

Meeting Date	8-9-06
Meeting Type	Regular
Call to Order Time	6:05
Director Roll Call P=Present A= Absent	
Lambeth	P
Kiech	P
Russell	P
Fields	P
Mirabal-Boubion	P
Staff	
O'Neill	P
Schultz	P
Facility Manager	P
District Manager	A
Other	
Approval of Minutes for:	
Motion	JULY 12, 2006 Russell
Second	To Approve minutes as amended - Russell
Vote	Mirabal-Boubion All 5/0
Approval of Minutes for:	
Motion	
Second	
Vote	
Approval of Warrants for:	
Motion	JULY 12, 2006
Second	To Approve warrants as presented - Russell
Vote	Kiech All 5/0

Discussions/Action Items	
Motion	Approval of 04/05 Audited Financial
Second	Accept draft presented with amended changes and bring first
Vote	5/0 Acker
Discussions/Action Items	Directed Auditor to bring back final
Motion	Regarding beginning process of developing a general plan for SSCSD
Second	* Direction for staff to submit submit number plans design and bring back to Board for discussion & further review
Vote	5/0
Discussions/Action Items	Date Review Workshop
Motion	To set-up workshop & date set date for date
Second	for workshop
Vote	5/0
Discussions/Action Items	
Motion	Move on cancellation of Sept Mtg.
Second	To move Sept mtg to Sept 19th at 6:00pm
Vote	5/0
Next Meeting Agenda Items	
1	Moved 8.6 to next meeting on Sept 19th
2	
3	
4	
Notes	Talk about flow testing
Adjournment Time	7:50 pm

Board of Directors – Regular Meeting
San Simeon Community Services District
AGENDA
Wednesday August 9, 2006 6:00 PM
Cavalier Banquet Room

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

1. 6:00 PM – REGULAR SESSION
 - 1.1 Roll Call
 - 1.2 Pledge of Allegiance

2. PUBLIC COMMENT:

Any member of the public may address and ask questions of the Board relating to any matter within the Board’s jurisdiction, provided the matter is not on the Board’s agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

 - 2.1 Sheriff’s Report
 - 2.2 Public Comment

3. STAFF REPORTS
 - 3.1 General Manager Report
 - 3.1.1 Current Project Report
 - 3.1.1.1 Meter Replacement Program
 - 3.1.1.2 Water Conservation Stage 1
 - 3.1.1.3 Hydrant Flow Testing as Part of the Water Master Plan
 - 3.1.2 Superintendent Report
 - 3.1.2.1 Water & Wastewater Operation Report
 - 3.1.3 Other Reports
 - 3.1.3.1 District Financial Summary
 - 3.2 District Counsel Report

4. ITEMS OF BUSINESS
 - 4.1 Approval of Minutes – July 12, 2006
 - 4.2 Approval of Warrants –July 1, 2006 – July 31, 2006

5. DISCUSSION/ACTION ITEM
 - 5.1 Discussion/Action Presentation of 2004/2005 Draft District Audit (Bob Crosby).
 - 5.2 Discussion/Action Regarding the Development of a General Plan for the District
 - 5.3 Discussion/Action Regarding Scheduling a Utility Rate Review Workshop
 - 5.4 Discussion/Action Consideration of Cancelling or Moving the September SSCSD Regular Meeting. (Rob Schultz & Tom O’Neill)

5.5 Board Committee Reports.

5.6 Discussion/Action Approval of Ordinance 102 Addressing Discrepancies
in Ordinances 66 and 101

5.7 Board Reports.

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

General Manager's Report

August 9, 2006

3.1.1.1 – Meter Replacement Program – All residential meters have been installed. There are approximately 7 meters that need to have the registers changed because they will not record the water usage in the hand held device. We are able to manually read the meter but electronic reads are not possible. Hersey Meters has been contacted and arrangements are being made to get replacement registers.

3.1.1.2- Water Conservation Stage 1 – Letters were sent last week informing all water users that the District has implemented stage 1 of the water conservation. Staff is monitoring well levels daily and at this time there is no indication that stage 2 is required.

3.1.1.3 – Hydrant Flow Testing – Boyle Engineering has requested permission to conduct hydrant flow testing on 6 hydrants within the District. This testing is required as part of developing the Water Master Plan for the District. Each hydrant will be flowed for approximately 1 minute. Total estimated water use will be between 10,000 and 20,000 gallons. The water master plan is vital to all the other projects the District is undertaking and to delay completion of the water master plan will delay these projects.

Superintendent's Report

(For July 2006)

August 7, 2006

During the month of July, continued progress was made towards completing items previously identified for immediate improvements:

- Unit #3 was placed back in service and work started on the 4th and last unit.

The Wastewater Treatment Plant operated well overall during the month of July although the higher ambient temperatures and higher overall flows into the plant required that we bring another blower on line to keep the dissolved oxygen level high enough. Higher temperatures also created an ongoing problem with the chlorine suction line losing suction due to "off-gassing" and required that we keep a close eye on it and re-prime the pump as often as needed. We are working towards a permanent solution to this problem.

To my knowledge and based on lab results received as of the date this report is being prepared, we only had one permit exceedance during the month of July and that was for a Total Coliform result from a sample taken from the lower trough leaving the Chlorine Contact Chamber. The comparative results from samples taken from two other locations all came back with results within our permit limitations. I will be discussing this with the RWQCB staff and hope to gain their support for allowing us to use the new sample point for future sampling.

