

**SPHERE OF INFLUENCE UPDATE  
&  
MUNICIPAL SERVICE REVIEW**

**COASTAL COMMUNITY SERVICES DISTRICTS  
AND CAMBRIA HEALTHCARE DISTRICT**

**Avila Beach Community Services District  
Cambria Community Services District  
Los Osos Community Services District  
San Simeon Community Services District  
Cambria Healthcare District**



**PREPARED BY:  
SAN LUIS OBISPO  
LOCAL AGENCY FORMATION COMMISSION  
ADOPTED AUGUST 2014**

## **SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION**

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# SAN LUIS OBISPO SPECIAL DISTRICT

## STATUS QUO

## SPHERE OF INFLUENCE UPDATE

## MUNICIPAL SERVICE REVIEW

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### Chapter 1 - Introduction

This is a Sphere of Influence (SOI) Update and Municipal Service Review for the Coastal Community Services Districts and Cambria Healthcare Special District whose Spheres of Influence are not proposed for modification or change. The update of the Sphere of Influence for these Districts recognizes the existing circumstances and recommends no changes to the SOIs (a “Status Quo” recommendation). The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions every five years or as necessary. It is recommended that the Spheres of Influence for the Coastal CSDs and Cambria Healthcare District listed below be determined as “Status Quo”.

**Table 1-1: Special Districts and Recommendations**

Special District	Active Powers	Recommendation
Avila Beach Community Services District	Water, Sewer, Solid Waste, Street Lighting, and Fire Protection	No changes to the SOI are recommended.
Cambria Community Services District	Water, Sewer, Solid Waste, Fire Protection, Street Lighting, Parks and Rec, Transit, and Veterans Memorial	No changes to the SOI are recommended.
Los Osos Community Services District	Water, Sewer, Street Lighting, Fire Protection, Storm drainage, Parks and Recreation, Solid Waste	No changes to the SOI are recommended.
San Simeon Community Services District	Road Maintenance, Water, Sewer and Street Lighting	No changes to the SOI are recommended.
Cambria Healthcare District	Ambulance, Crisis Intervention Team, Community Health and Safety Training	No changes to the SOI are recommended.

**Sphere of Influence Update.** A Sphere of Influence is defined by the Cortese/Knox/Hertzberg Act in Government Code 56425 as “...a plan for the probable physical boundary and service area of a local agency or municipality”. A SOI is generally considered to be a future growth and service boundary for a jurisdiction. The Act further requires that a *Municipal Service Review* be conducted prior to, or in conjunction with, the update of a Sphere of Influence. The Service Review prepared for the above listed Districts adequately addresses the required factors listed below.

In accordance with Section 56430 of the California Government Code, a “summary” Municipal Service Review has been prepared to address the Coastal CSDs and

Cambria Healthcare District for all of the Districts listed above. The Spheres of Influence for the Districts are not recommended for modification. A comprehensive Municipal Service Review is not needed for the following Districts because no changes to the Spheres of Influence are recommended and future growth or service issues have not been identified:

- Avila Beach Community Services District
- Cambria Community Services District
- Los Osos Community Services District
- San Simeon Community Services District
- Cambria Healthcare District

**Municipal Service Review.** This Municipal Service Review for the Coastal CSDs and Cambria Healthcare District is prepared in accordance with Section 56430 of the California Government Code. The Service Review evaluates the public services provided by each of the Districts studied in this analysis. The Districts provide services under the Principal Acts found in the California Law. Principal Acts are laws that govern the set up and operation of various government structures including the Districts being evaluated in this study and are described in a section below. A Service Review must recommend written determinations that address the following factors in order to update a Sphere of Influence. Information and written determinations regarding each of the factors is provided in the Service Review. The seven service review factors are addressed in Chapter Three and include:

1. Growth and Population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
4. Financial ability of agencies to provide services
5. Status of, and opportunity for, shared facilities
6. Accountability for community service needs including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

LAFCOs are encouraged to compile a variety of information in preparing a Service Review. LAFCOs can use a significant proposal (constraints analysis, general plan update, master plan, annexation, etc.) as a way to compile the needed information. Also, administrative and organizational information is collected and evaluated. Most of

the Districts analyzed in this study do not compile or complete such an information base because of the limited scope of services provided by each district. In order to complete this analysis LAFCO relied on Audit Reports submitted to the County Auditor-Controller's Office pursuant to state law, original formation filing documents, State Controllers Special Districts Annual Financial Reports, and information from various websites.

**LAFCO's Role.** The fundamental role of the Local Agency Formation Commission, LAFCO, is to implement the CKH Act, consistent with local conditions and circumstances. LAFCO's decisions are guided by the CKH Act, found in Government Code 56000, et. seq. The major goals of LAFCO as established by the CKH Act include:

- ▶ To encourage orderly growth and development which are essential to the social, fiscal, and economic well being of the state;
- ▶ To promote orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- ▶ To discourage urban sprawl;
- ▶ To preserve open-space and prime agricultural lands by guiding development in a manner that minimizes resource loss
- ▶ To exercise its authority to ensure that affected populations receive efficient governmental services;
- ▶ To promote logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide necessary services and housing;
- ▶ To make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies and to shape their development so as to advantageously provide for the present and future needs of each county and its communities;
- ▶ To establish priorities by assessing and balancing total community services needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions and financial resources;
- ▶ To determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner

and, where deemed necessary, consider reorganization with other single purpose agencies that provide related services;

- ▶ To update SOIs every five years or as necessary; and
- ▶ To conduct a review of all municipal services by county, jurisdiction, region, sub-region or other geographic area prior to, or in conjunction with, SOI updates or the creation of new SOIs.

**Principal Acts.** Principal Acts are the parts of California Law that govern District formations, activities and operations. The Principal Acts are located in various sections of California Law and are listed below:

<b>District</b>	<b>Code Section</b>	<b>Code</b>
Community Services District	61000-61144	Government Code
Health Care District	32000-32492	Health and Safety Code

The above code sections are applicable to the Districts that are the topic of this Sphere of Influence Update and Service Review. Unless a principal act specifically excludes LAFCO involvement, formation and changes of organization are within LAFCO's authority.



# SAN LUIS OBISPO SPECIAL DISTRICTS

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## Chapter 2- Sphere of Influence Update

This chapter summarizes the Coastal CSDs and Cambria Healthcare District that operates under the Principal Acts described in the previous chapter. Also, this chapter recommends that the Sphere of Influence for all of the Districts remain unchanged. An important tool used in implementing the CKH Act is the adoption of a Sphere of Influence (SOI) for a jurisdiction. A SOI is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI represents an area adjacent to a city or district where a jurisdiction might reasonably be expected to provide services over the next 20 years. This chapter, along with the following Municipal Service Review, provides the basis for updating the District's Spheres of Influence. This is required to be updated every five years or as necessary. This Sphere of Influence Update addresses the key factors called for in the Cortese/Knox/Hertzberg Act by referring to information contained in the Service Review. Also, the following written determinations are addressed according to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act:

- Present and planned land uses in the area:

The Districts are anticipated to provide services to residents within the service boundary. No major land use changes are anticipated to impact the need for services within the Districts' boundaries. The Spheres of Influence for the Districts are not recommended for expansion based on the fact that large land use changes that promote development are not envisioned in the County's General Plan.

