result of the sole negligence or willful misconduct of **DISTRICT**, its officers, agents, or employees.

2.08 **INSURANCE.**

CONSULTANT shall not commence work under this Agreement until he has obtained all insurance required under this section and such insurance shall have been approved by **DISTRICT** as to form, amount and carrier:

- a. **Public Liability and Property Damage Insurance.** **CONSULTANT** shall take out and maintain during the life of this Agreement such public liability and property damage insurance as shall protect **DISTRICT**, its elective and appointive boards, officers, agents and employees, and **CONSULTANT** and any agents and employees performing work covered by this Agreement from claims for damages for personal injury, including death, as well as from claims for property damage which may arise from **CONSULTANT** or by anyone directly or indirectly employed by **CONSULTANT** and the amounts of such insurance shall be as follows:
1. **Public Liability Insurance.** In an amount not less than \$1,000,000 for injuries, including, but not limited to, death to any one person and, subject to the same limit for each person, in an amount not less than \$1,000,000 on account of any one occurrence.
 2. **Property Damage Insurance.** In an amount of not less than \$250,000 for damage to the property of each person on account of any one occurrence.
 3. **Comprehensive Automobile Liability.** Bodily injury liability coverage of \$1,000,000 for each person in any one accident and for injuries sustained by two or more persons in any one accident. Property damage liability of \$250,000 for each accident.
 4. **Workers' Compensation Insurance.** In the amounts required by law as set forth in Section 2.07 above.
- b. **Deductibles and Self-Insured Retentions.** Any deductible or self-insured retention must be declared to, and approved by, **DISTRICT**. **DISTRICT** may require that either the insurer reduce or eliminate such deductibles or self-insured retentions as respects **DISTRICT**, its elected or appointed officials, employees, agents or volunteers; or **CONSULTANT** shall procure a bond

guaranteeing payment of all losses, and related investigation, claims administration and legal expenses.

- c. Proof of Insurance. **CONSULTANT** shall furnish **DISTRICT**, concurrently with the execution hereof, with satisfactory proof of carriage of the insurance required, and adequate legal assurance that each carrier will give **DISTRICT** at least thirty (30) days' prior notice of the cancellation of any policy during the effective period of this Agreement. The certificate or policy of liability of insurance shall name **DISTRICT** as an additional insured with **CONSULTANT**.

3.0 INSPECTION.

CONSULTANT shall furnish **DISTRICT** with every reasonable opportunity for **DISTRICT** to ascertain that the services of **CONSULTANT** are being performed in accordance with the requirements and intentions of this Agreement. All work done and all materials furnished, if any, shall be subject to the **DISTRICT**'s inspection and approval. The inspection of such work shall not relieve **CONSULTANT** of any of its obligations to fulfill its Agreement as prescribed.

4.0 TERMINATION OF AGREEMENT

4.01 TERMINATION OF NOTICE.

Notwithstanding any other provision of this Agreement, any party hereto may terminate this Agreement, at any time, without cause by giving at least thirty (30) days prior written notice to the other party to this Agreement.

4.02 TERMINATION ON OCCURRENCE OF STATED EVENTS.

This Agreement shall terminate automatically on the occurrence of any of the following events:

- a. Bankruptcy or insolvency of any party;
- b. Death of any party;
- c. The end of the thirty (30) days as set forth in Section 6.01;
or
- d. Assignment of this Agreement by **CONSULTANT** without the consent of **DISTRICT**.

4.03 **TERMINATION BY ANY PARTY FOR DEFAULT OF CONSULTANT.**

Should any party default in the performance of this Agreement or materially breach any of its provisions, a non-breaching party, at its opinion, may terminate this Agreement, immediately, by giving written notice of termination of the breaching party.

4.04 **RETURN OF MATERIALS.**

Upon such termination, **CONSULTANT** shall turn over to the **DISTRICT** immediately any and all copies of reports, videotapes, studies, and other data, whether or not completed, prepared by **CONSULTANT**, and for which **CONSULTANT** has received reasonable compensation, or given to **CONSULTANT** in connection with this Agreement. Such materials shall become the permanent property of **DISTRICT**. **CONSULTANT**, however, shall not be liable for **DISTRICT**'s use of incomplete materials or for **DISTRICT**'s use of complete documents if used for other than the project or scope of services contemplated by this Agreement.

5.00 **SPECIAL PROVISIONS**

5.01 **INTEREST OF CONSULTANT**

CONSULTANT covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. **CONSULTANT** further covenants that, in the performance of this Agreement, no subcontractor or person having such an interest shall be employed. **CONSULTANT** certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of **DISTRICT**. It is expressly agreed that, in the performance of the services hereunder, **CONSULTANT** shall at all times be deemed an independent contractor and not an agent or employee of **DISTRICT**.

5.02 **DISCRIMINATION**

No discrimination shall be made in the employment of persons under this Agreement because of the race, color, national origin, ancestry, religion or sex of such person.

If **CONSULTANT** is found in violation of the nondiscrimination provisions of the State of California Fair Employment Practices Act or similar provisions of federal law or executive order in the performance of

this Agreement, it shall thereby be found in material breach of this Agreement. Thereupon, **DISTRICT** shall have the power to cancel or suspend this sum of Fifty Dollars (\$50) for each person for each calendar day during which such person was discrimination against, as damages for said breach of contract, or both. Only a finding of the State of California Fair Employment Practices Commission or the equivalent federal agency or officer shall constitute evidence of a violation of contract under this paragraph.

If **CONSULTANT** is found in violation of the nondiscrimination provisions of this Agreement or the applicable affirmative action guidelines pertaining to this Agreement, **CONSULTANT** shall be found in material breach of the Agreement, in whole or in part, or to deduct from the amount payable to **CONSULTANT** the sum of Two Hundred Fifty Dollars (\$250) for each calendar day during which **CONSULTANT** is found to have been in such noncompliance as damages for said breach of contract, or both.

6.00 **MISCELLANEOUS**

6.01 **REMEDIES**: The remedies set forth in this Agreement shall not be exclusive but shall be cumulative with, and in addition to, all remedies now or hereafter allowed by law or equity.

6.02 **NO WAIVER**: The waiver of any breach by any party of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of this Agreement.

6.03 **ASSIGNMENT**: This Assignment is specifically not assignable by **CONSULTANT** to any person or entity. Any assignment or attempt to assign by **CONSULTANT**, whether it be voluntary or involuntary, by operation of law or otherwise, is void and is a material breach of this Agreement giving rise to a right to terminate as set forth in Section 6.03.

6.04 **ATTORNEY FEES**: In the event of any controversy, claim or dispute between the parties hereto, arising out of or relating to this Agreement, or the breach thereof, the prevailing party shall be entitled, in addition to other such relief as may be granted, to a reasonable sum as and for attorney fees and costs.

6.05 **NOTICES**: Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Agreement or by the law to be served on or given to any party

to this Agreement shall be in writing and shall be deemed duly served and given when personally delivered or in lieu of such personal service when deposited in the United States mail, first-class postage prepaid to the following address for each respective party:

DISTRICT: San Simeon Community Services District
Attn: Board of Directors
Routes 1, Box S-17
San Simeon, CA 93452

CONSULTANT: John L. Wallace
John L. Wallace and Associates
4115 S. Broad Street, Suite B-5
San Luis Obispo, CA 93401

6.06 **GOVERNING LAW:** This Agreement and all matters relating to this Agreement shall be governed by the laws of the State of California in force at the time any need for the interpretation of this Agreement or any decision or holding concerning this Agreement arises.

6.07 **BINDING EFFECT:** This Agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto, but nothing in this section shall be construed as a consent by **DISTRICT** to any assignment of this Agreement or any interest in this Agreement.

8.01 **SEVERABILITY:** Should any provision of this Agreement be held by a court of competent jurisdiction or by a legislative or rule making act to be either invalid, void or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect, unimpaired by the holding, legislation or rule.

8.02 **SOLE AND ENTIRE AGREEMENT:** This Agreement supersedes and replaces the 1997 Agreement in its entirety and constitutes the sole and entire agreement between the parties with respect to the subject matter hereof. This agreement correctly sets forth the obligations of the parties here to each other as of the date of this Agreement. All agreements or representations respecting the subject matter of this Agreement not expressly set forth or referred to in this Agreement are null and void.

8.03 **TIME:** Time is expressly declared to be of the essence of this Agreement.

- 8.04 **DUE AUTHORITY**: The parties hereby represent that the individuals executing this Agreement are expressly authorized to do so on and in behalf of the parties.
- 8.05 **CONSTRUCTION**: The parties agree that each has had an opportunity to have their counsel review this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. The captions of the sections are for convenience and reference only, and are not intended to be construed to define or limit the provisions to which they relate.
- 8.06 **AMENDMENTS**: Amendments to this Agreement shall be in writing and shall be made only with the mutual consent of all of the parties to this Agreement.

Executed on _____, _____, at San Luis Obispo, California.

**SAN SIMEON COMMUNITY SERVICES
DISTRICT**

By: _____
Chairman

**CONSULTANT
JOHN L. WALLACE AND ASSOCIATES**

By: _____

APPROVED AS TO FORM:

By: _____
District Council

EXHIBIT "A"

- A. At the direction of the Board, provide general engineering advice to and on the behalf of **DISTRICT** staff and to the Board.
- B. At the direction of the Board, representation of **DISTRICT** at meetings as necessary to properly execute the duties and/or provide the services listed herein.
- C. At the direction of the Board, review and checking of various maps, plans, permits and other documents.
- D. All the above services and any other services shall be done only at the request of the **DISTRICT'S** Board of Directors or its authorized designee and when mutually agreeable to both parties.
- E. At the direction of the Board, **CONSULTANT** shall attend regular meetings of the **DISTRICT**. Consultant shall review other documents as requested by the **DISTRICT** or its authorized designee.