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

Superintendent Monthly Lata Report - July 2006

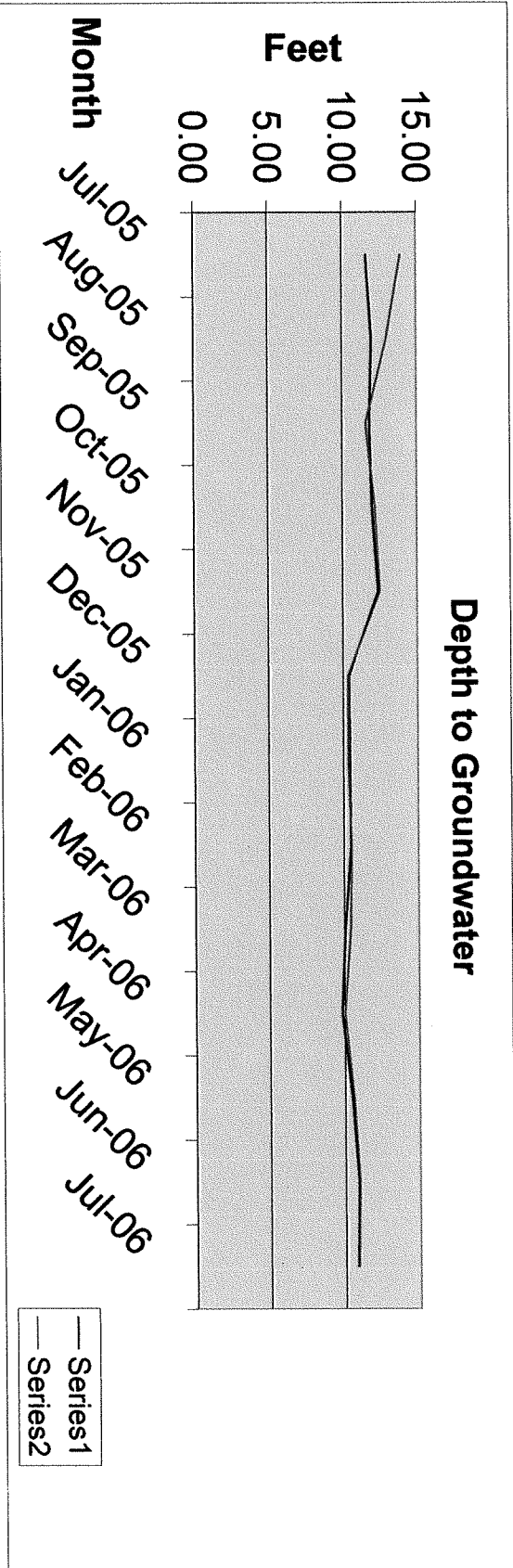
	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Total
Wastewater Treated	1,635,780	1,813,846	1,474,817	1,276,847	1,271,275	1,363,034	1,512,445	1,969,983	1,449,000	1,539,298	1,798,204	13,767,027
Total Well Production	2,875,184	2,817,043	2,610,520	2,099,786	1,995,888	1,926,324	2,167,480	2,418,658	2,633,708	2,767,600	3,509,616	21,544,591
Well 1 Water Pumped	186,327	1,346	411,101	97,016	0	540,654	701,474	43,758	0	177,276	663,476	1,981,677
Well 2 Water Pumped	2,688,858	2,815,696	2,199,419	2,002,770	1,955,888	1,385,670	1,466,005	2,374,900	2,633,708	2,590,324	2,846,140	19,522,914
Water Well 1 Avg Depth to Water	11.86	12.38	12.39	11.34	10.44	10.50	10.07	9.83	10.48	10.92	10.84	11.03
Water Well 2 Avg Depth to Water	11.62	12.20	12.51	11.51	10.34	10.53	10.44	10.02	10.61	10.97	10.87	11.45
State Wastewater Treated	428,914	300,558	445,552	614,742	705,247	397,658	292,804	456,107	315,899	315,831	429,805	3,957,481
State % of Total WW Flow	26.22	16.57	30.21	48	55.48	29.17	19.36	23.15	21.80	20.52	23.90	28.75
Biosolids Removal (Gallons)	24,000	36,000	18,000	0	6,000	6,000	12,000	6,000	12,000			120,000
Wastewater Permit Exceedances	3	0	0	1	0	0	1	1	4	1	1	12
Constituent	T Coliform			T Coliform			T Coliform	T Coliform	T Coliform	T Coliform	T Coliform	
Sample Limit	230			230			230	230	230	230	230	
Sample Result - 6/5/06	1600			240			280	900	300	900	>=1600	
Constituent	Tot CL2								Tot CL2 Residual			
Sample Limit	0.93								0.93	0.93	0	
Sample Result	2.5								7.1	52	0	

	INPUT Wastewater Inf Meter Tot	CALCULATED Wastewater Daily Flow	INPUT Well 1 Readings	CALCULATED Well 1 Total Pumped	INPUT Well 2 Readings	CALCULATED Well 2 Total Pumped	CALCULATED Total Daily Water Produced	INPUT Well 1 level	INPUT Well 2 level	INPUT State Sewer Daily Flow
30-Jun	10033181		3426		29848					
7/1/06	10090335	57,154	3426	0	29815	124,916	124,916			13,661
7/2/06	10181929	91,594	3426	0	29950	100,980	100,980			15,617
7/3/06	10297056	115,127	3426	0	30150	149,600	149,600	11.2	11.2	18,458
7/4/06	10379891	82,835	3426	0	30318	125,664	125,664			20,070
7/5/06	10450811	70,920	3426	0	30486	125,664	125,664	11.3	11.4	12,043
7/6/06	10489122	38,311	3426	0	30554	50,864	50,864			13,563
7/7/06	10553868	64,746	3426	0	30622	50,864	50,864			12,261
7/8/06	10619975	66,107	3426	0	30690	50,864	50,864	12.1	Running	12,879
7/9/06	10737708	117,733	3426	0	30908	163,064	163,064			15,988
7/10/06	10803219	65,511	3426	0	31125	162,316	162,316	10.4	10.5	12,674
7/11/06	10857599	54,380	3426	0	31245	89,760	89,760			11,864
7/12/06	10908904	51,305	3426	0	31364	89,012	89,012	11.2	Running	11,448
7/13/06	10981825	72,921	3426	0	31596	173,536	173,536	10.7	Running	12,373
7/14/06	11072768	90,943	3426	0	31731	100,980	100,980	10.6	10.7	11,914
7/15/06	11136078	63,310	3426	0	31853	91,256	91,256	10.0	10.0	11,712
7/16/06	11225188	89,110	3426	0	31966	84,524	84,524	10.5	9.5	15,329
7/17/06	11312211	87,023	3426	0	32189	166,804	166,804	11.8	Running	10,559
7/18/06	11372777	60,566	3426	0	32328	103,972	103,972	10.6	10.7	12,300
7/19/06	11438729		3426	0	32452	92,752	92,752	10.7	10.8	12,300
7/20/06	11523393	84,664	3426	0	32548	71,808	71,808	10.4	10.5	14,825
7/21/06	11638781	115,388	3426	0	32784	176,528	176,528	11.6	Running	14,854
7/22/06	11701435	62,654	3426	0	32919	100,980	100,980	11.0	11.0	14,854
7/23/06	11815275	113,840	3426	0	33041	91,256	91,256	10.3	10.6	16,064
7/24/06	11907323	92,048	3426	0	33299	192,984	192,984	10.6	10.7	11,130
7/25/06	11980014	72,691	3426	0	33413	85,272	85,272	10.5	10.6	15,320
7/26/06	12070925	90,911	3557	97,988	33413	0	97,988	Running	11.8	13,071
7/27/06	12156736	85,811	3727	127,160	33453	29,920	157,080	10.8	10.9	13,053
7/28/06	12244047	87,311	3819	68,816	33453	0	68,816	10.5	10.6	13,307
7/29/06	12345925	101,878	3925	79,288	33453	0	79,288	Running	12.0	14,400
7/30/06	12450025	104,100	4194	201,212	33453	0	201,212	Running	12.3	16,896
7/31/06	12535638	85,613	4313	89,012	33453	0	89,012	10.6	10.7	15,018
		Total Wastewater		Total Well 1		Total Well 2	Total Water Pumped			Total State WW
		1,798,204		663,476		2,846,140	3,509,616			429,805
			Average	21402	Average	91,810.97	102,512.19	10.84	10.87	13,865
			Min	0	Min	0.00	31,416.00	10.0	9.5	10,559
			Max	201212	Max	192,984.00	151,096.00	12.1	12.3	20,070