- Present and probable need for public facilities and services in the area:

The Districts are capable of maintaining service levels to the residents and clients. The SOIs are not recommended for expansion and the Districts intend to provide needed services to the areas within their existing service boundary.

- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:

The present capacities of the facilities are adequate to provide services to the service boundaries of the Districts. The Districts call for capital improvements and regular maintenance of facilities to maintain adequate service levels. The Avila Beach, Cambria and Los Osos CSDs provide a variety of services to residents within their services boundaries. Several districts are taking actions to address the drought situation that is impacting water supplies.

- Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:

Each place or area that is served by a District has a unique mix of social and economic communities of interest. The Districts provide services to these

communities of interest such as businesses, non-profits, churches, and schools. These organizations, groups and individuals along with the Districts make up the fabric of the Communities.

- Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities:

Each Special District has a variety of economic diversity that lives within the Districts' service area and surrounding area including within or adjacent to the Sphere of Influence. Disadvantaged community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The Spheres of Influence do not qualify under the definition of disadvantage community for the present and probable need for public facilities and services. The communities served by the districts are not disadvantaged unincorporated communities.

## **Avila Beach Community Services District**

In 1972, at the time of reorganization of the Avila-area districts, there was considerable discussion over forming a community services district rather than a county water district. At that time, the community services district option was rejected in favor of the water district option because the tax rate for newly formed community services districts was limited to \$1.00 per \$100 of assessed valuation. A reorganization involving dissolution of the Avila Beach Water and Lighting Districts and formation of Avila Beach Community Services District was approved November 1997. ABCSD took over the same responsibilities of the water and lighting district and continue to provide water, sewer, street lighting and fire service. The solid waste power was activated in 2005. The ABCSD's water supply comes from Lopez Lake Reservoir/County Service Area 12 (68 acre-feet) and State Water (100 acre-feet). The CSD contracts with CalFire to provide fire protection services. ABCSD also provides service through two outside service agreements to other areas, but has not annexed land since formation.

The County Biennial Resource Management System report characterizes Avila Beach and the surrounding area as follows:

- Avila Beach is an unincorporated urban area. It includes four areas: the town, the adjacent Avila Valley, the San Luis Bay Estates development and Port San Luis. There appears to be adequate water and infrastructure for the small amount of future development planned for the area.
- Avila Beach is at about 67% of its build out population of about 2,200 per the County General Plan. The San Luis Bay Estates development is largely built out under the current General Plan designations.
- The Avila Beach CSD serves the town of Avila Beach. Its Lopez Reservoir water is delivered via CSA 12 infrastructure. Avila Beach CSD has a 100 AFY supply of State Water through the Lopez Turnout. In 2012 Avila Beach CSD water demand was 82 afy.

**Resource Management Summary.** The Resource Management System (RMS) provides information to guide decisions about balancing land development with the resources necessary to sustain such development. It focuses on, 1) Collecting data, 2) Identifying resource problems and 3) Recommending solutions. The Biennial Resource Management Summary Report 2010-2012 does not recommend any level of severity rating for the water supply, water systems or sewer systems serving the Avila Beach Community. The Biennial Report indicates that the sewer plant is at 27% capacity on the basis of its design flow.

**Annual Audit Report.** The District has submitted independent Audit Reports to the County Auditor pursuant to State Law. These reports have been reviewed by a qualified firm of Certified Public Accountants. The 2011 and 2012 reports have been reviewed for this analysis. The audits find that the District's financial reports are presented consistent with accepted accounting principles. The District also adopts an Annual Budget and has a variety of accounting policies that are summarized in the audits. The

District’s operations are funded by water and sewer charges. The District receives property taxes, interest income, and grant income. The property tax is used to fund the lighting and fire services. These funds can be used for other non-operational activities such as capital improvements. Fees from water and sewer services fund there activities. The District also receives revenues from the franchise fees generated through the agreement with the garbage disposal company in the community.

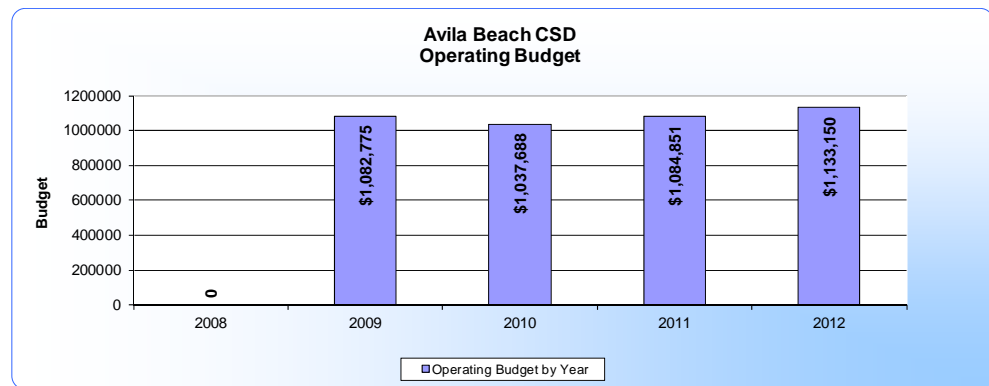
**Fiscal Trend Analysis.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators helps clarify an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, long-term debt, and fund balance for each year. The information was derived from the District’s fiscal documents for each year.

**Operating Budget Figure 2-1**

**Formula:**  
 Consolidated  
 Expenditures /  
 Fiscal year

**Trend Analysis:**  
 Monitor expenditures  
 over time.

**Source:**  
 Financial Statements:



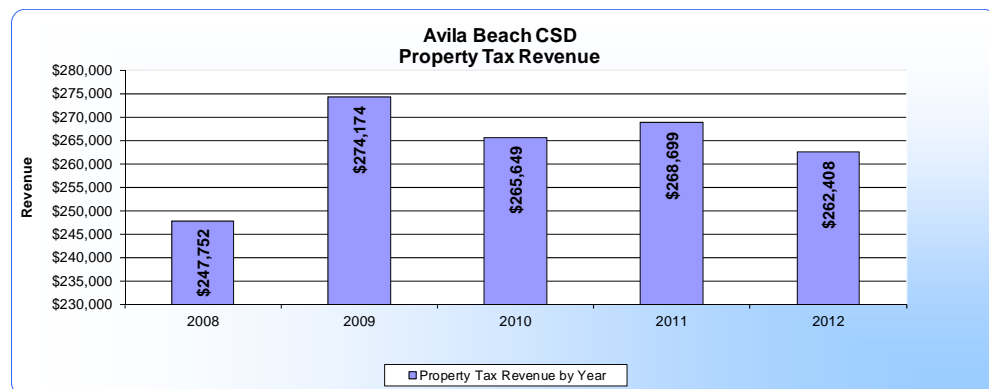
**Description:**  
 This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