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

Date: February 5, 2004
To: Board of Directors
From: District Counsel
Subject: Adoption of Priority List for the Hook up and Deposit Waiting List.

As you are aware, the settlement agreement recently reached with the Cavalier Inn Inc. requires the SSCSD to hold a public hearing by February 11, 2004 to recognize, establish and certify the priority list for the hook-up and deposit waiting list.

Attached hereto as Exhibit A is the current SSCSD Hook up Deposit and Waiting List.

It is Cavalier's position that it is entitled to first priority on the Hook-up and Deposit List based upon its purchase and assumption of the Dalton property through Bankruptcy proceedings and due to written and oral representations made by the District. The written representations include an agreement entitled "Sewage and Water Agreement by and between the District and W. V. Dalton, M. D., dated January 25, 1972 and a letter from Elizabeth O'Leary, San Simeon Community Services District Secretary, to Mr. Mike Hanchett, dated August 18, 1989, which are attached hereto as Exhibit "B."

The pertinent language in the Dalton agreement is as follows:

2. In the event that Consumer fails to comply with either (a) or (b) of paragraph 1 above, District shall have no further obligation to provide consumer or said property with capacity for sewage treatment and water except to the extent that such capacity may be available if and when consumer should desire to connect to said system at the charges and rates then pertaining.

The subcommittee for Ordinance 66 has met on numerous occasions to discuss the complicated factual and legal issues associated with the Hook-up Deposit and Waiting List. The subcommittee has determined that Cavalier Inn Inc. did purchase and assume the Dalton agreement through Bankruptcy proceedings and is entitled to all rights and

obligations that exist under the agreement between SSCSD and Dalton. The subcommittee has determined that the Dalton deposit in the amount of \$48,000 was forfeited and neither Dalton nor Cavalier is entitled to said sum. The subcommittee did not determine and did not reach a recommendation as to whether Cavalier Inn Inc. is entitled to first priority on the Hook-Up and Deposit Waiting List based upon the paragraph listed above.

The Board should open this matter up to the public and take public testimony, then close the public hearing, discuss this matter, and make a motion to recognize, establish and certify either Exhibit A or C and direct Staff to bring back a resolution certifying the Hook Up and Deposit Waiting List that is adopted tonight.

RWS

Exhibit A

SAN SIMEON COMMUNITY SERVICES DISTRICT HOOK-UP DEPOSIT AND WAITING LIST

FEBRUARY 2004

PRIORITY	NAME	DEPOSITS		DESCRIPTION
		*PAID	DATE	
1	Evans APN 013-071-018	\$425	11/16/1975	4 Retail
2	Mouchawar APN 013-391-001	\$30,445	6/1/1979	35 Motel 1 Apartment 2000 sq ft Restaurant
3	Long APN 013-031-022	\$1,200	10/29/1985	1 Residence
4	Hurlbert for The Tides of San Simeon APN 013-402-012	\$2,280	9/6/1990	6 Condos 1 Irrigation
5	Ramirez APN 013-402-013	\$2,280	3/9/2001	6 Condos
6	Redwood APN 013-402-006	\$6,840	10/15/1990	3 Residences
TOTAL		\$43,470		

Exhibit C

Draft for Discussion Purposes

SAN SIMEON COMMUNITY SERVICES DISTRICT
HOOK-UP DEPOSIT AND WAITING LIST

FEBRUARY 2004

PRIORITY	NAME	DEPOSITS		DESCRIPTION
		*PAID	DATE	
1	Cavalier Inn Inc. ¹	\$0.00 ²	1/25/1972 ³	145 Motel ⁴
	APN			2400 sq ft Restaurant
	APN			
	APN			
	APN			
2	Evans	\$425	11/16/1975	4 Retail
	APN 013-071-018			
3	Mouchawar	\$30,445	6/1/1979	35 Motel
	APN 013-391-001			1 Apartment
				2000 sq ft Restaurant
4	Long	\$1,200	10/29/1985	1 Residence
	APN 013-031-022			
5	Hurlbert for The Tides of San Simeon	\$2,280	9/6/1990	6 Condos
				1 Irrigation
	APN 013-402-012			
6	Ramirez	\$2,280	3/9/2001	6 Condos
	APN 013-402-013			
7	Redwood	\$6,840	10/15/1990	3 Residences
	APN 013-402-006			
TOTAL		\$43,470		

¹ Cavalier Inn Inc. acquired the rights and obligations of Dalton through bankruptcy proceedings in July 1989.

² The deposit of Dalton was forfeited when he failed to comply with the Terms of Agreement with the District.

³ The date of the agreement between the District and Dalton.

⁴ Per agreement, remaining balance of project after Mouchawar foreclosure on 105 units

Exhibit B

SEWAGE AND WATER AGREEMENT

THIS AGREEMENT made and entered into this 25th day of January, 1972, by and between SAN SIMEON ACRES COMMUNITY SERVICES DISTRICT, a political subdivision of the State of California, hereinafter referred to as "District" and W. V. DALTON, M. D., hereinafter referred to as "Consumer", with reference to the following facts:

1. District owns, operates and maintains sewage collection, transportation, treatment and disposal facilities and also a water distribution system; and

2. District is presently in the process of constructing an expansion of its existing sewage treatment facility to provide treatment for one hundred and fifty thousand gallons (150,000) of sewage per day in accordance with those certain plans and specifications prepared by McCandless-McWherter and Company, Consulting Engineers, Ventura, California and entitled "Plans For the Construction of Waste Water Treatment Plant Extension For The San Simeon Acres Community Services District," and also has general plans for the expansion of its water distribution system; and

3. Consumer plans to construct upon property owned by Consumer within the District and described in Exhibit "A" hereto, a motel development consisting of two hundred and fifty (250) motel units together with a restaurant facility of twenty-four hundred (2,400) square feet, and desires that the District be able to provide Consumer with sewage treatment facilities and water distribution system sufficient to serve such development;

hereto as follows:

1. Consumer will simultaneously with the execution of this Agreement deposit and pay to District the sum of Forty-Eight Thousand Five Hundred and 00/100 (\$48,500.00) Dollars representing sewer and water connection charges for the aforementioned development under and pursuant to appropriate Ordinances, Resolutions, Rules and Regulations duly adopted by said District. In consideration therefor District agrees to provide Consumer with treatment of the sewage produced by and from the aforementioned development of Consumer at District's sewage treatment facility and to provide water to said development, subject to the following terms and conditions at the monthly service charges from time to time established by District's Ordinances, Resolutions, Rules and Regulations:

(a) Consumer shall within one hundred fifty (150) days from the date hereof obtain all necessary zoning permits, planned development and/or precise plan approvals for such development from the applicable governmental agencies having jurisdiction of the same, together with a building permit for construction of not less than 165 motel units of such development and of an adjoining restaurant of 2,400 square feet, and within ninety (90) days thereafter shall obtain such zoning permits and planned development and/or precise plan approvals and building permit for construction of not less than 85 motel units of such development from such agency or agencies.

(b) Consumer must within eighteen (18) months from the date hereof take all necessary steps to, and shall connect the proposed development of Consumer to District's Sewer Collection System

and Water System at Consumer's expense.

2. In the event that Consumer fails to comply with either (a) or (b) of paragraph 1 above, District shall have no further obligation to provide Consumer or said property with capacity for sewage treatment and water except to the extent that such capacity may be available if and when Consumer should desire to connect to said systems at the charges and rates then pertaining, and District shall be relieved of any and all obligations hereunder; provided, however, that if Consumer shall in fact connect said property to District's sewage and water systems within twenty-four (24) months from the date hereof, then Consumer shall be entitled to a credit in the amount heretofore paid to District against actual connection charges which may be due and payable for sewage and water connection and hook-up charges at the time of said hook-up under and pursuant to the then pertaining Ordinances, Resolutions, Rules and Regulations of District.

3. In the event that District is for any reason unable to complete the aforementioned expansion of its existing treatment facilities and/or water distribution facilities for any reason whatsoever, District shall have no liability or obligation hereunder except to return to Consumer the amount of said deposit.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed on the date first hereinabove written.

CONSUMER

By W. V. Dalton
W. V. Dalton, M. D.

SAN SIMEON ACRES COMMUNITY
SERVICES DISTRICT

By Lonnie Price
Lonnie Price, President

ATTEST.

Robert L. Lankford
Robert L. Lankford, Secretary

San Simeon Acres Community Services District
Rt. 1, Box S-17 San Simeon, Ca. 93452
805/927-4778
August 18, 1989

Mr. Mike Hanchett
Cavalier Inn
250 San Simeon, Suite 4-C
San Simeon, Ca 93452

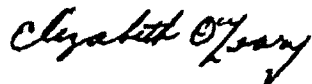
Subject: HOOK-UP DEPOSIT AND WAITING LIST

Dear Mr. Hanchett:

In response to your recent request for the District's HOOK-UP DEPOSIT AND WAITING LIST, enclosed is a copy of our current list.

Priority is established by the date the deposit was received by the District, the first priority being the earliest date.