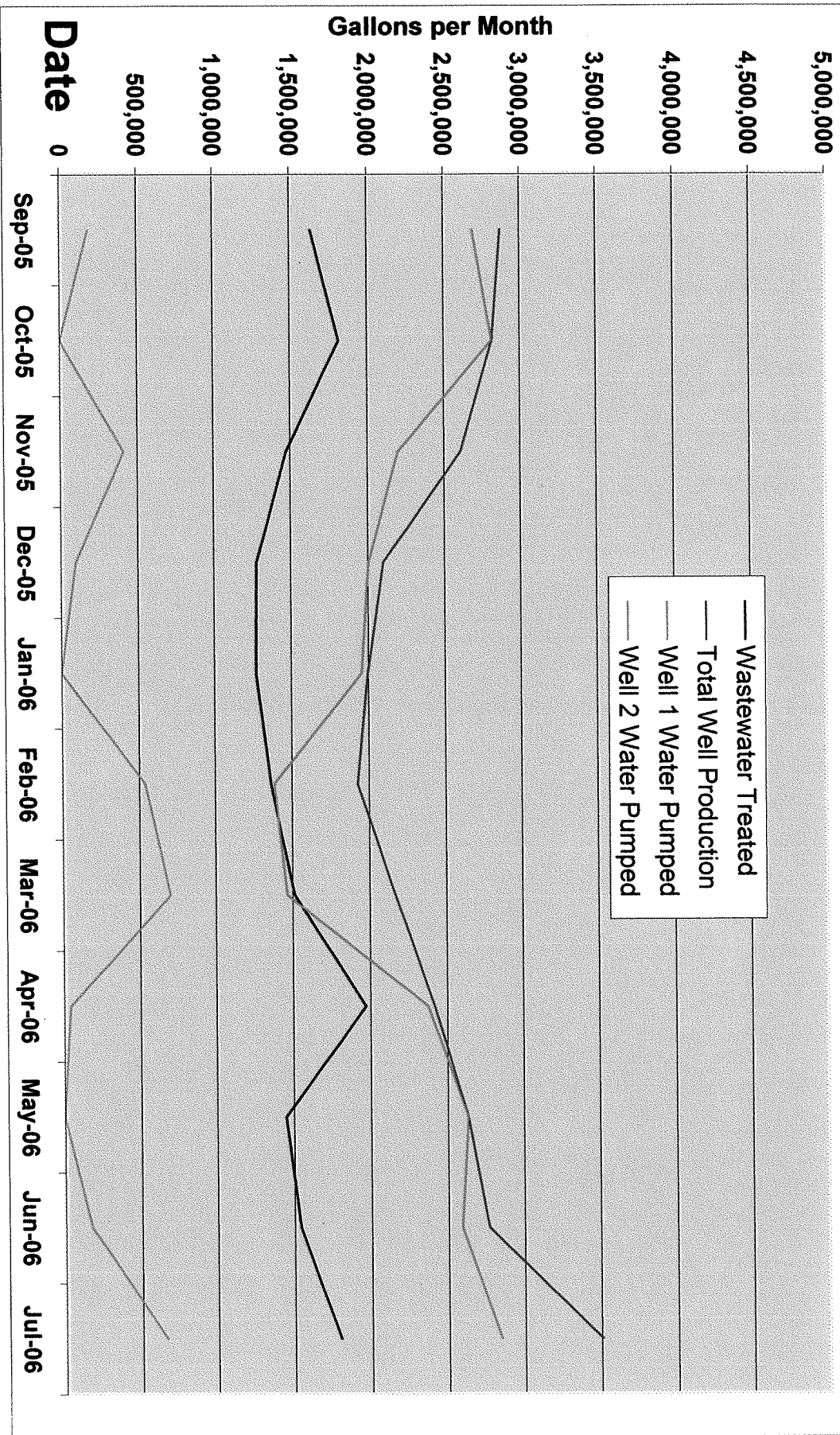
Superintendent Report For July 2006

Well 1 Avg Depth	May-05	10.70	Jun-05	10.63	Jul-05	11.64	Aug-05	12.00	Sep-05	11.86	Oct-05	12.00	Nov-05	12.39	Dec-05	10.40	Jan-06	10.44	Feb-06	10.50	Mar-06	10.07	Apr-06	9.83	5/6/2006	10.48	6/6/2006	10.92	7/6/2006	10.84
Well 2 Avg Depth	May-05	10.70	Jun-05	12.23	Jul-05	13.97	Aug-05	13.00	Sep-05	11.62	Oct-05	12.20	Nov-05	12.51	Dec-05	10.34	Jan-06	10.34	Feb-06	10.53	Mar-06	10.44	Apr-06	10.02	5/6/2006	10.61	6/6/2006	10.97	7/6/2006	10.87

Depth to Groundwater



Superintendent Report - June 2006





ECO Resources, Inc.

Date: July 31, 2006

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401

Dear Mr. Briggs:

Facility Name: San Simeon Community Services District
Wastewater Treatment Plant

Address: 9245 Balboa Avenue
San Simeon, CA 93452

Contact person: Dan Daniels
Job Title: Facility Manager
Phone number: 805 431-3206

WDR/NPDES Order Number: R3-2002-0046
WDID Number: 3 400110001

Type of Report (circle one): [Monthly] Quarterly Semi-Annual Annual

Month(s) (circle applicable months*): JAN FEB MAR APR MAY [JUN]
JUL AUG SEP OCT NOV DEC

*Annual Reports (circle the first month of the reporting period)

Year: 2006

Violation(s) (Place an X by the appropriate choice): No Yes

If Yes is marked (complete a-g):

a) Parameter(s) in Violation:

Total Chlorine Residual for De-chlorinated Final Effluent
Total Coliform for De-chlorinated Final Effluent

**b) Section(s) of WDR/NPDES: Section B, a
Violated:**

c) Reported Value(s)