**Property Tax Revenues Figure 2-2**

**Formula:**  
 Property tax revenue /  
 Fiscal year

**Trend Analysis:**  
 Monitor property tax  
 revenues over time.

**Source:**  
 Annual Financial  
 Statements:



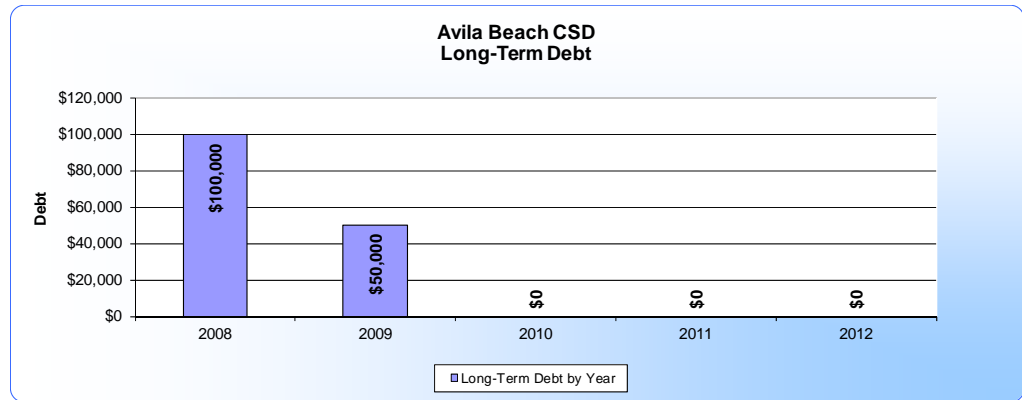
**Description:**  
 This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Long-Term Debt/Liabilities Figure 2-3

**Formula:**  
 Current liabilities / Net operating revenues

**Trend Analysis:**  
 Monitor Long-term debt at the end of the year as a percentage of net operating revenues over time.

**Source:**  
 Statement of Net Assets



**Description:**

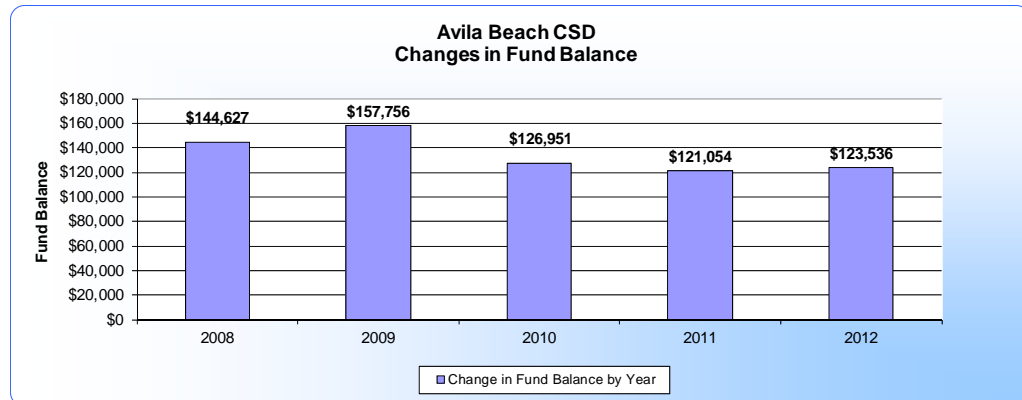
A major component of a jurisdiction's liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate deficit spending problems.

### Changes in Fund Balance Figure 2-4

**Formula:**  
 General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**  
 Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**  
 Annual Financial Statements:



**Description:**

This indicator is especially important because a pattern of operating deficits of the general fund can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

The District conducts regular monthly Board of Director meetings that are open to the public and held on the second Tuesday of the month at 7:00 P.M. at the 191 San Miguel Street, Avila Beach, CA 93424. Avila Beach CSD has hosted a website since 2012 that provide important information about the district and its services. Adding this website is consistent with LAFCO and the Grand Jury's recommendation from 2007 which increases the public involvement and access to the district's services.

According to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act, the following written determinations must be addressed when updating a Sphere of Influence:

- The present and planned land uses in the area are expected to remain as designated in the County General Plan; Residential and Commercial;
- The present and probable need for public facilities and services related to the District are expected to remain unchanged;
- The present capacity of the public facilities are adequate to provide services to the residents within the service area;
- Social or economic communities of interest exist in the area that benefit from the district's services.
- Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities is not present at this time.

**Sphere of Influence.** In 2007, the Local Agency Formation Commission approved the Sphere of Influence Update and Municipal Service Review for the Avila Beach CSD. A more comprehensive Municipal Service Review for the ABCSD was prepared in 2008. Since the ABCSD's Sphere of Influence was expanded in 2000 to include areas within the service area of the San Miguelito Mutual Water Company (SMMWC) it has continued to serve existing connections and add new ones within its service area. The SOI includes 1,908 acres to the north and east of the town.

**San Miguelito Mutual Water Company.** The San Miguelito Mutual Water Company provides water and sewer services for the Avila Valley, serving both residential and commercial users in a 1,700-acre area. The SMMWC has connections totaling 561 residential, 19 commercial and 37 irrigation users. SMMWC provided these shareholders with 222 acre-feet of State Water. The SMMWC has an annual allotment of 275 acre-feet with a drought buffer of 275 acre-feet. They also treat about 90,000 gallons of wastewater each day (100 acre-feet per year) for customers. SMMWC originally adopted a Master Plan in 1995 and updated it in 2006. The General Manager indicated SMMWC is currently undergoing another update. A map of San Miguelito Mutual Water Company is presented below.