Sincerely



Elizabeth O'Leary
SSA CSD Secretary

August 17, 1989

HOOK-UP DEPOSIT AND WAITING LIST

NAME	DEPOSITS * PAID	DATE	CURRENT	DESCRIPTION	DUE **
DALTON	\$48,500.	1/25/72	\$163,800.	105 MOTEL	\$115,300.
EVANS	425.	11/16/75	3,800.	4 RETAIL	3,375
MOUCHAWAR original revised	30,445.	6/1/79	54,600. 2,280. 24,700.	35 MOTEL 1 APARTMENT 2000 sq ft RESTAURANT	51,135.
LONG	1,200.	10/29/85	2,280.	1 RESIDENCE	1,080.
HURLBERT	22,800.	3/15/89	22,800.	10 CONDOS	
SANSONE	92,340.	8/2/89	91,200. 1,140.	40 CONDOS 1 IRRIGATION 1 dwelling hook-up now in use	
TOTALS	\$195,710. =====		\$366,600. =====		\$170,890. =====

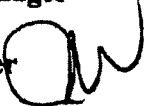
* DEPOSIT PAID - Indicates total fees paid based on the Fee Schedule in place at time of payment.

** DUE - Indicates amount due to make up difference between old fee schedule and current Fee Schedule (7/89)

SAN SIMEON COMMUNITY SERVICES DISTRICT

Route 1, Box S-17
San Simeon, California 93452
(805) 927-4778

MEMORANDUM

DATE: February 11, 2004
TO: Board of Directors
VIA: Mark Bloodgood, General Manager
FROM: John Wallace, District Engineer 
SUBJECT: Electrical and Mechanical Analysis Wastewater Treatment Plant

RECOMMENDATIONS:

Staff recommends the Board:

Accept the proposal from Kennedy/Jenks Consultants to prepare the electrical and mechanical evaluation of the wastewater treatment plant in accordance with the previously issued RFP.

FUNDING:

This study is anticipated to cost approximately \$15,000. It is recommended however that \$20,000 be budgeted for the study in case there are contingency items that occur during this project with the need to expand the investigation.

DISCUSSION:

On previous occasions the Board has issued an RFP for the evaluation of the wastewater treatment plant especially with respect to its electrical and mechanical components considering the safety and the future electrical loading for the plant. After the first RFP was issued there were no responses. More recently Staff has been discussing this with Kennedy/Jenks Consultants and they have provided a proposal to have their electrical engineer Mr. Tony Joaquin provide this information. Attached is a response from Kennedy/Jenks Consultants regarding their proposal at this time.

Eileen Putnam

From: John Jenks [JohnJenks@kennedyjenks.com]
Sent: Thursday, February 05, 2004 2:42 PM
To: 'eileenp@edainc.com'
Subject: San Simeon CSD - Proposal on electrical work study

Eileen:

I haven't been able to contact Tony Wakim on this, he is the one who would be doing the work. I believe Tony's thought was his e-mail to John Wallace in which he offered to do the needed work, would suffice. In any case, I have asked Tony to contact you directly and see if the matter can be resolved.

John

Eileen Putnam

From: John Wallace [JohnW@jlwa.com]
Sent: Wednesday, January 28, 2004 9:31 PM
To: Tony Wakim
Cc: John Jenks (E-mail); Eileen Putnam (E-mail); Paul Reichardt (E-mail); Chuck Ellison; Chris Nally
Subject: RE: Proposal for Electrical Review for SSCSD

Tony,
I presented the proposal to the Facilities Committee this afternoon and everyone agreed that they will recommend that the Board approve your work...unfortunately, the Board meeting is not until Feb 11. However, if you want to come by and review the site and to see what we need to provide to you to start, I believe you can capture that time/billing after approval by the Board. There remains the small chance that the Board may not approve the proposal, but I think that is very slim. Please let me know what you think, thanks again for all your help
John

-----Original Message-----
From: Tony Wakim [mailto:TonyWakim@KennedyJenks.com]
Sent: Wednesday, January 28, 2004 2:23 PM
To: John Wallace
Cc: John Jenks
Subject: FW: Proposal for Electrical Review for SSCSD

> -----Original Message-----
> From: John Jenks
> Sent: Wednesday, January 28, 2004 2:13 PM
> To: Tony Wakim
> Subject: FW: Proposal for Electrical Review for SSCSD

> Tony:
[Tony Wakim] John:As I mentioned to you , John Jenks and I discussed the project and estimated the work not to exceed \$15k plus and expenses. I would like to visit the facility on my trip to Goleta which will be scheduled in the near future.
I anticipate the work to include a technical memorandum outlining the existing conditions, recommended improvements with any sketches, cost estimates , calculations and compatibility with any future expansion to the facility .

If you have any questions, please call

> -----Original Message-----
> From: John Wallace [mailto:JohnW@jlwa.com]
> Sent: Tuesday, January 27, 2004 6:34 PM
> To: John Jenks (E-mail)
> Cc: Eileen Putnam (E-mail)
> Subject: Proposal for Electrical Review for SSCSD

> John
> is it possible to get a written proposal on the electrical review tomorrow
> by noon or so? I will be taking this item to the Facilities committee
> meeting to be held at 3 pm in SSCSD. If not, please give me a call/leave
> a message as that you guys can do it and what the approx cost would be.
> many thanks
> John
>

January 27, 2004

Mark Bloodgood, District Manager
John Wallace, District Engineer
San Simeon Community Services District
111 Pico Avenue
San Simeon, CA 93452

SUBJECT: Recommendations for Capital Improvement Projects

Dear Mr. Bloodgood, Mr. Wallace

As discussed yesterday with members of your staff, the following are FRM's recommendations for future projects. Nothing we have identified below is considered an emergency at this time, but should be scheduled for repairs as shown.

COLLECTION SYSTEM

Using the Facilities Analysis Report completed by EDA, and JLWA, FRM recommends the following course of action;

Manholes 1, 4, 5, 6, 10, 14, and 31 (newly found in the Wampum parking lot) all need ring adjustments, grouting, or both. FRM proposes to accomplish these repairs "in-house" on a time-and-material basis. FRM will use plant personnel where practical to keep costs at a minimum.

Manholes 2, 3, 8, and 15 are suffering from various stages of hydrogen sulfide attack. None are to the critical stage at this point. FRM recommends that these be put out to bid for repair and recoating in the near future.

The remaining manholes are in average condition. The District may in the future, wish to have these manholes coated, insuring many years of continued service.

WATER SYSTEM

Wells - It our understanding that the wells are slated to be raised in accordance with State and County Regulations.

Distribution Valves - It is our understanding that the two valves located at the intersection of Avon and Pico were found to be inoperable by the Contractor during the meter replacement project. These valves, along with 1 additional valve to be installed, are slated to be let out to bid in the near future.

As discussed at the December 11, 2003 Facilities Committee Meeting, Mr. Nally was to report back to the Committee on February 12, 2004, regarding the condition/functionality of key water main valves throughout the distribution system. FRM's effort was to determine which valves could be used in an emergency to shut off water service during times of maintenance or emergencies. The industry standard is to close and open the valve several times noting number of turns both ways. This information will then be incorporated into the maintenance management software for future use. The remaining system valves will be exercised during the coming months, with all valves being exercised before June 2004.

It should be noted that in-as-much as the condition of the District's valves are unknown, it is not uncommon for the valve to stick in the either the open or closed position during the exercising process, effectively rendering the valve unusable, and sometimes restricting the flow to entire neighborhoods. Emergency replacement may need to be contracted for in the event that a valve sticks in the closed position.

WASTEWATER PLANT

Muffin Monster - Cutter stack needs to be replaced. FRM staff has reversed the cutters once already and they are in need of replacement. Parts/shipping to rebuild the unit (\$4,866.05) total almost as much as a rebuilt unit/shipping from the manufacturer (\$5,550.00). Staff is recommending a factory rebuilt unit be purchased as it comes with one year warranty.

Chlorine System - Staff is recommending upgrade of system, and replacement of pumps (one was damaged during earthquake). Cost estimate has been submitted to EDA

Bar Screen - Staff has noticed that rags and fibrous material is being pumped from E.Q. Basin to the aeration tanks, where it becomes entangled on air grids preventing efficient oxygen transfer, and plugging of the sludge/scum return lines. Staff is recommending that we install a small bar screen into the existing vault downstream of the flowmeter. Material collected will be disposed of in the dumpster.

Equalization Feed Weir - FRM has been working on a unique design to allow the plant to receive by gravity, a pre-set GPM flow directly to the aeration tanks. The excess flow would be routed to the E.Q. Basin, and would be pumped back to the aeration tanks during low flow

conditions. This design would reduce the gallons which flow to the E.Q. Basin each day, and should reduce odors accordingly. FRM has the material to fabricate the weirs, but will need to purchase 2 floats and wire to connect into the E.Q. Pump controls. Upon completion of floats/wire, staff will contact Fluid Solutions Company to make required connections to existing VFD's.

Equalization Basin Air Valve/Timer - Provided for during the Air Piping Project was the provision to add air to the E.Q. basin controlled by a timer. This was to provide adequate air/mixing to mitigate odors, but not so much as to waste energy by over-aeration. The motorized valve was supplied to the District but never installed. A credit may have been issued to the District for a deduct of labor. FRM is proposing to move forward with the installation for the obvious reason of odor control and energy savings as a part of the previously approved E.Q. basin cleaning/air grid project.


Scum and Sludge Piping - Temporary piping was installed in 1995. The current system does not allow for reliable sludge and scum removal from system, jeopardizing continued compliance with Discharge Permit. Additionally, the materials used were not selected for longevity, as the system installed was only a temporary trial. Staff proposes to replace both systems with proper materials and route correctly.

Final Clarifier Sluice Gates - The existing sluice gates between the aeration tanks and the final clarifiers are inoperable. This results in the need to drain both the aeration tank and the clarifier in order to perform routine or emergency maintenance on either unit. Staff is recommending that the 4 gates be purchased and FRM will install during the air grid cleaning for each tank prior to this years tourist season.