**Dechlorinated Final Effluent Total Chlorine Residual
05/20/06 = 52.00 MG/L**

**Final Effluent Total Coliform Bacteria Daily Max
06/05/06 = 900 MPN/100ML**

**d) WDR/NPDES
Limit/Condition:**

**0.93 mg/l Total Chlorine Residual Daily Maximum - Final Effluent
230 MPN/100ml / Final Effluent Total Coliform Daily Maximum**

e) Dates of Violation(s):

(reference page of report/data sheet):

**Effluent Cl₂ Residual, (Ref. page 1 of data sheet)
06/20/06 = 52.00 MG/L**

**Dechlor Effluent Total Coliform, (Ref. page 1 of data sheet)
06/05/06 = 900 MPN/10**

f) Explanation of Cause(s): On June 20th the Total Chlorine Residual for De-chlorinated Final Effluent reached 52.00 mg/l for a very short period of time. This appears to have been caused by combination of factors including a decrease in chlorine demand due to an increased efficiency of the upstream processes which resulted in a very clear effluent going into the Chlorine Contact Chamber (CCC); by a decrease in through-plant flow; what we now suspect to be a problem with short circuiting within the CCC; and as recently discovered, a problem with "off-gassing" occurring in the suction line of the chlorine feed pump which causes erratic pumping rates. We are giving consideration to various options for improvements to the CCC as well as the entire disinfection/de-chlorination process and intend to implement whatever changes are ultimately deemed to be most effective.

The laboratory results for a sample taken on June 5th, of De-chlorinated Final Effluent "Bottom", showed a Total Coliform of 900 MPN/100ml. This sample was taken from the lower trough where the de-chlorinated flow leaves the plant.

For comparison purposes, in this instance, Total Coliform samples were taken from three sample points at the same time on June 5th and the results are as follows:

CCC Effluent	=	8 MPN/100ml
Dechlorinated Effluent "Top"	=	110 MPN/100ml
Dechlorinated Effluent "Bottom"	=	900 MPN/100ml

I believe that these results are, in this instance, indicative and conclusive that contamination has been occurring in the lower sampling point due to organic growth that was beyond our control and that the new sample point, referred to as Dechlorinated Effluent "Top" will be most representative of our plant performance. Therefore, I would suggest that we be allowed to use the data gained from the new sample point in this instance and in future sampling. I will go into more detail on the comparison of Total Coliform results taken throughout the month from three sample points later on in this report.

g) Corrective Action(s): As previously reported, we have suspected for some time the reason, that on occasion and for no apparent reason, the test results have indicated that the Total Coliform count has been higher than our permit allows, and that this has been due to organic growth taking place in the lower outlet of the Chlorine Contact Chamber, after de-chlorination has taken place. Since we could not maintain a level of chlorination adequate to maintain disinfection in that area, it would appear quite probable that contamination due to organic growth or from the possible introduction of some other type of contaminant could occur.

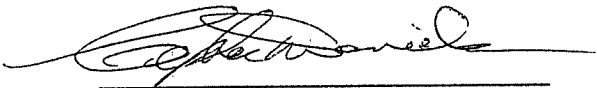
We explored various solutions to this problem and, after discussions with Mathew Keeling, P.E., Water Resources Control Engineer for the RWQCB, Mr. Keeling granted verbal approval to modify the area where the de-chlorination takes place. Those changes have now been made and photographs illustrating the changes in configuration of that area were provided to Mr. Keeling, who, in turn, granted verbal approval for us to start taking our "De-Chlorinated Final Effluent" sample from the new sample point (referred to in our testing as Dechlorinated Effluent "Top") with the stipulation that we would also continue to sample from the previous location (from the lower trough that we suspected was becoming contaminated) during the month of June so that we would have a comparison. As stipulated by Mr. Keeling, during the month of June we had the laboratory perform Total Coliform tests on samples taken from the lower trough as well as from the new Final Effluent sample point which is past de-chlorination and after last treatment. In addition to sampling from the two points just mentioned and again, for comparisons, we also continued to obtain samples from the end of the Chlorine Contact Chamber and included those samples among those tested for Total Coliform. In last month's report I stated that I would address those comparative results in this report. A comparison of those results indicates that of 54 total samples taken (one sample from each of three locations on eighteen different days) 73 % of the samples taken from the lower sample point was higher than or the same as the samples taken from the new sample point (Dechlorinated Effluent "Top"). I believe that these results are indicative and conclusive that contamination has been occurring in the lower sampling point due to organic growth that was beyond our control and that the new sample point, referred to as Dechlorinated Effluent "Top" will be truly representative of our plant performance. Therefore, I would suggest that we be allowed to use the data gained from the new sample point for reporting purposes as of June 1, 2006 and for all subsequent and future sampling.

As mentioned in last month's report, we now suspect that "short circuiting" within the CCC is occurring and as recently discovered, a problem with "off-gassing" is occurring in the suction line of the chlorine feed pump which causes erratic pumping rates which, combined with other factors previously stated, would explain why we are getting erratic Total Coliform results. We are giving careful consideration to various options for improvements to the CCC as well as the entire disinfection/de-chlorination process and intend to implement whatever changes are ultimately deemed to be most effective.

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact Dan Daniels at the number provided above.

Sincerely,



Name: Cephias R. (Dan) Daniels
Title: Facilities Manager

FACILITY I.D.# 3400110001 BEGINNING: 6/1/2006 M/ODAY/YR ENDING: 6/30/2006 M/ODAY/YR

STATION	INFLUENT	EFFLUENT	INFLUENT	EFFLUENT	INFLUENT	EFFLUENT	INFLUENT	EFFLUENT	INFLUENT	EFFLUENT	INFLUENT	EFFLUENT
CONSTITUENT	MG/L	MG/L	MG/DAY	MG/DAY	PERCENT	PERCENT	MG/DAY	MG/DAY	PERCENT	PERCENT	MG/DAY	MG/DAY
SAMPLE TYPE	BHR COMP	24 HOUR COMP	CA/OUATION	CA/OUATION	MG/L	24 HR COMP	MG/L	24 HR COMP	MG/L	24 HR COMP	MG/L	24 HR COMP
FREQUENCY	JAN/APR/OCT	MONTHLY	MONTHLY	MONTHLY	JAN/APR/OCT	MONTHLY	MONTHLY	MONTHLY	JAN/APR/OCT	MONTHLY	JAN & JULY	JAN & JULY
MONTH	Not Required	None	None	None	Not Required	None	None	None	Not Required	None	Not Required	Not Required
6/2/2006												
6/2/2006												
6/4/2006												
6/6/2006												
6/6/2006												
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6/21/2006												
6/22/2006												
6/23/2006												
6/24/2006												
6/25/2006												
6/26/2006												
6/27/2006		4					9			0		
6/28/2006												
6/29/2006				0								
6/30/2006												
MONTHLY AVERAGE							ND					
MONTHLY HIGH		4					9					
MONTHLY LOW		4					9					
REQUIREMENT #1		30-D AVG 50		30-D AVG 60		30-D AVG 50		30-D AVG 60				30-D AVG 25
TIMES EXCEEDED	0	0		0		0		0				0
REQUIREMENT #2		7-D AVG 45		7-D AVG 76		7-D AVG 45		7-D AVG 76				7-D AVG 40
TIMES EXCEEDED	0	0		0		0		0				0
REQUIREMENT #3		MAX 90		MAX 90		MAX 90		MAX 90				MAX 75
TIMES EXCEEDED	0	0		0		0		0				0