**SOI Recommendation.** The Sphere of Influence for the Avila Beach CSD remains unchanged as shown in Figure 2-5.

### ABCSD and the San Miguelito MWC

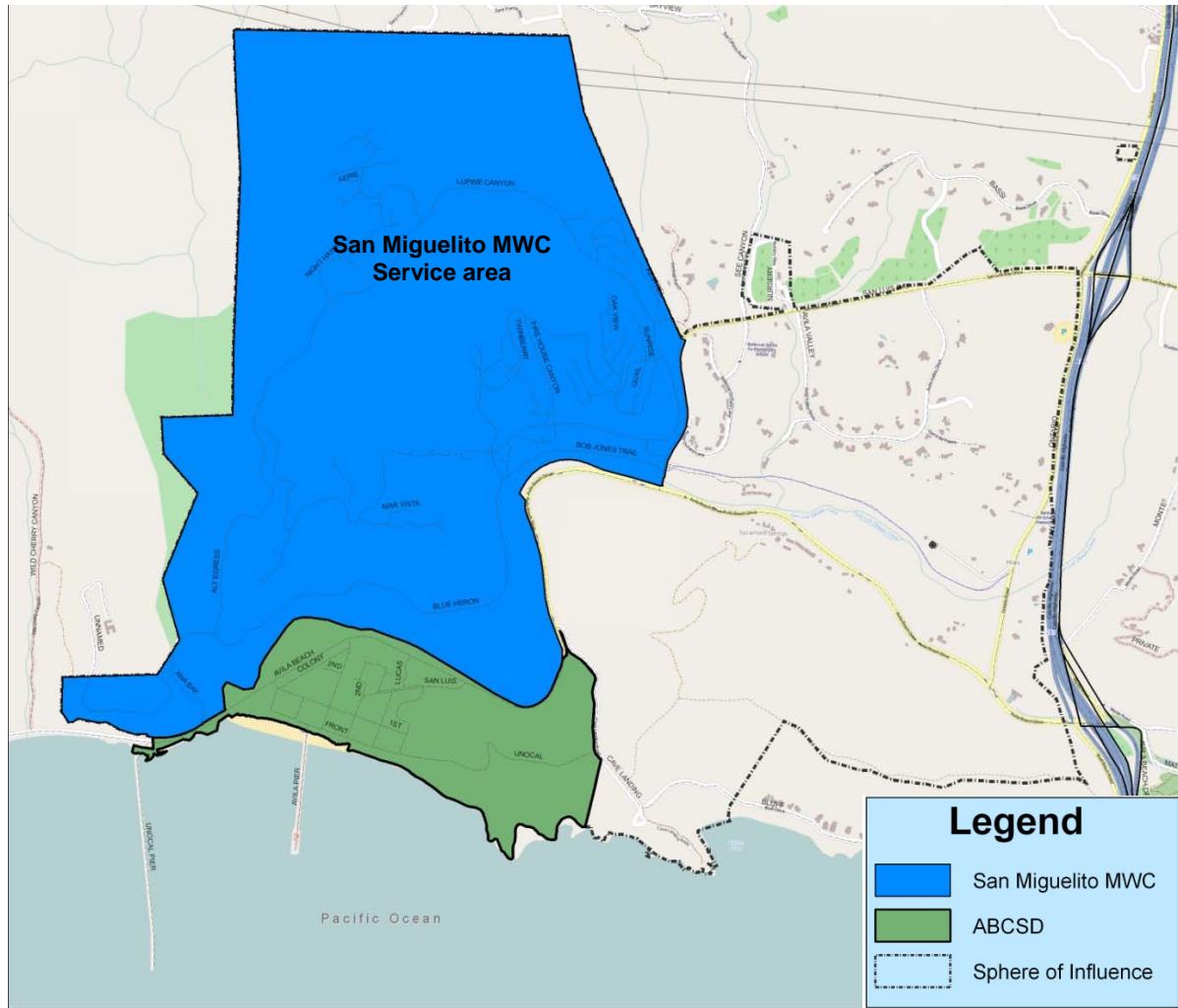


Figure 2-5

**Avila Beach Community Services District  
 Service Area & Sphere of Influence  
 Recommended 2014**

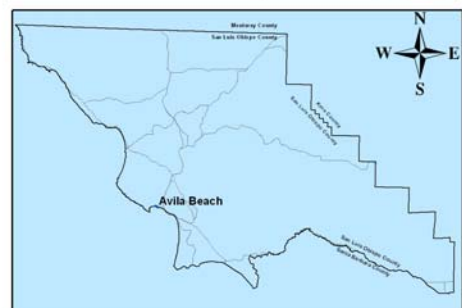


**Legend**

- Avila Beach CSD
- Avila Beach CSD SOI
- Roads



Prepared By SLOLAFCO  
 Name: Avila Beach\_SOI Bndy  
 Date: 1/9/2014





## **Cambria Community Services District**

The Moonstone Cove CSD (officially Cambria CSD) was formed originally in 1966 and expanded in 1976 following a reorganization that dissolved Cambria County Water District (formed in 1959), Cambria Fire Protection District (originally formed as the Hope Volunteer Fire formed in 1877 changed to Cambria Fire in 1933), Cambria Garbage Disposal District (formed in 1959), Cambria Lighting District (formed in 1959), and County Service Area No. 6 (which took over the lighting district in 1967).

The Cambria Community Services District provides water, sewer, solid waste, fire protection, street lighting, parks & recreation, transit, veterans' memorial administration. The CCSD water supply comes from groundwater resources of the shallow aquifers of the San Simeon and Santa Rosa creeks with the permitted production from the San Simeon wells to a maximum of 1,250 acre-feet per year from the State Water Resources Control Board. The various service districts have had several annexations with the CSD having four annexations since reorganization expanding the district boundaries by 450 acres. The information below is from the CCSD's website and provides an overview of the District:

### **OBJECTIVES**

In the delivery of services, we strive to provide our customers with a high degree of satisfaction. We are also committed to conserving and protecting Cambria's water and other precious resources. In addition, we endeavor to retain top level employees and create a rewarding work environment that enhances employee performance resulting in superior service to our customers.

### **SPECIAL DISTRICTS**

A special district is a very basic form of local government. There are approximately 2,300 independent special districts in California. When residents or landowners want new services or higher levels of existing services, they can form a special district to pay for and administer them. The Cambria Community Services District is primarily funded by utility fees augmented by a small amount of property tax revenue. Today, there are three independent special districts in Cambria: The Cambria Community Services District, the Cambria Healthcare District, and the Cambria Cemetery District.

### **ORGANIZATION**

The CCSD is comprised of five divisions: Executive, Administration, Fire and Safety, Utilities (Water and Wastewater), and Parks Recreation and Open Space.

- The Executive Division is under the direction of the General Manager, who supervises the activities of the other four divisions and reports to the CCSD Board of Directors.
- The Administrative Division includes accounts payable, accounts receivable, customer billing, finance, human resources, parks, recreation and open space, as well as all administrative functions.
- The Fire and Safety Division provides fire protection and prevention, emergency medical services, training, public education, and building inspections.

- The Utilities Division manages the services of the Water and Wastewater Departments.
- The Parks Recreations and Open Space Division includes upkeep and maintenance of Cambria as a whole, Fiscalini Ranch, Vets Hall and all CCSD owned properties.

**SERVICE AREA**

The CCSD encompasses close to 3,200 acres and five square miles. Currently, Cambria’s population is approximately 6,400 with a substantial tourist and secondary home population.

**Resource Management Summary.** The Resource Management System (RMS) provides information to guide decisions about balancing land development with the resources necessary to sustain such development. It focuses on, 1) Collecting data, 2) Identifying resource problems and 3) Recommending solutions. The County Biennial Resource Management System report characterizes Cambria as follows:

Per the County’s General Plan, Cambria is at about 48% of its buildout population of about 12,600. Based on the projections prepared by AECOM in 2011 buildout population is not expected to be reached for several decades.

Cambria Population Projections								
2000	2005	2010	2012	2015	2020	2025	2030	2035
6,230	6,125	6,020	6,051	6,096	6,175	6,251	6,328	6,408

Source: AECOM for SLOCOG, July 2011

**Water.** The average per capita demand for the District is 112 gpcd with a future target goal of 105 gpcd. Cambria’s water supply has been the subject of much study and evaluation. The County’s Resource Management System reports the following about the CCSD’s water supply:

Cambria is completely dependent on a limited groundwater supply from the San Simeon and Santa Rosa Groundwater Basins associated with its two well fields. Water is supplied by the Cambria CSD (CCSD). Sole reliance on groundwater in small coastal basins could leave the community vulnerable to drought and saltwater intrusion into the area’s aquifers. To maximize its utilization of local supplies while furthering future long-term reliability, the CCSD’s water planning calls for water conservation, use of recycled water for non-potable irrigation, a long-term water supply project, and water demand management.