SAN SIMEON COMMUNITY SERVICES DISTRICT

Route 1, Box S-17
San Simeon, California 93452
(805) 927-4778

MEMORANDUM

DATE: February 11, 2004
TO: Board of Directors
VIA: Mark Bloodgood, General Manager
FROM: John Wallace, District Engineer 
SUBJECT: Flood Study for Flood Proofing District Wells

RECOMMENDATIONS:

Staff recommends the Board:

Authorize staff to prepare a flood level investigation and design for modifying the District's Pico Creek wells as shown on the attached schedule.

FUNDING:

The District's Fiscal Year 2003/04 Budget provides for \$70,000 to modify both Pico Creek wells above the 100 year flood level. This budget estimate provides for flood investigation, design and construction modifications to flood proof both wells. The flood study and flood proofing design is estimated to be \$10,000 and is included within the \$70,000 budget.

DISCUSSION:

The District owns and operates two domestic water wells that supply the community's drinking water needs. The wells are located approximately 1,500 feet from the shoreline.

For sanitary conditions related to flooding and drainage, the top of the well casings need to terminate above grade and above known levels of flooding from Pico Creek and runoff from surrounding land. FEMA's flood insurance rate map (attached) indicates that the well field is within an area of a 100 year flood from the Pico Creek watershed but the actual base flood elevations have not been determined at this time.

It is recommended that the flood investigation and design work begin as outlined on the attached tentative construction schedule. Once the flood levels are known, staff will advise the Board of a more refined construction cost estimate. The Board will also need to approve the final bid package before proceeding to advertise the project and construction bids once received.

SAN SIMEON COMMUNITY SERVICES DISTRICT

Tentative Construction Schedule

Pico Creek Well Modifications

January 20, 2004

Board Authorizing to Begin Flood Investigation and Design	February 11, 2004
Design Completed	April 6, 2004
Board Authorizing Solicitation of Bids	April 14, 2004
1 st Notice Inviting Bids	April 20, 2004
2 nd Notice Inviting Bids	April 27, 2004
Pre Bid Conference (Friday 2:00 PM)	April 30, 2004
Receive Bids (Tuesday 2:00 PM)	May 4, 2004
Award of Bid	May 12, 2004
Notice of Award *	May 13, 2004
Notice to Proceed (15 days following Award)*	May 28, 2004
Start Work (10 days following Proceed)	June 7, 2004
Completion - (30 Calendar Days)	July 7, 2004

* send Certified Mail

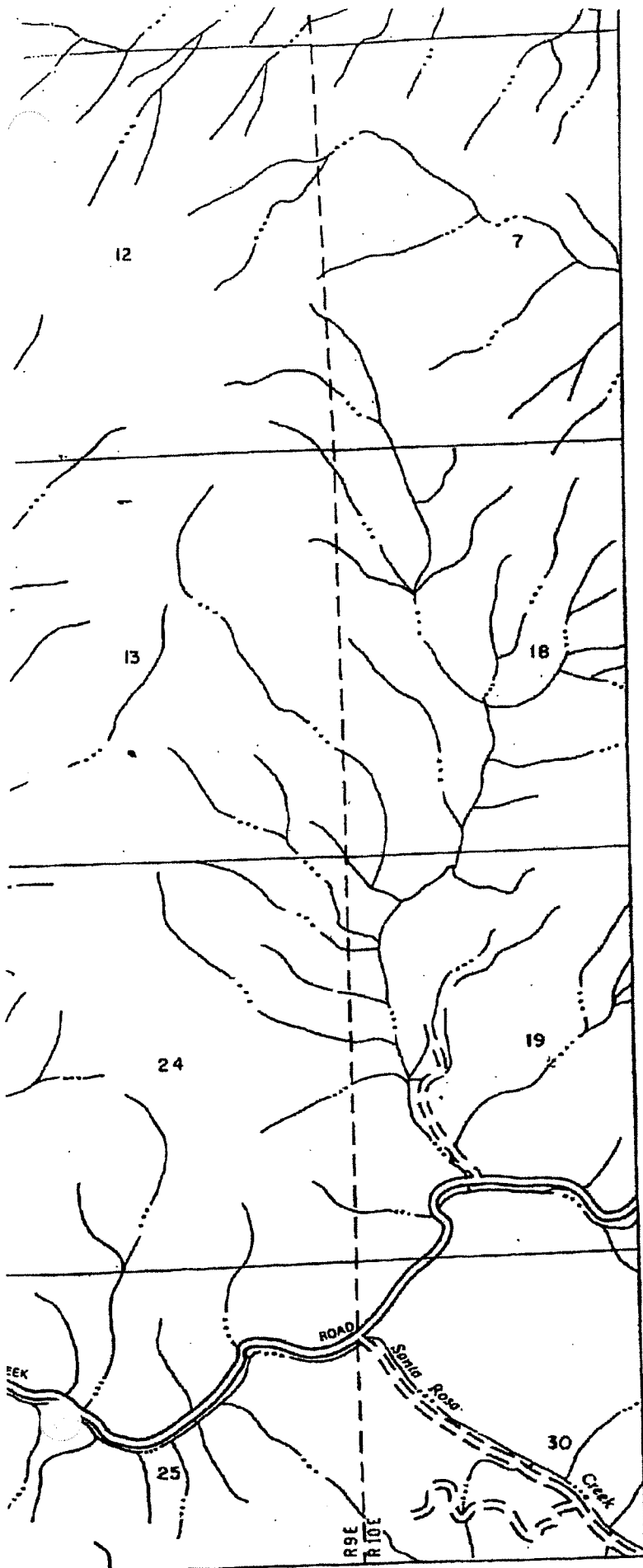
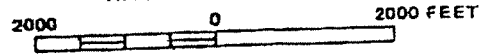
M:\084-SSCSD\084-002 Major Projects\0015 - Water Projects\Well Field Modifications\WellSchedule.wpd

THIS IS NOT A PART OF THE CONTRACT

To determine if flood insurance is available for your property, contact your insurance agent, or call the National Flood Insurance Program, at (800) 638-6620.



APPROXIMATE SCALE



NATIONAL FLOOD INSURANCE PROGRAM

FIRM
FLOOD INSURANCE RATE MAP

SAN LUIS OBISPO
COUNTY,
CALIFORNIA
(UNINCORPORATED AREAS)

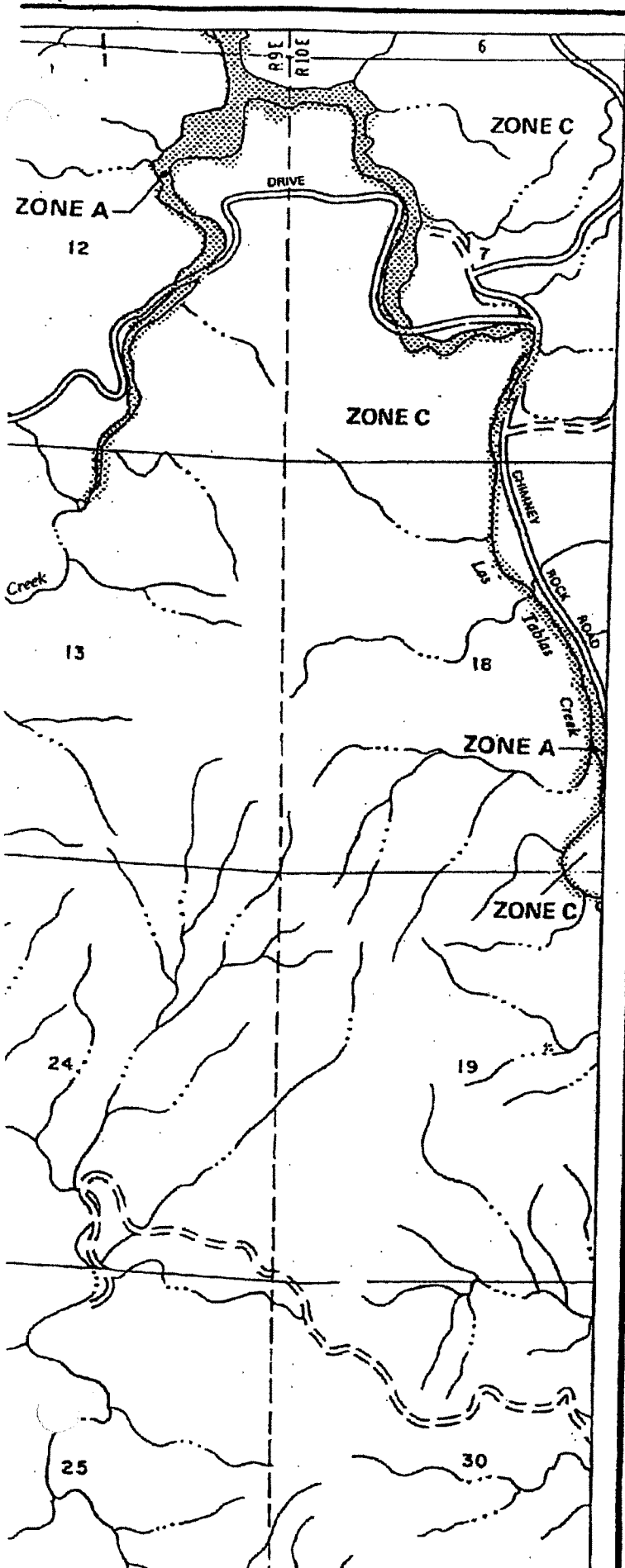
PANEL 200 OF 975
(SEE MAP INDEX FOR PANELS NOT PRINTED)