STATION	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
CONSTITUENT UNITS	TOOLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	F-COLIFORM MPN/100ML	T-COLIFORM MPN/100ML	
SAMPLE TYPE	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab	Grab
FREQUENCY	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly	Once Weekly
MONTH	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June	June
6/1/2006																										
6/2/2006																										
6/3/2006																										
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6/5/2006																										
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6/29/2006																										
6/30/2006																										
MONTHLY AVERAGE	4	0	5	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
MONTHLY HIGH	9	9	7	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
MONTHLY LOW	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
REQUIREMENT #1																										
TIMES EXCEEDED																										
REQUIREMENT #2																										
TIMES EXCEEDED																										
REQUIREMENT #3																										
TIMES EXCEEDED																										

Other Reports
District Financials Summary

3.1.3.1 District Financials

July Billings	\$59,474.93
June Billings	\$37,062.12
Past Due	\$3,170.63
LAIF Account	\$971,371.59
SEP Account	\$82,076.59
	\$19,740.40
Accounts Payable	\$33,013.63
Checking Account Balance	\$47,556.51

**Board of Directors-Regular Meeting
San Simeon Community Services District
MINUTES
Wednesday July 12, 2006**

1. REGULAR SESSION

1.1 Roll Call: All directors in attendance

1.2 Pledge of Allegiance

2. PUBLIC COMMENT: Walt Blankenship addressed the board regarding the State Parks plan to develop the Jung property on Lone Pine Drive. The property would be used for camping. Mr. Blankenship opposed the idea because traffic and transient activity around the area might increase.

2.1 Sheriff's Report: Commander Ben Hall was present and said there were 48 calls for San Simeon for the month of June. One incident was a traffic stop which resulted in the confiscation of one and a half pounds of methamphetamine. Commander Hall said there has been no recent property crime. Director Fields asked if San Simeon could receive more patrolling and action on the part of law enforcement with respect to the local methamphetamine problem and undocumented immigrants. Mr. Hall mentioned that there is a lack of funding which would have employed more officers resulting in a diminished incidence of crime. For any concerns, the commander recommends calling dispatch.

3. STAFF REPORTS

3.1 General Manager Report

3.1.1 Current Project Report

3.1.1.1 Immediate Plant Upgrades: General Manager O'Neill said the upgrades to reactor and clarifier three have been completed. The final reactor will be complete by the end of August.

3.1.1.2 Meter Replacement Program: All meters with the exception of 12 have been installed. Last month's billings were estimated because the software for the new equipment won't be ready until the Hersey-Meter representatives can do

Non compound

*Changes were made to copy on computer on 8-10-06
T. O'Neill*

the training and installation. They are scheduled to do so on July 17th through 19th.

3.1.1.3 District Financial Consultant: Mr. O'Neill said that staff is still in the process of finding candidates to interview.

3.1.1.4 Weed Abatement: With the exception of two properties, all have been cleared.

3.1.1.5 Ethics Training: Staff has been notified that two board member have received the State mandated Ethics training. Training needs to be completed by the end of the year. The board packet includes copies of two web pages where training information can be attained.

3.1.2 SUPERINTENDENT REPORT: Facility Manager Dan Daniels reported that clarifier and reactor unit #3 had been drained and cleaned and new components were replaced. Work on unit #4 will begin as soon as the third one is back in use. The hinges on the inlet valve on unit #2 were discovered to be rusted and in need of replacement. Contractor Alan Larsen has asked a supplier for a quote on a new inlet gate. The information will be provided to General Manager O'Neill in order to make a decision on whether to repair or replace the gates.

3.1.3.1 DISTRICT FINANCIAL SUMMARY:

May Billings	\$31,796.58
June Billings	\$37,062.12
Past Due	\$3,170.63
LAIF Account	\$1,061,371.59
SEP Account	\$82,076.59
	\$19,740.40
Accounts Payable	\$67,964.74
Checking Account Balance	\$68,556.68

3.2 DISTRICT COUNSEL REPORT: District Counsel Rob Schultz will bring back Ordinance 102 at the next meeting. The Ordinance will alleviate any discrepancies between 66 and 101.

Mr. Schultz said Kathy Novak thanked the board for their action taken on the Joy Seifert Project.

4.1 Approval of Minutes-April 12, 2006: Director Russell suggested taking out the words "sewer system" and replacing them with "water or fire suppression".

On section 5.4 the board agreed to changed the wording to read "power over this jurisdiction". Motion was made to approve minutes as amended.

Motion made Director Kiech
Second by Director Russell
Approved 5-0 with changes

4.2 Approval of Minutes-May 10, 2006: District Counsel Schultz suggested adding "which the District should not be involved with" to the portion of the District Counsel Report which mentions the dispute between Chevron and the property owner. Motion was made to approve minutes as amended.

Motion made by Director Russell
Second by Director Fields
Approved 5-0 with changes

4.3 Approval of Minutes-May 31, 2006: Motion was made to approve minutes as presented.

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

4.4 Approval of Minutes-June 14, 2006: Section 4.2 will be changed to read "work done as authorized by Gant Chart". The words "Deputy Sheriff" will be added before the deputy's name. Director Russell suggests under Public Comments changing "concerns with meters" to "concerns with everything". Motion was made to approve minutes as amended.

Motion made by Director Kiech
Second by Director Russell
Approved 5-0 with changes

4.5 Approval of Warrants June 1-June 30, 2006: Motion was made to approve warrants without exception:

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

5. DISCUSSION/ACTION ITEMS

5.1 Amendment to Ordinance 101 Exhibit A to include Fire Protection as Zero EDU's: Staff was directed to amend Ordinance 101 to show fire protection to account for zero EDU's. This is to encourage residential and commercial customers to install fire protection such as sprinkler systems. A motion was made to have the exhibit read "CDF approved fire protection/sprinkler systems."

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

5.2 Board Resolution 06-311 Consolidating San Simeon Community Services District Election with the November 7, 2006 General Election: Pursuant to California Elections Code Section 1303 (b) the San Simeon CSD biennial election will be held on November 7, 2006. Motion was made to consolidate the SSCSD elections with the County General Election on November 7, 2006.