The CCSD’s water conservation efforts included adoption of its 2010 Urban Water Management Plan with a year 2020 target goal of 105 gallons per capita per day, which calculated to a 5 percent reduction. The CCSD is also finalizing a subsequent conservation study with Maddaus Water Management to further expand upon its currently adopted conservation program. From this latest study, it is estimated that approximately 75 acre-feet per year (AFY) of conservation could be realized by year 2020 from adopting additional conservation measures, which would equate to a total of approximately 10 percent in water savings. The CCSD Board will be taking formal action to adopt recommendations from the MWM report as part of its February 28, 2013 meeting.

For its long-term water supply, the CCSD is working with the Army Corps of Engineers, which is in the process of completing an Environmental Impact Report/Environmental Impact Statement (EIR/EIS). Alternatives being analyzed include desalination of brackish water<sup>1</sup>, use of the Whale Rock Reservoir for seasonal storage, and new surface water storage on ranch land located north of San Simeon Creek Road. Completion of a public review draft of the project's EIR/EIS is estimated to occur during the spring of 2013.

The Resource Management System identified a Level of Severity III for Cambria's water supply and system due to seasonal supply shortage and storage capacity. Level III indicates that the demand for a resource, in this case water, equals or exceeds the supply. The District has been working on the water supply issue for a number of years and has also been improving the storage and delivery system.

The Resource Management System Annual Report recommended that the following actions be taken:

Based on the CCSD's reduced water production and its recent completion of updates to its water conservation program, the CCSD Board has requested that the Level of Severity for water supply be amended from LOS III to LOS I. In addition, the CCSD would like to approve a small number of intent-to-serve letters for new water service connections. This might be accomplished as part of a temporary "pilot program." In order for this to occur, the CCSD would still need to comply with the Local Coastal Program's Cambria communitywide planning area standard 4.B. in the North Coast Area Plan. This standard requires offsetting the demand from any new connections with water conservation. In addition, the CCSD moratorium would need to be addressed and the County's Growth Management Ordinance would need to be amended. However, no change to the RMS level of severity would be needed at this time.

In 2006 the voters in Cambria passed Measure P-06 that requires authorization from the voters before extension of water service is provided outside of the District boundaries as the boundary that exists at the enactment of the ordinance. CEQA review is also required as well as LAFCO approval for any outside user agreements.

In 2014 California has been faced with water shortfalls in one of the driest year in recorded state history, Governor Jerry Brown declared a drought state of emergency. The declaration called for a 20 percent reduction in water use. San Luis Obispo County was one of 27 counties in the state to be declared a natural disaster by the U.S. Department of Agriculture due to the drought. The communities of San Luis Obispo County each have made local efforts to conserve water and adopted conservation measures or made declaration to assist in water savings. The following summarizes the actions taken by Cambria CSD:

**Cambria CSD - Declared Stage III October 2013 - Stage III Conditions**

Lowers the maximum allowable use to two-units (two hundred cubic feet) per resident per month.

Stage 3 also prohibits outdoor irrigation watering and includes surcharges and fines for overuse.

**Sewer.** The Cambria Community Services District provides wastewater treatment and disposal services to residents in the Cambria area. The CCSD operates a one-million-gallon per day extended aeration activated sludge secondary facility in Cambria. The Annual Resource Summary Report prepared by the County indicates that the District is at about 60% capacity. The County report indicates that no level of severity exists for the District’s wastewater services.

**Annual Audit Report.** The District has submitted independent Audit Reports to the County Auditor pursuant to State Law. These reports have been reviewed by a qualified firm of Certified Public Accountants. The 2011 and 2012 reports have been reviewed for this analysis. The audits find that the District’s financial reports are presented consistent with accepted accounting principles. The District also adopts an Annual Budget and has a variety of accounting policies that are summarized in the audits. The District’s operations are funded by water and sewer charges. The District also receives property taxes, interest income, and grant income. These funds can be used for other non-operational activities such as capital improvements. The District also receives revenues from the franchise fees generated through the agreement with the garbage disposal company in the community.

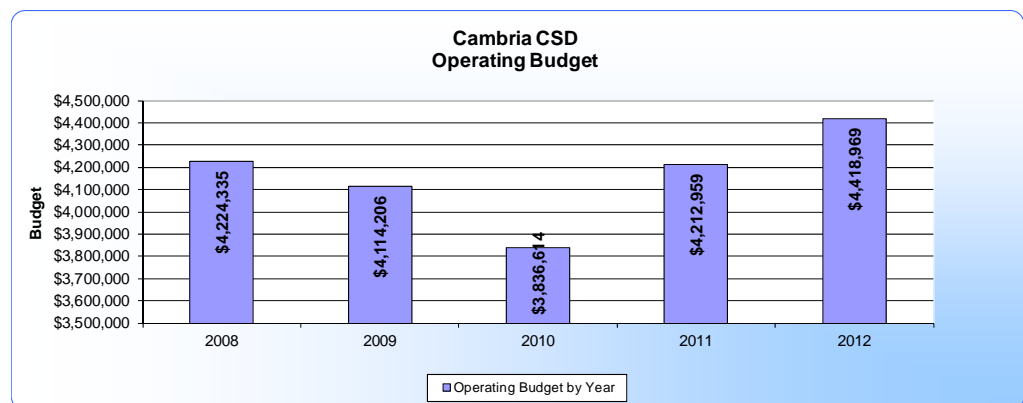
**Fiscal Trend Analysis.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, long-term debt, and fund balance for each year. The information was derived from the District’s fiscal documents for each year.

**Operating Budget Figure 2-6**

**Formula:**  
 Consolidated  
 Expenditures /  
 Fiscal year

**Trend Analysis:**  
 Monitor expenditures  
 over time.

**Source:**  
 Financial Statements:



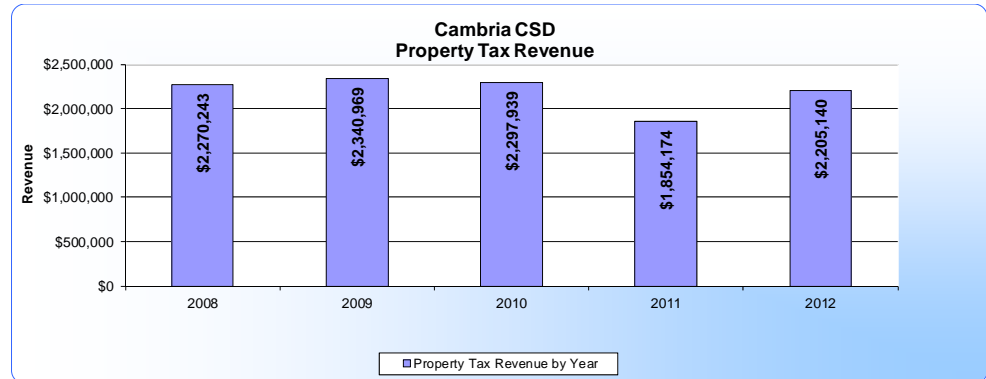
**Description:**  
 This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