COMMUNITY-PANEL NUMBER
060304 0200 C

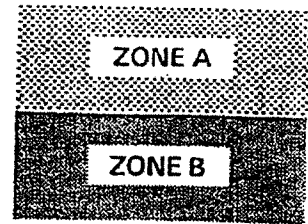
MAP REVISED:
JULY 18, 1985



Federal Emergency Management Agency



KEY TO MAP



SPECIAL FLOOD HAZARD AREA

Base Flood Elevation Line With Elevation in Feet**

—513—

Base Flood Elevation in Feet Where Uniform Within Zone**

(EL 987)

Elevation Reference Mark

RM7x

Zone D Boundary

River Mile

•M1.5

**Referenced to the National Geodetic Vertical Datum of 1929

EXPLANATION OF ZONE DESIGNATIONS

ZONE	EXPLANATION
A	Areas of 100-year flood; base flood elevations and flood hazard factors not determined.
A0	Areas of 100-year shallow flooding where depths are between one (1) and three (3) feet; average depths of inundation are shown, but no flood hazard factors are determined.
AH	Areas of 100-year shallow flooding where depths are between one (1) and three (3) feet; base flood elevations are shown, but no flood hazard factors are determined.
A1-A30	Areas of 100-year flood; base flood elevations and flood hazard factors determined.
A99	Areas of 100-year flood to be protected by flood protection system under construction; base flood elevations and flood hazard factors not determined.
B	Areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths less than one (1) foot or where the contributing drainage area is less than one square mile; or areas protected by levees from the base flood. (Medium shading)
C	Areas of minimal flooding. (No shading)
D	Areas of undetermined, but possible, flood hazards.
V	Areas of 100-year coastal flood with velocity (wave action); base flood elevations and flood hazard factors not determined.
V1-V30	Areas of 100-year coastal flood with velocity (wave action); base flood elevations and flood hazard factors determined.

NOTES TO USER

Certain areas not in the special flood hazard areas (zones A and V) may be protected by flood control structures.

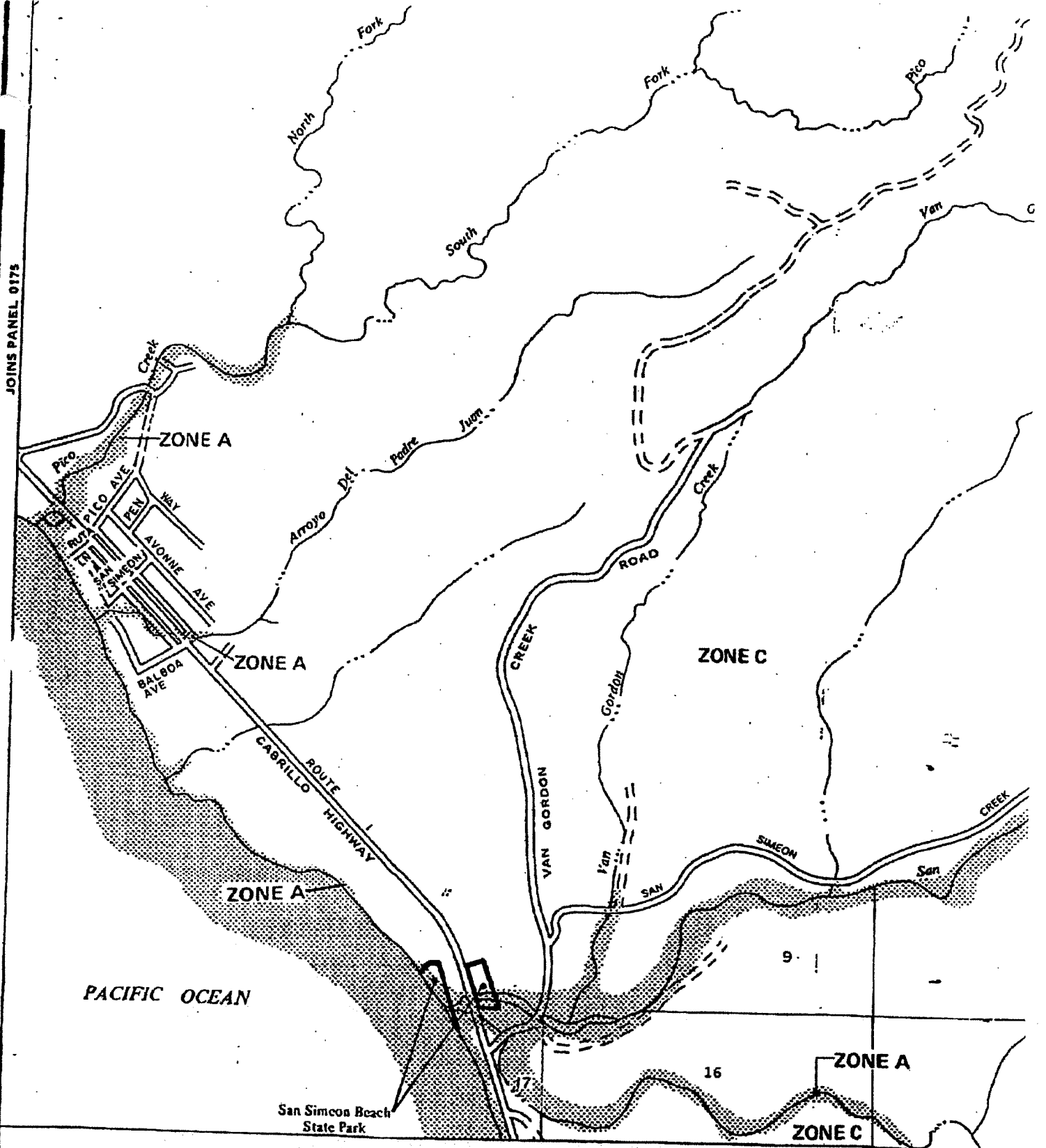
This map is for flood insurance purposes only; it does not necessarily show all areas subject to flooding in the community or all planimetric features outside special flood hazard areas.

For adjoining map panels, see separately printed Index To Map Panels.

Coastal base flood elevations apply only landward of the shoreline shown on this map.

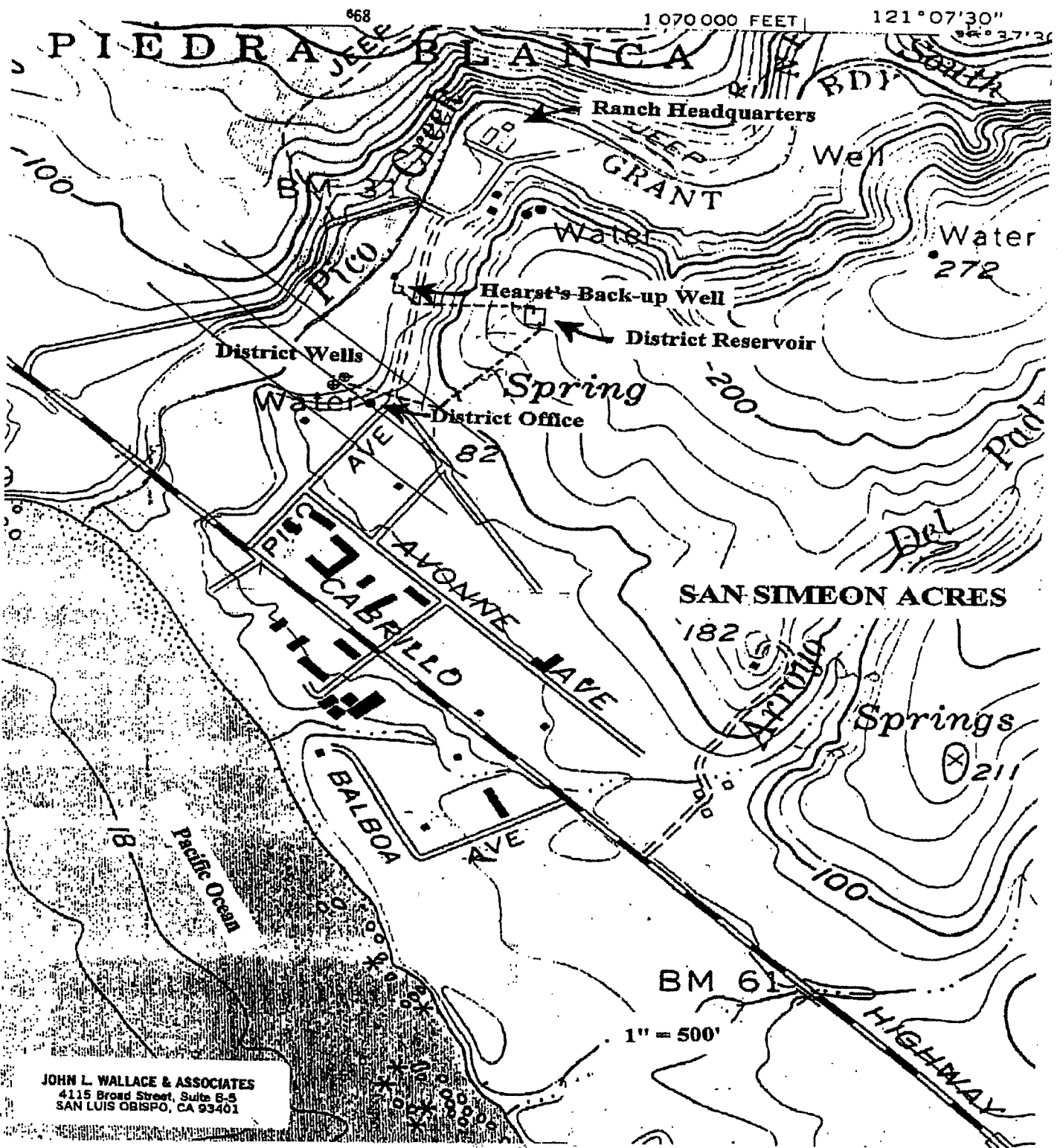
INITIAL IDENTIFICATION:

JOINS PANEL 0175



PICO CREEK QUADRANGLE
 CALIFORNIA—SAN LUIS OBISPO CO.
 7.5 MINUTE SERIES (TOPOGRAPHIC)
 SW/4 SAN SIMEON 15' QUADRANGLE

1755' 11"
 (PEBBLE)
 SH



JOHN L. WALLACE & ASSOCIATES
 4115 Broad Street, Suite 5-3
 SAN LUIS OBISPO, CA 93401

SAN SIMEON COMMUNITY SERVICES DISTRICT

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

DATE: February 11, 2004
TO: Board of Directors
VIA: Mark Bloodgood, General Manager
FROM: John L. Wallace, District Engineer
SUBJECT: OES/FEMA Designation of Applicant's Agent Resolution

RECOMMENDATION:

Staff recommends the Board;

Designate Mr. John L. Wallace, District Engineer as the District's Agent to obtain certain federal financing assistance for disaster relief and adopt the attached Resolution.

