

CAMBRIA COMMUNITY SERVICES DISTRICT

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Dear CCSD Customer,

The Cambria Community Services District is in the process of completing an Emergency Water Supply (EWS) facility on its property at San Simeon Creek Road to meet the community's needs in the current severe drought and to prevent critical water shortages in the future. We would like to bring you up-to-date on the progress we have made so far and on the current outlook regarding cost, completion and regulatory approvals. Here are answers to key questions about the project:

How much work has been done on the project so far?

The CCSD through its prime contractor, CDM Smith, has completed hydro-geological modeling, constructed the project's injection well and monitoring well (also being used for a tracer study, described below), and constructed monitoring wells around the project's evaporation pond. It also has begun the pre-purchase of major equipment, which will include the prefabrication of process equipment in modular shipping containers.

How much money has been spent on the project, and what will be its final cost?

Approximately \$1.9 million has been obligated to the project so far, drawing on CCSD general funds. This amount is included in the overall estimated project cost of \$8.8 million. The CCSD has applied for a state grant that could reduce the final cost to CCSD customers by as much as \$3.75 million.

Will the Project be harmful to the environment?

The CCSD has completed an Initial Study/Mitigated Negative Declaration (IS/MND) that analyzes potential environmental impacts from the project and the means to avoid or mitigate them to a less than significant level. The IS/MND draft is available for review at the CCSD office, the Cambria Library and the CCSD website under "Current News" at www.cambriacsd.org. The public review period ends on July 22. A public hearing on the IS/MND is tentatively planned for August 4 at the Vets' Hall.

What permits does the CCSD still need to obtain?

The CCSD has obtained an emergency coastal development permit (CDP) from San Luis Obispo County, allowing it to build the project and use it in emergency drought conditions such as those the community is experiencing now. The CCSD has applied for a regular CDP to allow more flexible and efficient operation. The County permitting process allows for the project to be completed while the project's environmental review is under way.

The project also requires approval from the California Department of Public Health (CDPH) and the Regional Water Quality Control Board (RWQCB). The CCSD will conduct a tracer study as part of meeting CDPH health and safety rules. The project's evaporation pond, which will hold and evaporate brine from the water treatment process, must meet RWQCB requirements.

Explain the tracer study – its purpose and timeline.

The EWS project will be treating brackish ground water – a mix of freshwater, underground seawater and treated wastewater – and injecting it into the aquifer to recharge the existing CCSD well field. As a safety measure, the CCSD must conduct a study to determine that the treated water takes at least two months to reach the well field. The

state requires the two-month minimum travel time to ensure adequate time to react to any treatment malfunctions without impacting the water being delivered to CCSD customers.

In the study, a chemical “tracer,” using bromide ions, is added to water that is injected into the aquifer at the same location where treated water will be injected when the EWS is in operation. Water will be taken from monitoring wells nearby to determine how long the tracer takes to travel underground. The tracer chemical was recommended by the state DPH and is commonly used in these tests. It poses no threat to public health, plant life, or the local environment.

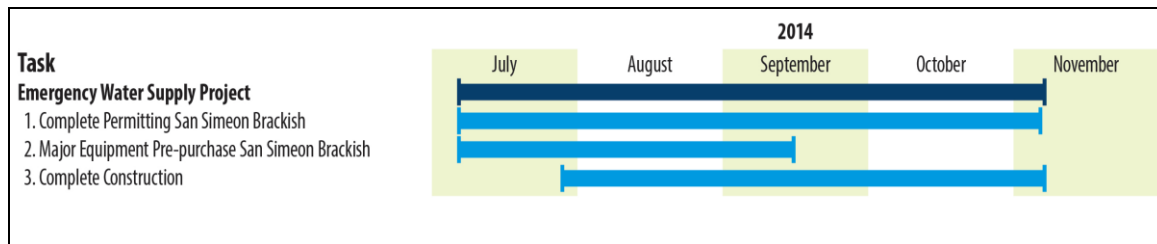
The tracer study is due to start on July 16, 2014. It will run for 67 days. Construction of the project will also continue during that time.

How much water will the tracer study use?

The tracer study requires the injection of about 134 acre-feet of potable water from CCSD wells. However, most of this water will recirculate back onto the well field. The net loss (water going into the San Simeon Creek underflow toward the ocean) will be much less, about 27 acre-feet.

When will the EWS project be completed and in operation?

On the current time line (see below), the project will be completed and operational by early November 2014. This timing is subject to the permitting process, especially for the operation of the evaporation pond. The Regional Water Quality Control Board would normally take up this matter at its Nov. 13, 2014 meeting, but the CCSD and CDM Smith have been meeting with the agency to come up with an accelerated permitting schedule.



When the project is finished, what will happen to water rates and restrictions?

The EWS project is designed to end the present drought-related water supply emergency and to prevent such emergencies in the future. So the surcharges and usage restrictions enacted earlier this year to reduce water consumption during the drought should no longer be necessary. CCSD customers would continue to pay their pre-existing water rates along with additional rates specifically for the construction, operation and financing costs of the EWS project.

Note: More detailed information on the EWS project is available on the CCSD website, www.cambriacsd.org. Go to the link “Emergency Water Supply Q&A” under “Current News” on the homepage.