### Property Tax Revenues Figure 2-7

**Formula:**  
 Property tax revenue /  
 Fiscal year

**Trend Analysis:**  
 Monitor property tax  
 revenues over time.

**Source:**  
 Annual Financial  
 Statements:



**Description:**

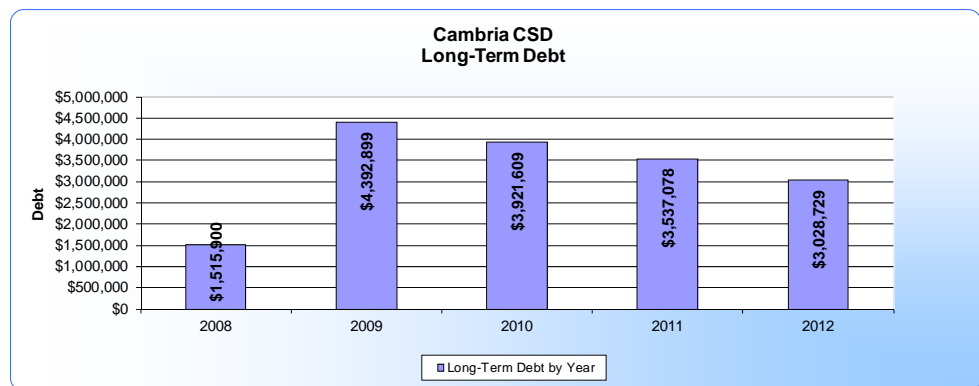
This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Long-Term Debt/Liabilities Figure 2-8

**Formula:**  
 Current liabilities / Net  
 operating revenues

**Trend Analysis:**  
 Monitor Long-term debt  
 at the end of the year as  
 a percentage of net  
 operating revenues over  
 time.

**Source:**  
 Statement of Net Assets



**Description:**

A major component of a jurisdictions liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate deficit spending problems.

The District conducts regular monthly Board of Director meetings that are open to the public and held on the fourth Thursday of the month at 12:30 P.M. at the Cambria Veterans' Hall, 1000 Main Street, Cambria, CA 93428.

### Changes in Fund Balance Figure 2-9

**Formula:**

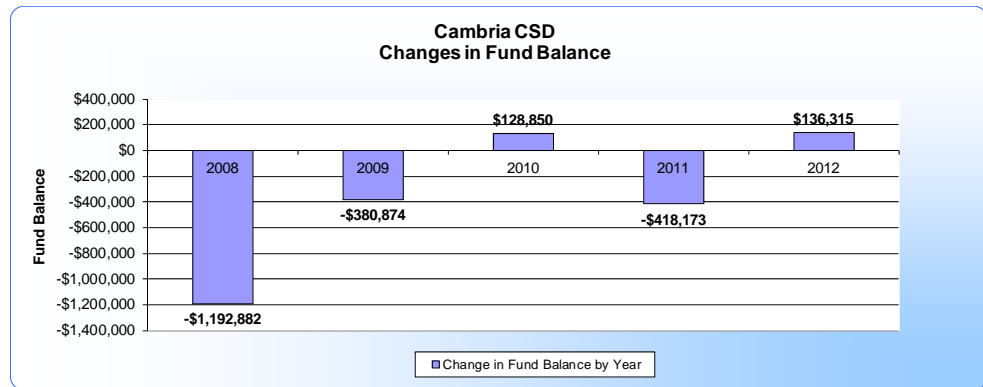
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**

Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**

Annual Financial Statements:



**Description:**

This indicator is especially important because a pattern of operating deficits of the general fund can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

According to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act, the following written determinations must be addressed when updating a Sphere of Influence:

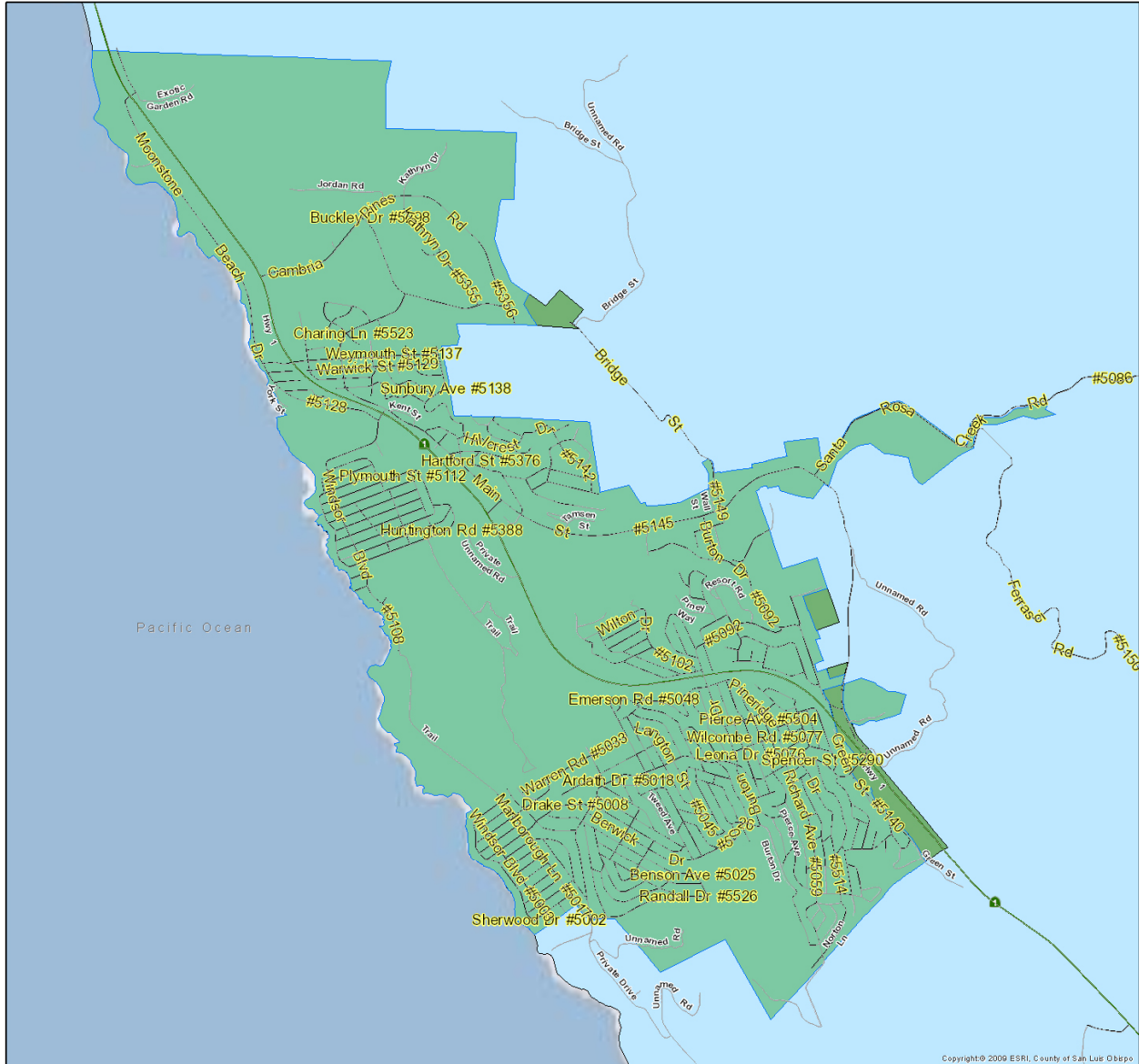
- The present and planned land uses in the area are expected to remain as designated in the General Plan-Residential and Commercial.
- The present and probable need for public facilities and services related to the CSD remain unchanged;
- The present capacity of the public facilities are adequate to provide services to existing residents;
- Social or economic communities of interest exist in the area that benefit from the district's services.
- Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities is not present at this time.