FUNDING:

Not applicable at this time.

DISCUSSION:

As you know, during the San Simeon Earthquake on Monday, December 22, 2003, the District experienced substantial damage to a variety of plant equipment and property.

District Staff has been diligent in pursuing disaster relief funding for repairs to plant property through the local Office of Emergency Services (OES) and the Federal Emergency Management Agency (FEMA). Staff met with OES representatives on Thursday January 22, 2004 for a briefing for local agency applicants seeking available public assistance, eligible work and documentation requirements.

As one of the requirements for public assistance (FEMA Form 90-49), a designation of the applicant's agent by resolution (OES 130) needs to be submitted (attached).

Applications must be received by the Public Assistance Section no later than **February 12, 2004**.

P.A. No.: _____

**DESIGNATION OF
APPLICANT'S AGENT RESOLUTION**

BE IT RESOLVED BY THE _____ OF THE San Simeon CSD
(Governing Body) (Name of Applicant)

THAT John L. Wallace, District Engineer, OR
(Title of Authorized Agent)

Jeremy Freund, Project Manager, OR
(Title of Authorized Agent)

(Title of Authorized Agent)

is hereby authorized to execute for and in behalf of the San Simeon CSD, a public entity established under the laws of the State of California, this application and to file it in the Office of Emergency Services for the purpose of obtaining certain federal financial assistance under P.L. 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the San Simeon CSD, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the State Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Passed and approved this _____ day of _____, 20____

(Name and Title)

(Name and Title)

(Name and Title)

CERTIFICATION

I, _____, duly appointed and _____ of
(Name) (Title)
_____, do hereby certify that the above is a true and correct copy of a

resolution passed and approved by the _____ of the San Simeon CSD on the
(Governing body) (Name of Applicant)
_____ day of _____, 19____.

Date: _____

(Official Position)

(Signature)

PROJECT APPLICATION FOR FEDERAL ASSISTANCE

SUBGRANTEE'S NAME: San Simeon Community Services District
(Name of Organization)

ADDRESS: 111 Pico Ave

CITY: San Simeon STATE: CA ZIP CODE: 93452

TELEPHONE: (805) 927-4778 FAX NUMBER: (805) 927-0399

AUTHORIZED AGENT: John L. Wallace TITLE: District Engineer

ASSURANCES - CONSTRUCTION PROGRAMS

Note: Certain of these assurance may not be applicable to all of your projects. If you have questions, please contact the Governor's Office of Emergency Services. Further, certain federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant I certify that the subgrantee named above:

1. Has the legal authority to apply for federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the state, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with federal assistance funds to assure nondiscrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or state.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gains.
8. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
9. Will comply with all federal statues relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§ 1681-1683 and 1685-1686) which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794) which prohibit discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101-6107) which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 93-255) as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616) as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§ 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), as amended, relating to nondiscrimination in the sale rental or financing of housing; (i) any other nondiscrimination provisions in the specific

statute(s) under which application for federal assistance is being made, and (j) the requirements on any other nondiscrimination statute(s) which may apply to the application.

10. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal and federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of federal participation in purchases.
11. Will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$5,000 or more.
12. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.O. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§ 1451 et seq.); (f) conformity of federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. § 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.O. 93-205).
13. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
14. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and preservation of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq).
15. Will comply with Standardized Emergency Management (SEMS) requirements as stated in the California Emergency Services Act, Government Code, Chapter 7 of Division 1 of Title 2, Section 8607.1(e) and CCR Title 19, Sections 2445, 2446, 2447 and 2448.
16. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996.
17. Will comply with all applicable requirements of all other federal laws, Executive Orders, regulations and policies governing this program.
18. Has requested through the State of California, federal financial assistance to be used to perform eligible work approved in the subgrantee application for federal assistance. Will, after the receipt of federal financial assistance, through the State of California, agree to the following:
 - a. The state warrant covering federal financial assistance will be deposited in a special and separate account, and will be used to pay only eligible costs for projects described above;
 - b. To return to the State of California such part of the funds so reimbursed pursuant to the above numbered application which are excess to the approved, actual expenditures as accepted by final audit of the federal or state government.
 - c. In the event the approved amount of the above numbered project application is reduced, the reimbursement applicable to the amount of the reduction will be promptly refunded to the State of California.

The undersigned represents that he/she is authorized by the above named subgrantee to enter into this agreement for and on behalf of the said subgrantee.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL

TITLE

DATE



FLUID RESOURCE MANAGEMENT, INC.
Design, Operation and Maintenance

TO: Mark Bloodgood, District Manager
John Wallace, District Engineer
Chuck Ellison, System Manager

FROM: Chris Nally, Systems Supervisor

DATE: January 14th, 2004

SUBJECT: Disinfection Systems

The disinfection process for the San Simeon Water distribution and Wastewater treatment facilities are critical for meeting county and state requirements. The current systems use diaphragm pumps, which require numerous in-line check valves to protect from losing prime or siphoning. Operations staff is concerned by the number of instances both systems have failed in the recent weeks. The plant recently lost the sodium bisulfite pump during the earthquake on 12-22-04. Unable to repair or replace the equipment with the materials located at the plant, the staff is currently using the back-up pump from the ferric chloride station, which is too small to accommodate higher plant flows. The pumps being used for chlorination lose prime on a regular basis due to the age of the pumps and lines.

Staff would like to take this opportunity to up-grade the entire disinfection system at the plant and well houses.

Up-grading the treatment plant disinfection system would require pouring pads to provide level ground for the tanks to rest, running new suction and discharge lines, purchasing new peristaltic pumps for both chlorine and bisulfite and purchasing one backup pump sized for both the water and wastewater disinfection systems for emergency use.

The following is a description of parts and an estimate of cost to complete the up-grade.

New Chemical pumps: FRM recommends purchasing FLEXFLO Digital Peristaltic Pumps. Peristaltic pumps do not require any check valves due to the fact that the pump tube is a check valve. The pumps are user friendly and allow for greater fine tuning of injection. These pumps also have the ability to accept a 4-20 milliamp signal, should the District decide to use chlorine or ORP analyzers to control chemical injection in the future. The use of a chlorine or ORP analyzer would reduce the amount of chemicals used during periods of low flow. FRM installed this type of system at another facility. Although the system is still in the calibration stage, the District has seen a savings of approximately 15-20% over past years.



FR FLUID RESOURCE MANAGEMENT, INC.
 Design, Operation and Maintenance

Concrete Pump Pads: FRM will overcome the uneven ground at the plant by using a plastic containment as a form to pour a round pad the size of the tanks.

Conduit, tubing, and fittings: The majority of tubing will now be enclosed in schedule 80 PVC piping and tubing will be rated for chlorine and bisulfite. Also, a new water line will be run at the same time as the chlorine lines to allow for the cleaning of the contact chamber.

Enclosure: The chlorine pumps should be shielded from rain and direct sun light to prolong the life of the pumps.

Costs:

Chemical pumps

1, 52.5 gallon per day peristaltic pump for chlorine	\$558.20
1, 24 gallon per day peristaltic pump for sodium bisulphite	\$558.20
2, 24 gallon per day peristaltic pumps for chlorine injection at wells	\$1116.40
1, 24 gallon per day peristaltic pump to act as emergency backup to all systems	\$558.20
4, spare replacement tubes	\$84.28
Sub Total:	\$2,875.28 +tax and shipping
Concrete, screen and re-bar	\$300.00
Pipework, tubing, uni-strut, hardware etc. estimate.	\$600.00
Pump Enclosure estimate	\$166.66
Labor Estimate (2 Men for 3 Days)	\$2,700.00
Estimated Total	\$6,641.94



FLUID RESOURCE MANAGEMENT, INC.
Design, Operation and Maintenance

TO: Mark Bloodgood, District Manager
John Wallace, District Engineer

FROM: Chris Nally, Systems Supervisor

DATE: February 4, 2004

SUBJECT: Manhole Rehabilitation

Staff has completed the inspection of District manholes. Staff has determined that 5 of the 31 manholes require cleaning and coating. Bids have not been solicited from contractors, however, \$1,700 is an average price for coating manholes. Staff will research pricing and warranty options further once the project is approved to move forward.

The attached spread sheet indicates in orange the manholes needing coating. The manholes in blue require lesser maintenance, including grouting, and raising of the top ring. FRM can perform this maintenance on a time and materials basis, utilizing plant staff to reduce costs as often as possible.