Motion made by Director Mirabal-Boubion
Second by Director Russell
Approved 5-0 without exception

5.3 Approval of Will Serve Letter for Kent Mitchell's Property located at 9540 Castillo: The board has determined that the property is entitled to 2.3 EDU's as defined in Ordinance 101 for gas stations. A motion was made to approve the will serve letter as presented by the General Manager.

Motion made by Director Russell
Second by Director Mirabal-Boubion
Approved 5-0 without exception

5.4 Board Committee Reports: No reports

5.5 BOARD REPORTS: Director Russell and Chairperson Lambeth met in June with Mr. Haus the Field Representative for Lois Capps. The meeting focused on ways to bring funding to San Simeon so the District can accomplish various goals such as attaining access to more water. Mr. Haus suggested the District provide him with a plan by November. Director Russell and Chairperson Lambeth will follow through with Mr. Haus.

6. Proposed Agenda Items: Mr. Schultz will report on the possibility of receiving County funds for a park in San Simeon.

7. Adjournment: 7:50 pm

San Simeon Community Services District
WARRANT REPORT
July 1-30, 2006

	Type	Date	Open Balance	Warrant #	Check #
Fields, Alan	Bill Aug. Board Services	8/3/2006 \$	100.00	0308-001	5486
Kiech, David	Bill Aug. Board Services	8/3/2006 \$	100.00	0308-002	5490
Lambeth, Terry	Bill Aug. Board Services	8/3/2006 \$	100.00	0308-003	5501
Mirabal-Boubion, Loraine	Bill Aug. Board Services	8/3/2006 \$	100.00	0308-004	5496
Russell, John	Bill Aug. Board Services	8/3/2006 \$	100.00	0308-005	5494
Schultz, Rob	Bill District Counsel Services	8/3/2006 \$	1,575.00	0308-006	5499
ECO Resources	Bill August Services	8/3/2006 \$	33,013.63	0308-007	5491
PERS Health	Bill Aug. Health Insurance	8/3/2006 \$	21.57	0308-008	5498
GBP&B	Bill Services	8/3/2006 \$	1,200.00	0308-009	5492
Groeniger and Co.	Bill Task Order 5-05	8/3/2006 \$	1,794.71	0308-010	5493
USA Bluebook	Bill Task Order 5-05	8/3/2006 \$	165.69	0308-011	5502
SLO County of Environmental Health	Bill Report Review	8/3/2006 \$	44.88	0308-012	5500
Boyle Engineering	Bill Task Orders 1-06, 3-05, 7-05	8/3/2006 \$	19,920.15	0308-014	5487
McMaster Carr	Bill Task Order 5-05	8/3/2006 \$	1,149.43	0308-016	5497
Lee Wilson Electric	Bill Installed generator	8/3/2006 \$	18,300.00	0308-015	5495

CED Paso Robles	Bill	Electrical upgrades	8/3/2006	\$	148.96	0308-016	5489
Cambria Hardware	Bill	Task Order 5-05	8/3/2006	\$	588.90	0308-017	5488

Total:

\$ 78,422.92

Discussion/Action Items

August 9, 2006

5.1 - Presentation of 2004/2005 Draft District Audit – Bob Crosby of Crosby and Cindrich will present a draft of the District's 2004/2005 audited financial report. This report has been delayed because there was some information needed for the report that needed to be recreated. Staff requests approval of the 2004/2005 audited financial report.

5.2 - Discussion/Action Regarding the Development of a General Plan for the District – Staff is requesting approval from the Board to begin the process of developing a General Plan for the San Simeon Community Services District. This process will require staff to interview potential contractors with experience in developing general plans, develop a scope of work and develop an approximate cost to the District for that scope of work. Staff will then report back to the Board with its findings and request further direction.

5.3 - Discussion/Action Regarding Scheduling a Utility Rate Review Workshop – District policy requires a public workshop be scheduled whenever the Board is reviewing utility rates. The workshop will present the facts to the public as to the justification for raising or not raising utility rates. If it is determined that there is justification for a utility rate increase a recommendation will be presented at the workshop with documentation to support the amount of increase. As stated earlier this will be a public workshop and the public is requested to attend and to offer their ideas and opinions. Staff requests the Board to approve recommendation and to set a date for the workshop.

5.4 – Consideration of Cancelling or Moving the September SSCSD Regular Meeting – Staff requests consideration from the Board to cancel the September meeting or change that meeting to another date. This request is made because both District Counsel and General Manager have prior commitments throughout the month of September.

5.5 – Board Committee Reports -

5.6 - Approval of Ordinance 102 Addressing Discrepancies in Ordinances 66 and 101 – At the July District meeting, the Board directed staff to develop Ordinance 102 that would clarify discrepancies within Ordinances 66 and 101. The Board packets include Ordinance 102 for the boards review and approval

**SAN SIMEON
COMMUNITY SERVICES DISTRICT**

**Independent Auditors' Report
and
Financial Statements**

For the Years Ended
June 30, 2005 and 2004

DRAFT

**SAN SIMEON COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Years Ended June 30, 2005 and 2004**

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SAN SIMEON COMMUNITY SERVICES DISTRICT
SCHEDULE OF DIRECTORS
June 30, 2005

BOARD OF DIRECTORS

<u>NAME</u>	<u>TERM EXPIRES</u>
Terry Lambeth, Chairperson	November, 2006
David Kiech, Vice Chairperson	November, 2006
Lorraine Mirabal-Boubion, Director	November, 2008
John Russel, Director	November, 2008
Allen Fields, Director Alan	November, 2008

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

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the business-type activities of the San Simeon Community Services District as of and for the years ended June 30, 2005 and 2004, which collectively comprise the organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the San Simeon Community Services District as of June 30, 2005 and 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

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

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

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**CROSBY & CINDRICH
Certified Public Accountants
A Professional Corporation**

August 1, 2006

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2005 and 2004

ASSETS	2005
Current assets	
Cash and cash equivalents	\$ 1,047,666
Accounts receivable	58,326
Interest receivable	9,473
Prepaid expenses	6,157
Total current assets	1,121,622
Noncurrent assets	
Capital assets:	
Construction in progress	14,823
Property, plant & equipment	2,441,166
Less accumulated depreciation	(1,230,286)
Other noncurrent assets	
Deposits	302,920
Total noncurrent assets	1,528,623
Total assets	\$ 2,650,245
LIABILITIES	
Current liabilities	
Accounts payable	\$ 16,735
Deposits - payable from restricted assets	53,370
Total liabilities	\$ 70,105
NET ASSETS	
Invested in capital assets	\$ 1,225,703
Unrestricted:	
Reserved	70,092
Unreserved	1,284,345
Total net assets	\$ 2,580,140