**Sphere of Influence.** In 1984, LAFCO adopted a sphere of influence for the district that included several small areas adjacent to the CSD to the east, and the Rancho Pacifica Development (known as the Fiscalini – East/West Ranch) comprising an island within the CSD. In 2007, LAFCO adopted the Sphere of Influence for the CCSD with a limited Municipal Services Review prepared for the district. The Commission directed a more comprehensive Municipal Service Review for the CCSD in 2008. In 2008, LAFCO re-adopted the sphere of influence for the district.

**SOI Recommendation.** The Sphere of Influence for the Cambria CSD remains unchanged as shown in Figure 2-10.

Figure 2-10

## Cambria Community Services District Service Area & Sphere of Influence Recommended 2014



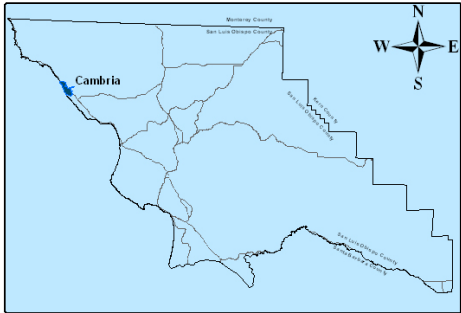
Copyright © 2009 ESRI, County of San Luis Obispo

### Legend

- Cambria CSD
- Cambria CSD SOI
- Roads



Prepared By SLOLAFCO  
 Name: Cambria\_SOI Bndy  
 Date: 1/9/2014



## **Los Osos Community Services District**

The South Bay area consists of the communities of Los Osos, Baywood Park, and Cuesta-by-the-Sea that's a portion of the original La Canada de Los Osos Rancho (translated the Valley of the Bears). The Los Osos Community Services District was formed by petition of the area residents in 1998 after failed attempts in 1979 and 1991. The formation replaced a portion of County Services Area No.9 originally established in 1973 which took over operation. CSA 9 continues to provide road and fire services to the outlying areas. Prior to CSA 9 the Baywood Park County Water District (formed in 1935) and South Bay Fire Protection District (formed in 1959) - and two county service areas - Nos. 3 (drainage formed in 1964) and No. 4 (street lights, drainage, and park and common grounds maintenance formed in 1964) had provided services in the area.

Los Osos CSD provides water, solid waste, street lighting, fire, parks/recreation, and storm drainage services. Additional water purveyors such as S&T Mutual and Golden State Water also provide water service within the District's boundary. The water supply comes from the local groundwater basin with an annual urban extraction of approximately 1,700 acre-ft per year, and a total estimated extraction of 2,600 acre-ft per year. The three water providers and the County have entered into an Interlocutory Stipulated Judgment (ISJ) as a result of a groundwater adjudication lawsuit filed by the District.

In 2006, LAFCO considered the dissolution of the Los Osos CSD but was denied in favor of keeping the CSD. The district has had no annexation or detachments since formation.

**Resource Management Summary.** The Resource Management System (RMS) provides information to guide decisions about balancing land development with the resources necessary to sustain such development. It focuses on, 1) Collecting data, 2) Identifying resource problems and 3) Recommending solutions. The County Biennial Resource Management System report characterizes Los Osos and the surrounding area as follows:

Los Osos is an unincorporated urban area located near Morro Bay. The community of Los Osos is experiencing a difficult water supply situation, as groundwater pumping of the lower portion of the Los Osos groundwater basin has led to seawater intrusion into the basin. This poses a threat to the community's potable water supply. Los Osos is also in need of a community sewer system. Construction is underway for a new wastewater project for a portion of the urban area.

Los Osos is at about 65% of its build out population of about 21,300 per the County General Plan. Based on the projections prepared by AECOM in 2011 buildout population is not expected to be reached for several decades.



Los Osos Population Projections								
2000	2005	2010	2012	2015	2020	2025	2030	2035
14,277	14,100	13,908	13,930	13,988	14,071	14,157	14,240	14,325