An annual inspection of District manholes should be performed, possibly coating a portion each year until the entire collection system has been rehabilitated.



Facilities Analysis Spread Sheet									
Prepared By:	eda design professionals								
Updated:	2/2/2004								
SEWER:									
MANHOLE #	INTER. / ST.	RATING	DEPTH	MATERIAL TYPE	RING & COVER (A-F)	FLOW LINES (A-F)	PIPE SIZE	BOTTOM DIAGRAM #	COMMENTS
1	PA	B	6.25	CONCRETE	B	B	6"		GROUT TOP RINGS
2	PA	D	3.5	CONCRETE	D	D	6"		H2S PROBLEM. NEEDS SANDBLASTING AND COATING
3	PA	G	3.4	CONCRETE	C	C	6"		H2S PROBLEM. NEEDS SANDBLASTING AND COATING
4	MHP	B	10.3	CONCRETE	B	B	6"		NEEDS GROUTING
5	AA	B	4.9	CONCRETE	B	B	6"		TOP RING SHIFTED
6	AA	C	6.7	CONCRETE	C	C	6"		AG ON LIP SHOULD BE REMOVED
7	AA	C	7.2	CONCRETE	C	C	8"		
8	AA	D	8.3	CONCRETE	D	D	8"		BOTTOM OF MH NEEDS RECONSTRUCTION. H2S COATING
9	AA	C	6.1	CONCRETE	C	C	6"		NEEDS CLEANING
10	AA	C	7.2	CONCRETE	C	C	6"		TOP OFF SET
11	AA	C	6.6	CONCRETE	C	C	7		EXCESSIVE RISERS 3' FROM EXCENTRIC
12	OW/CD	B	8.0	CONCRETE	B	B	8"		NEEDS INFITRATION LINER
13	CD	C	4.9	CONCRETE	C	C	6"		HAS BEEN COATED
14	GD	C	7.3	CONCRETE	C	C	6"		RIM OFFSET
15	CD	D	10.55	CONCRETE	D	D	6"		H2S PROBLEM. NEEDS SANDBLASTING AND COATING
16	PA	B	8.2	CONCRETE	B	B	6"		FORCE MAIN
17	LIQUOR STORE	B	9	CONCRETE	B	B	6"		FRM INSPECTED, LINER REPLACED.
18	OW	B	6.2	CONCRETE	B	B	8"		
19	SSA	C	10.1	CONCRETE	C	C	8"		(7.4 DROP E & N). PLUGGED DROP TO EAST
20	CREEK BANK	B	11.3	CONCRETE	B	B	6"		
21	CREEK BANK	C	11.0	CONCRETE	C	C	6"		NEEDS TO BE FLUSHED. FLOW IS NOT VERY GOOD
22	PKG LOT	B		CONCRETE	B	B	6"		SPRING FLOWING INTO TOP RING. NEEDS RE-GROUTING
23	PKG LOT	C	12.8	CONCRETE	C	C	6"		NEEDS TO BE LINED
24	CREEK BANK	B	7.1	CONCRETE	B	B	6"		
25	STP	B	7.45	CONCRETE	B	B	6"		
26	PA	B		CONCRETE	B	B			UNABLE TO INSPECT. NEEDS TO BE RAISED
27	BA	B	7.5	CONCRETE	B	B	6"		
28	VDM	B	7	CONCRETE	B	B	6"		FRM INSPECTED LINER REPLACED
29	VDM	B	7	CONCRETE	B	B	6"		FRM INSPECTED. LINER REPLACED
30	PLANT MH	A	0	CONCRETE	B	B	8/6"		MUFFIN MONSTER STRUCTURE
31	GD	B	6.5	CONCRETE	C	B	8"		MH SHOULD BE RAISED. BURIED BY DRAIN W/ PUMP OUT
CLEAN OUT #									
1	CONDO								
2	MHP								
3	CONDO								
4	SSA								
5	SSA								
6	CAV								
STREET NAMES & ABBREVIATIONS:									
AA	AVONNE AVE.			MHP					MOBILE HOME PARK
BA	BALBOA AVE.			OW					LOTTER WAY
CAV	CAVALIER HOTEL			PA					PICO AVE.
CD	CASTILLO DR			PEN					PEN AVE.
HD	HEARST DRIVE			SSA					SAN SIMEON AVE.
JAS	JASPER WAY			VDM					VISTA DEL MAR



FLUID RESOURCE MANAGEMENT, INC.

Design, Operation and Maintenance

TO: Mark Bloodgood, District Manager
John Wallace, District Engineer

FROM: Chris Nally, Systems Supervisor

DATE: February 4, 2004

SUBJECT: January Superintendent's Report

Wastewater:

- The wastewater plant continued to recover from the effects of the earthquake during the beginning of the month. The new electrical panel was installed on 1/7, the panel was "heated up" on 1/8, and the standby generator was returned on 1/9.
- Power outages continue to plague the treatment plant, with after hour emergency call outs on January 10, 14, and 22. Staff was also called out to the plant for a tripped blower on 1/29, which triggered the pressure switch installed by FRM.
- Staff had to drain the #2 aeration plant on 1/26 and 1/28 due to a plugged (RAS) line, the work was completed on 1/29.
- Staff worked on inventory for the collection system, locating and inspecting manholes.
- Staff located the old outfall line on 1/21, will continue to monitor the accessibility of the line in attempts to cut with a torch.

Water:

- The water system operated well for the month, with all samples taken on schedule.
- Staff began valve inventory and scheduled exercising to begin in early February, with progress reports to be given at facility committee meetings.

Additional:

- Staff began the process of cleaning all gutters, curbs and storm drain entrants in town.
- Staff is preparing to begin some repair projects at the treatment plant as indicated by enclosed proposals.
- Staff is concerned about the deteriorating condition of the district truck and lumber rack and the inability to use the vehicle for call outs to the wells.



**SAN SIMEON COMMUNITY SERVICES DISTRICT
SUPERINTENDENT'S REPORT FOR JANUARY 2004**

FLOW COMPARISON - Water

Jan-04 2,616,000 gallons	YTD 2004 2,616,000 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	2% Increase 2% Increase
Jan-03 2,556,000 gallons	YTD 2003 2,556,000 gallons	GROSS WATER PRODUCTION: NET WATER PRODUCTION: MONTHLY RECOVERY RATE:	2,996,482 gallons 2,966,814 gallons 99%

RAINFALL

Jan-04 1.45 inches	2004 YTD 1.45 inches	MONTHLY COMPARISON: ANNUAL COMPARISON:	0.15 inches more 0.15 inches more
Jan-03 1.30 inches	2003 YTD 1.30 inches		

WELL DEPTH COMPARISON

Jan-04 9.8 feet	Dec-03 9.3 feet	Jan-03 10.50 feet	MONTHLY COMPARISON: ANNUAL COMPARISON:	0.5 feet lower 0.7 feet higher
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CHLORIDE COMPARISON

Jan-04 33 mg/l	Dec-03 40 mg/l	Jan-03 45 mg/l	MONTHLY COMPARISON: ANNUAL COMPARISON:	8% Decrease 12% Decrease
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FLOW COMPARISON - District Wastewater Treated

Jan-04 1,688,361 gallons	YTD 2004 1,688,361 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	6% decrease 6% decrease
Jan-03 1,790,427 gallons	YTD 2003 1,790,427 gallons		

FLOW COMPARISON - State Wastewater Treated

Jan-04 291,499 gallons	YTD 2004 291,499 gallons	MONTHLY USAGE COMPARISON: ANNUAL USAGE COMPARISON:	29% increase 29% increase
Jan-03 226,043 gallons	YTD 2003 226,043 gallons		

DISCHARGE REQUIREMENTS

EFFLUENT BOD:	4 mg/l	EFFLUENT SUSPENDED SOLIDS:	10 mg/l
INFLUENT BOD:	260 mg/l	INLUENT SUSPENDED SOLIDS:	120 mf/l

BIOSOLIDS DISPOSAL

JANUARY:	15000 gallons	YTD:	15000 gallons
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ADVANTAGE TECHNICAL SERVICES, INC.
SPECIALTY ENGINEERING AND INSPECTION COMPANY

February 3, 2004

Mr. Craig Taylor
Associate District Engineer
John Wallace and Associates

RE: Proposal for Inspection of Potable Water Storage Reservoir for San Simeon

Dear Mr. Taylor,

Thank you for your request for proposal. Advantage Technical Services, Inc. takes pride in its ability to offer quality technical and professional services for water purveyors and engineering firms.

Technical Expertise

Advantage Technical Services, Inc. provides tank inspections by Registered Engineers and inspectors who have designed or inspected hundreds of water storage reservoirs. This allows A/T/S to provide seamless reporting and engineering recommendations that are important in maintaining healthy storage systems with minimum cost.

Diving Expertise

Advantage Technical Services' dive teams are trained and certified for potable water tank diving. Potable water diving operations are conducted to American Water Works Association Standard for Disinfection of Water Storage Facilities which helps assure that your potable water will remain sanitary.

Wet inspection eliminates the need for draining and disinfecting the tank prior to returning to service. The inspection is conducted with tanks full of water so that the diving inspector has access to the entire shell and roof. Inspection and engineering evaluation will be conducted to find and determine the extent of any seismic damage relating to the recent San Simeon Earthquakes.

Reporting

Advantage Technical Services will provide a full report of tank internal and external conditions as observed by inspectors trained by National Association of Corrosion Engineers (NACE). The report will include photographs and text that will describe the conditions of the coatings, the roof structure, reservoir, and appurtenances.