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The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2005 and 2004

	<u>2005</u>	
Operating revenues		
Utility sales	\$ 420,269	
Service charges	34,358	
State of California - Department of Parks and Beaches	67,094	
Total operating revenues	<u>521,721</u>	
Operating expenses		
Salaries and wages	11,161	Bob to check on
Payroll taxes and employee benefits	1,921	
Advertising and promotion	1,416	
Vehicle expenses		
Supplies and small tools		
Repairs and maintenance	1,634	
Equipment rental	2,059	
Utilities and telephone	314	
Insurance		
Office expense	250	
Legal and professional	62,232	
Licenses and permits	6,639	
Director's fees	5,325	
Hauling		
Depreciation	76,819	
Lab expense		
Other expense	8,280	
Membership and seminars	395	
Contract labor	336,566	
Total operating expenses	<u>515,011</u>	
Operating loss/ <i>Income</i>	6,710	
Non-operating revenues (expenses)		
Investment income	30,459	
Property taxes	62,946	
Miscellaneous income	3,036	
Gain (loss) on disposal of capital assets	1,200	
Uncollectible accounts receivable		
Penalties and violations	(64,500)	
Education revenue augmentation	(52,502)	
Tax administration fee	(231)	
LAFCO budget allocation	(2,026)	
Total non-operating revenues (expenses)	<u>(21,618)</u>	
Changes in net assets	(14,908)	
Net assets-beginning of year	2,595,048	
Net assets-end of year	<u>\$ 2,580,140</u>	

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The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
As of June 30, 2005 and 2004

	<u>2005</u>
<i>Cash flows from operating activities</i>	
Cash received from operating revenue	\$ 518,559
Payments to employees	(11,161)
Other payments	(770,301)
Net cash used by operating activities	(251,742)
<i>Cash flows from non-capital financing activities</i>	
Property tax revenues	62,928
Miscellaneous income	3,036
Penalties and violations	(64,500)
Education revenue augmentation	(52,502)
Property tax administration fees paid	(213)
LAFCO budget allocation	(2,026)
Net cash provided (used) by non-capital financing activities	(53,277)
<i>Cash flows from capital and related financing activities</i>	
Acquisition of capital assets	(56,443)
Net cash used by capital and related financing activities	(56,443)
<i>Cash flows from investing activities</i>	
Proceeds from sale of equipment	1,200
Interest income	30,459
Net cash provided by investing activities	31,659
<i>Net decrease in cash</i>	(329,803)
<i>Cash and cash equivalents-beginning</i>	1,377,469
<i>Cash and cash equivalents-ending</i>	\$ 1,047,666
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating loss	\$ 6,710
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	76,819
Net changes in assets and liabilities	
Accounts receivable	(3,162)
Accrued interest receivable	(4,547)
Prepaid expense	(6,157)
Deposits	(302,920)
Accounts payable	(18,935)
Accrued liabilities	
Deposits	450
<i>Net cash used by operating activities</i>	\$ (251,742)

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The accompanying notes are an integral part of these financial statements

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 1: ORGANIZATION

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

Reporting Entity

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Fund Type (Enterprise Funds)

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

Basis of Accounting

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

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2005 and 2004

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

Estimates

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

Cash and Cash Equivalents

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

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid expenses.

Accounts Receivable

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

Property, Plant and Equipment

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

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

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SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

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

Property Taxes

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

NOTE 3: CASH AND CASH EQUIVALENTS

The values of cash and cash equivalents at June 30, 2005 and 2004 are summarized as follows:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Petty cash	\$ 100	\$ 100
Demand deposits (overdraft)	128,537	(1,851)
Cash and investments with:		
County treasurer	2,733	1,917
Local Agency Investment Fund (LAIF)	<u>916,296</u>	<u>1,324,383</u>
Subtotal	1,047,666	1,324,549
Local Agency Investment Fund – restricted	<u>-</u>	<u>52,920</u>
Total	DRAFT \$ <u>1,047,666</u>	\$ <u>1,377,469</u>

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

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Credit Risk, Carrying Amount, and Market Value

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

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

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

At June 30, 2005, the carrying amount of the District's cash deposits was \$128,537. The bank's balance was \$147,694. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2005, are as follows:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Bank accounts	\$ 147,694	\$ -0-	\$ -0-	\$ 147,694	\$ 128,537

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

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

	June, 30 <u>2004</u>	<u>Additions</u>	<u>(Deletions)</u>	June 30, <u>2005</u>
Sewer plant	\$ 1,372,642			\$ 1,372,642
Water plant	357,772			357,772
Building	375,704			375,704
Equipment	303,729	56,443	25,124	335,048
Construction in progress	14,823			14,823
Subtotal	2,424,670	\$ 56,443	\$ -0-	2,455,989
Less: Accumulated depreciation	1,178,591	\$ 76,819	\$ 25,124	1,230,286
Totals	\$ 1,246,079			\$ 1,225,703

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SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2005 and 2004

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

Depreciation expense for the periods ended June 30, 2005 and 2004, were \$76,819 and \$91,999 respectively.

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

	June 30, <u>2004</u>	Additions	Amounts <u>Capitalized</u>	June 30, <u>2005</u>
Major water/sanitation projects	\$ <u>14,823</u>	\$ _____	\$ _____	\$ <u>14,823</u>

NOTE 6: DEPOSITS

Hook-up, customer meter, and miscellaneous deposits totaled \$53,370 and \$52,520 for the years ended June 30, 2005 and 2004, respectively. These deposits represent a non-interest bearing restricted current liability. All deposits are currently invested with the Local Agency Investment Fund (see note 3).

The hook-up deposits are from customers on a waiting list to connect into the system. These deposits totaled \$43,470 for both years ended June 30, 2005 and 2004, respectively. Each deposit represents total hook-up fees owed by the customer based on the fee schedule in place at the time of the payment. Additional fees may be required from the customer, based on the current fee schedule, when the utility connection is completed.

The customer meter deposits totaled \$9,450 for both years ended June 30, 2005 and 2004, respectively. For each metered customer, a \$50 refundable deposit is required, before any service can be provided by the District.

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SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 7: PENSION PLAN

Plan Description

Prior to converting to a contract labor force, the San Simeon Community Services District's (the District) defined benefit pension plan, Public Employees' Retirement System (PERS), provided retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The PERS is part of the Public Agency portion of the California Public Employees Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy

Active plan members in the PERS were required to contribute 7% of their annual covered salary. The District was required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

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The District's annual pension cost for the fiscal year ended June 30, 2004 was \$20. The required contributions were determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.5% per year cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 7: PENSION PLAN (continued)

Three-year trend information for CalPERS – required supplementary information

Actuarial asset valuation date	<u>June 30, 2000</u>	<u>June 30, 2001</u>	<u>June 30, 2002</u>
Entry age actuarial accrued liability	\$ 265,792	\$ 270,311	\$ 293,417
Actuarial asset value	\$ 280,888	\$ 301,358	\$ 291,803
Unfunded (overfunded) actuarial accrued liability	\$ (15,096)	\$ (31,047)	\$ 1,614
Funded ratio	105.7%	111.5%	99.4%
Covered payroll	\$ 111,022	\$ 105,125	\$ 106,814
Unfunded (overfunded) actuarial liability as a percentage of covered payroll	(13.6%)	(29.5%)	1.5%

NOTE 8: RESERVED NET ASSETS

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

NOTE 9: JOINT POWERS AUTHORITY

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The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et.seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program period July 1, 2004 through June 30, 2005.

General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 200506. This covers \$2,500,000 per occurrence, subject to policy deductibles.

Employee Dishonesty Coverage: Special District Risk Management Authority, coverage number EDC SDRMA 200506. This policy includes a \$400,000 Public Employees Dishonesty Blanket Coverage.

Property Loss: Special District Risk Management Authority, coverage number PPC SDRMA 200506. This policy covers the replacement cost for property on file, \$1 billion per occurrence, subject to a \$2,000 deductible.

SAN SIMEON COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 9: JOINT POWERS AUTHORITY (continued)

Boiler and Machinery: Special District Risk Management Authority, coverage number BMC SDRMA 200506. This covers \$100,000,000 per occurrence, subject to a \$1,000 deductible. The District also participated in the elective comprehension/collision coverages on selected vehicles, subject to policy deductibles.

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

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

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SAN SIMEON COMMUNITY SERVICES DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2005 and 2004

	Sanitation Fund	2005 Water Fund	Total
Operating revenues			
Utility sales	\$ 207,808	\$ 212,461	\$ 420,269
Service charges	2,781	31,577	34,358
State of California	48,815	18,279	67,094
Total operating revenues	259,404	262,317	521,721
Operating expenses			
Salaries and wages	7,255	3,906	11,161
Payroll taxes and benefits	1,409	512	1,921
Advertising and promotion	1,133	283	1,416
Vehicle expenses			
Supplies and small tools			
Repairs and maintenance	1,411	223	1,634
Equipment rental	1,298	761	2,059
Utilities and telephone	251	63	314
Insurance			
Office expense	200	50	250
Legal and professional	42,877	19,355	62,232
Licenses and permits	4,022	2,617	6,639
Director's fees	3,154	2,171	5,325
Hauling			
Depreciation	54,918	21,901	76,819
Lab expense			
Other expense	7,060	1,220	8,280
Membership and seminars	203	192	395
Contract labor	264,156	72,410	336,566
Total operating expenses	389,347	125,664.00	515,011
Operating income (loss)	(129,943)	136,653	6,710
Non-operating revenues (expenses)			
Investment income	24,194	6,265	30,459
Property taxes	50,357	12,589	62,946
Miscellaneous income	2,428	608	3,036
Gain (loss) on disposal of capital assets	960	240	1,200
Uncollectible accounts receivable			
Penalties and violations	(64,500)		(64,500)
Education revenue augmentation	(42,002)	(10,500)	(52,502)
Tax administration fee	(185)	(46)	(231)
LAFCO budget allocation	(2,735)	709	(2,026)
Total non-operating revenues (expenses)	(31,483)	9,865	(21,618)
Changes in net assets	\$ (161,426)	\$ 146,518	\$ (14,908)

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The accompanying notes are an integral part of these financial statements

A. ORDINANCE NO. 102

**AN ORDINANCE OF THE SAN SIMEION COMMUNITY SERVICES DISTRICT
CONTINUING A MORATORIUM OF THE ISSUANCE OF WATER
CONNECTIONS WITHIN THE BOUNDARIES OF THE DISTRICT**

BE IT ORDAINED by the Board of Directors of the San Simeon Community Services District ("District") as follows:

SECTION I FINDINGS.

The Board of Directors of the District does hereby find, determine, and declare as follows:

- A. There continuous to exist a serious water quality and quantity problem within the boundaries of the District;
- B. There currently exists a moratorium on new water connections within the District originally established by Ordinance No. 61 and extended by Ordinance No. 63 and Ordinance 66. The intent of the Board of Directors by this Ordinance is to keep in effect said water connection moratorium while clarifying any inconsistencies with Ordinance 101;
- C. The water quality and quantity problems continue to pose a current and immediate threat to the health and safety of the people within the District;
- D. The granting of additional water connections within the District contrary to the provisions of this ordinance would result in an immediate threat to the public health and safety;
- E. The District is diligently pursuing long term supplemental water supplies, but until the time when such supply is available, it is necessary to continue the existing water connection moratorium.
- F.

SECTION II. MORATORIUM ON WATER CONNECTION.

Except as provided in Sections IV of this Ordinance, The District shall not allow water connections or services on or to properties located with in the boundaries of the District to serve any of the following;
Any new structure that will increase its existing EDU requirements or entitlements; or
Any expansion or replacement of an existing structure that will increase its existing EDU requirements or entitlements.

SECTION III. DURATION OF MORATORIUM.

The provisions of this Ordinance shall remain in effect until repealed. This Ordinance supersedes Ordinance No. 66.

SECTION IV. PROHIBITION ON WATER CONNECTIONS.

The prohibition on new water connections or services shall be inapplicable to the following connections or uses:

- A. a project receiving a vested rights exemption pursuant to Section 4 of District Ordinance No. 65;
- B. an existing "active service commitment" as set forth in Section 3 of District Ordinance 101;
- C. an existing "non-active service commitment" as set forth in Section 3 of District Ordinance 101;
- D. a connection for fire suppression purposes whether for new or the retro fitting of an existing uses.

SECTION V. CONSTITUTIONALITY.

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by a Court of competent jurisdiction, such decision shall not affect the validity or the constitutionality of the remaining portions of this Ordinance. The Board of Director of the District t hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portion be declared invalid or unconstitutional.

SECTION VI. EFFECTIVE DATE OF ORDINANCE.

This Ordinance shall be in full force immediately upon passage. Within fifteen (15 days of passage, this Ordinance shall be published at least once in a newspaper of general circulation in the County of San Luis Obispo.

INTRODUCED AND ADOPTED at a regular meeting of the Board of Directors of the San Simeon Community Services District held on the _____ day of _____, 2006, and on the following roll call vote, to-wit:

Ayes:

Noes:

Absent:

Chairman, Board of Directors

ATTEST:

Secretary, Board of Directors

APPROVED AS TO FORM:

Robert Schultz
District Counsel