Pricing

Item	Description	Qty.	Unit	Total
1	Wet inspection	1	LS	\$1,000
2	Color photographs, text of coatings, roof struct., & Acc.	1	LS	\$400
Total				\$1,400

Thank you for the consideration of our firm for this project. Please call if you have any questions regarding the services that we are offering.

Sincerely,
Advantage Technical Services, Inc.

William D. Bellis, P.E.
Principal

Eileen Putnam

From: Michael R. Hanchett [MRH@cavalierresort.com]
Sent: Monday, February 09, 2004 4:10 PM
To: eileenh@edainc.com
Subject: Hiring Committee



Big Hi,

The Community Affairs Committee of the Chamber has authorized me to submit the following names to be included as members of the SSCSD Hiring Committee. They are myself representing business and Ralph McAdams who owns a Condo here and participates on our committee. Ralph has been active in helping to put together our community status book and information for our committee and as a retired electrician understands the electrical needs of our community, etc.

Please accept these two individuals as representatives from the Chamber.

Thanks!

Michael R. Hanchett
President
Cavalier Inn, Inc.
250 San Simeon, Ave., Ste. 4C
San Simeon, CA 93452
mrh@cavalierresort.com
(805) 927-4441

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2/9/2004

From: Ronald Hurlbert <ronaldhurlbert@excite.com>
To: sscsd@thegrid.net
Subject: Re: District manager/water aquisition committee.
Date: Feb 7, 2004 6:34 PM

Thank you. I will be out of the Country or would have attended the meeting...Ron

--- On Fri 02/06, sscsd@thegrid.net < sscsd@thegrid.net > wrote:
From: sscsd@thegrid.net [mailto: sscsd@thegrid.net]
To: ronaldhurlbert@excite.com
Date: Fri, 6 Feb 2004 17:17:20 -0800 (GMT-08:00)
Subject: Re: District manager/water aquisition committee.

I have received your letter, and will pass it on to the Board of Directors.

Eileen Putnam
Assistant General Manager

-----Original Message-----
From: Ronald Hurlbert <ronaldhurlbert@excite.com>
Sent: Feb 6, 2004 9:59 AM
To: sscsd@thegrid.net
Subject: District manager/water aquisition committee.

Board of Directors.

This letter is to request that you not rehire John Wallace as District Engineer.

Mr Wallace has not performed for the District with respect to providing the water for present and future residents of the community.

There may also have been certain conflicts of interest with respect to Wallace Assc. engineering work and District manager responsibilities.

Also, since the District has been in a building moratorium for 18 years I think it pretty clear that the Boards of Directors have not been serious about obtaining additional sources of water either through enhanced retrofitting, desal , Hearst etc.
I think the Board needs to appoint a water aquisition committee that REALLY pushes to acquire water. The committee needs to meet at least monthly and actually push.

Thank you for your consideration in this matter.

Ron Hurlbert
property owner

From: Ronald Hurlbert <ronaldhurlbert@excite.com>
To: sscsd@thegrid.net
Subject: District manager/water aquisition committee.
Date: Feb 6, 2004 9:59 AM
Board of Directors.

This letter is to request that you not rehire John Wallace as District Engineer.

Mr Wallace has not performed for the District with respect to providing the water for present and future residents of the community.

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I think the Board needs to appoint a water aquisition committee that REALLY pushes to acquire water. The committee needs to meet at least monthly and actually push.

Thank you for your consideration in this matter.

Ron Hurlbert
property owner

February 4, 2004

Mr. Dave Keich, Chairman

San Simeon Community Services District
111 Pico Ave.
San Simeon, CA 93452

RE: District engineer contract renewal.

Dear Mr. Keich,

This letter comes to you and the other board members to hopefully recap and highlight the numerous reasons for not accepting a new contract for our existing district engineer.

There are five different areas of focus that I want to address. I have listed them below and will speak to each one individually.

- Existing long-term problems at the treatment plant.
- Conflict of interest issues.
- Ability/competence.
- Ethical considerations
- Lack of focus and proper protocol.

Although these items are don't easily separate, I will attempt to do so for purposes of clarity.

The first item addresses the many many problems the treatment plant has had over the years that seem to take months and months to fix or remedy. There have been so many problems at the treatment plant over the years that it borders on complete incompetence of the part of the district engineer. How is it possible that such a small plant can have so many issues that can't be resolved quickly, easily and cost effectively? Its my opinion that the person responsible for keeping the plant in proper working order from an engineering perspective is not doing the job even in a minimal way. The smell issue was a classic example of a problem that took way more time to fix than it should have, and this problem has not actually been completely resolved totally as we speak today. The problem is to some degree seasonal, peaking and ebbing. The solution proposed by the district engineer was to put a top on the tank, which of course would have been a very considerable expense to the district to say the least. But the truly interesting part of this equation is that the district engineer's first solution to the smell problem was the most expensive. There were many other directions the district engineer could have gone in terms of cost and remedy that would have been much more cost effective and

financially prudent to the SSCSD, however, since portions of the district engineer's income derived from the SSCSD has a percentage arrangement tied to projects taken on by the district, he gained to benefit financially to a greater degree than a lesser expensive solution. A very recent example of the district engineer's lack of comprehension of the districts needs and capabilities was the proposal of a second water tank having a capacity of 750,000 gallons. The CDF's (California Division of Forestry) recommendation for San Simeon was 180,000 gallons. The proposed tank by SSCSD's engineer was over 4 times greater than CDF's recommendation. Water storage capacity for Cambria's district is currently 980,000 gallons and they have 3000 homes embedded within a forested area. How does the district engineer for SSCSD justify this proposal not to mention the expense to the district? Once again, I suspect, that income tied to percentage with respect to project cost played a role in the district engineer's decision to propose a water tank the community of San Simeon doesn't need nor want. One of the most fundamental parts of the district engineer's job is to prioritize the needs of the district. A second water tank is so far down on the list of priorities that one has to question the competence of the individual for making such an ill-timed and unnecessary proposal. The history of the treatment plants operation and condition is strewn with poor decisions and improper approaches and remedies, a pathetic history that is longer than this letter allows but should not be forgotten.

Speaking to the issue of conflict of interests, it is totally unacceptable, unethical and unprofessional for the district engineer to oversee the districts needs from an engineering point of view, do the design, and then receive a percentage of the construction contract amount. The way it should be done to eliminate this one hand feeding the other concept is the district engineer should assess the districts needs engineering wise, the board contract out the design and then contract out the construction of the accepted design. At no time should the district engineer be entitled to a financial cut or portion of the design or construction costs. He is there to serve the district, paid for his engineering services to oversee the district engineering needs and be independent of the design or construction processes, a form of checks and balances for the overall process. One can never objectively assess or evaluate the performance of anything if they have a hand in it nor admit to its failure or less than intended performance. This is the situation that past boards have created over the years and its time the current board dismantle it and start with a new and more equitable approach that is financially sound to the people of the district and passes the common sense test.

The ability and competence of the districts current engineer is so open to criticism because over the years there has been one engineering blunder after another. The list is lengthy, the remedies commonly inappropriate for the scope of the problem or need, the follow through and timeliness of the completion process unacceptable and the final expense of such undertakings commonly significantly different that the initial projected cost. In the private sector, this would never go on for as long as it has in the SSCSD, another most valid reason to not renew the contract for the current district engineer.

Regarding the ethical considerations in renewing the current district engineer's contract, I have, to a large degree already highlighted the primary issue, that being a conflict of interest problem. It is not acceptable for an engineer who serves at the pleasure of the board of the district, who is in a rather unique position to wear more than one hat. The district engineer's job is to oversee and direct the engineering business of the district and is paid to do just that, but its not appropriate for this same person to be paid to perform the functions of the district engineer job and then profit from the work or contracts that this person deems necessary and appropriate. This convoluted relationship is wrong, unhealthy to the successful operation of the district and above all unethical. This practice needs to be terminated.

The last topic I want to address is the current district engineer's inability to focus and the lacking of protocol in the performance of the district engineers duties. Speaking to the issue of focus, the district for years has not properly attended to the necessary and ongoing maintenance of not only the treatment plant but the rest of the infrastructure under the districts responsibility. The water and sewer lines, the water valves in the ground, the fire hydrants, the manholes, the water tank, the pump and well field area, all these items have not had any sort of consistent ongoing maintenance over the years and this is part of the district engineers overall responsibilities. It's only recently that some manholes were found; it's only recently that the water valves are being found and exercised. One would easily conclude that a service district that has the same district engineer for as many years as SSCSD has, that there would be in place maintenance schedules, maps of all the lines and valves in the ground, but in fact these things have only happened very recently. What excuse could one have for not having all these types of things in place with as many years of service as the current district's engineer has had? If each of the board members were paying for this unacceptable level of service out of their own pocket, they would have terminated the service long ago.

I have tried to clearly explain a difficult and convoluted situation that is rooted in years of confusion, misrepresentation, lack of care and concern on many fronts, misunderstanding, commonly passing the problem along to the next board or shelving the problem because it may require making a difficult decision and unpopular decision. It is the responsibility of each board member to do their own due diligence, which is necessary to effectively carry out the responsibility you have been given by the residents of the district. With respect to the issue before the board, whether to renew the contract for the current district engineer; the facts are many and don't support renewal the contract. One doesn't have to dig very deep to support this conclusion, as the evidence is pervasive in every direction one chooses to investigate.

Its time for the district to move forward, seek more qualified engineering talent, someone that will put the needs and responsibilities of the district ahead of the ability to profit from it.

Sincerely,

Raymond Long
11 Zanzibar Terrace Dr.
Morro Bay, CA 93442
805-455-1032

RCL:sal