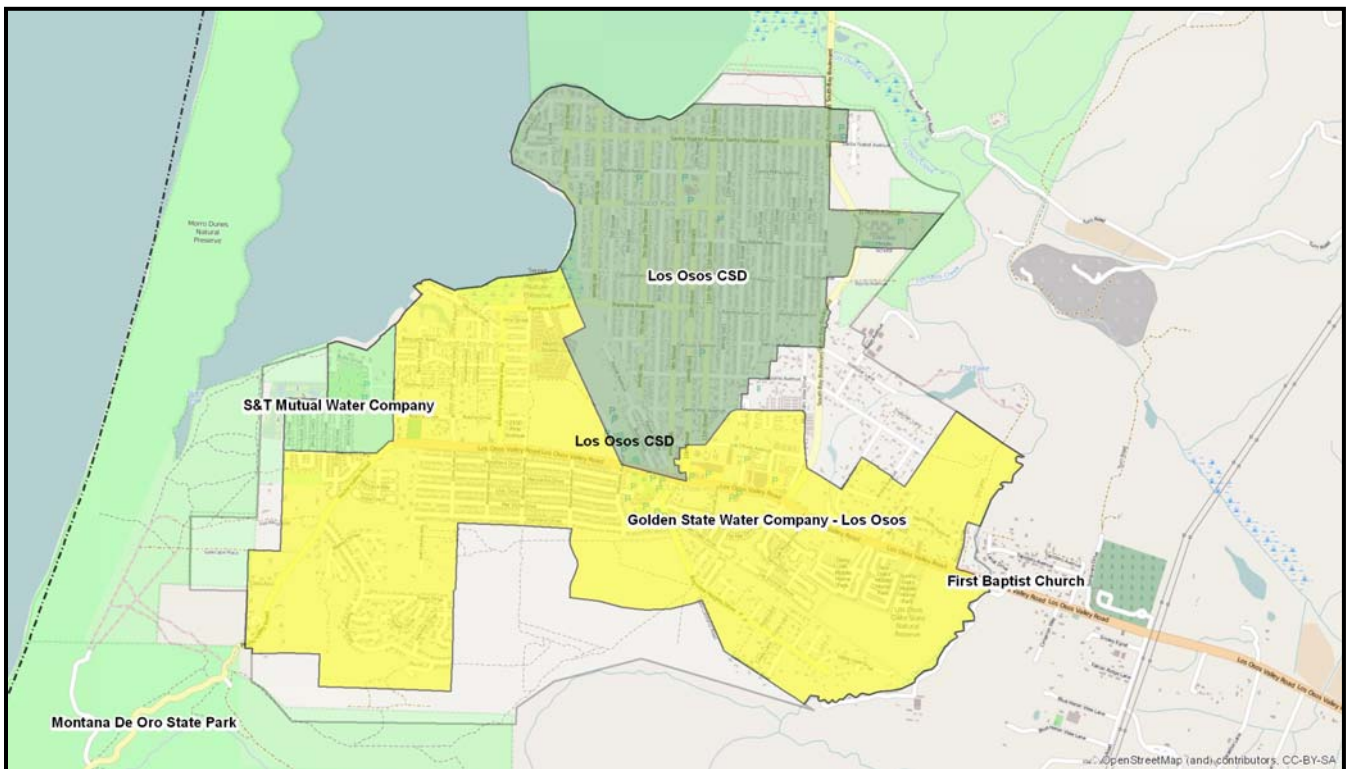
Source: AECOM for SLOCOG, July 2011

**Water.** The average per capita demand for the District is 91 gpcd. The District must plan water services to meet current demands, and to anticipate growth following the termination of the building moratorium in future years. In order to facilitate the goals of the District to provide a plan to meet the ultimate needs of the District’s service area customers, the District has implemented a water master plan and capital improvement program. The District’s Water Master Plan contains a section regarding growth and development:

The San Luis Obispo County General Plan has established boundaries between the urban areas and the suburban/rural areas through the use of the Urban Services Line (USL) and the Urban Reserve Line (URL). The USL is an interior boundary around the urban areas of the community. The following three water purveyors exist within the USL boundary:

- LOCSD (referred herein as the LOCSD water service area)
- Golden State Water Company; and
- S & T Mutual Water Company

Water Purveyors in Los Osos



The Resource Management System Annual Report recommended that the following actions be taken:

In 2007, the Board of Supervisors certified a LOS III for water supply for the Los Osos Valley Groundwater Basin. Subsequently, the County established water conservation ordinances applicable to new development and upon sale of existing buildings. Two water conservation ordinances are in effect. Title 8 of the County Code requires retrofitting of structures with water saving plumbing fixtures upon sale. Title 19 of the County Code requires new development to retrofit water fixtures in existing buildings in order to save twice the water that the new development will use. Other water conservation measures will be sponsored by the County as part of the community wastewater project or by the water providers as part of the Basin Management Plan (BMP).

Los Osos' three water providers and the County have entered into an Interlocutory Stipulated Judgment (ISJ) as a result of a groundwater adjudication lawsuit filed by the Los Osos CSD in February 2004. The ISJ requires the four parties to cooperate in assessing the state of the groundwater basin and to develop a Basin Management Plan (BMP). The Draft BMP was released in August 2013. The draft BMP includes a number of conservation measures, including outdoor measures and programs targeting properties outside of the prohibition zone. The BMP is also provides a detailed analysis of current indoor and total per capita use, as well as a quantification of commercial and institutional demand.

The ISJ Working Group continues to study and implement changes in pumping patterns to address seawater intrusion. Ongoing groundwater adjudication discussions will result in updated pumping estimates and other basin data. Safe yield in the lower aquifer is currently being exceeded, causing seawater intrusion in the lower aquifer.

Prepared as a requirement of Special Condition No. 5 of the Coastal Development Permit for the Los Osos Wastewater Project, the *Recycled Water Management Plan* (RWMP) was approved by the California Coastal Commission in May 2012. The RWMP includes a Recycled Water Reuse Program, Water Conservation Program, Monitoring Program and Reporting and Adaptive Management Program. The details of the RWMP, including plans for water reuse, conservation and monitoring, were developed in coordination with the ISJ Working Group and designed to be complimentary with the BMP.

A Water Conservation Implementation Plan was approved by the Board of Supervisors on October 23, 2012. This Water Conservation Implementation Plan outlines the actions to achieve the measures of the Water Conservation Program, which is part of the RWMP, described above. The conservation measures include a community retrofit that will ensure that high efficiency fixtures will be used for all indoor demand within the wastewater service area prior to connection to the wastewater project.

Project updates and associated documents are available for review at the Los Osos CSD website ([www.losososcsd.org](http://www.losososcsd.org)) and County Public Works website ([www.slocounty.ca.gov/pw/LOWWP.htm](http://www.slocounty.ca.gov/pw/LOWWP.htm)). As the BMP and RWMP are implemented, the existing Titles 8 and 19 requirements should be reviewed and modified as appropriate. It is expected that retrofitting opportunities for Title 19 compliance will diminish over time as the Water Conservation Implementation Plan proceeds. This will also have an effect

on the Title 8 retrofit, as all of the wastewater service area, where most of the retrofit opportunities exist, will have compliant toilets.

In 2014 California has been faced with water shortfalls in one of the driest year in recorded state history, Governor Jerry Brown declared a drought state of emergency. The declaration called for a 20 percent reduction in water use. San Luis Obispo County was one of 27 counties in the state to be declared a natural disaster by the U.S. Department of Agriculture due to the drought. The communities of San Luis Obispo County each have made local efforts to conserve water and adopted conservation measures or made declaration to assist in water savings. The following summarizes the actions taken by Los Osos CSD:

<b>Los Osos CSD</b> - under a building moratorium
---

**Wastewater.** Los Osos currently utilizes individual septic tanks for wastewater collection. The County began construction of the Los Osos Wastewater Collection System Project on August 13, 2012, with an anticipated completion date in early 2016. The project will provide wastewater collection, conveyance, treatment and recycled water reuse for Los Osos. The project is a key effort toward reducing groundwater pollution and helping to solve the water supply problem in Los Osos.

The system includes nine primary pump stations, 12 pocket pump stations, pump station wet wells, 220,000 feet of gravity sewer and force main, 588 manholes, fiber optic conduit, 35,000 feet of recycled water distribution mains and 4,710 lateral connections. Individual lateral connections to the sewer main will be required in 2015, after completion of the wastewater project facilities.

**Annual Audit Report.** The District has submitted independent Audit Reports to the County Auditor pursuant to State Law. These reports have been reviewed by a qualified firm of Certified Public Accountants. The 2011 and 2012 reports have been reviewed for this analysis. The audits find that the District's financial reports are presented consistent with accepted accounting principles. The District also adopts an Annual Budget and has a variety of accounting policies that are summarized in the audits. The District's operations are funded by water and sewer charges. The District also receives property taxes, interest income, and grant income. These funds can be used for other non-operational activities such as capital improvements. The District also receives revenues from the franchise fees generated through the agreement with the garbage disposal company in the community.

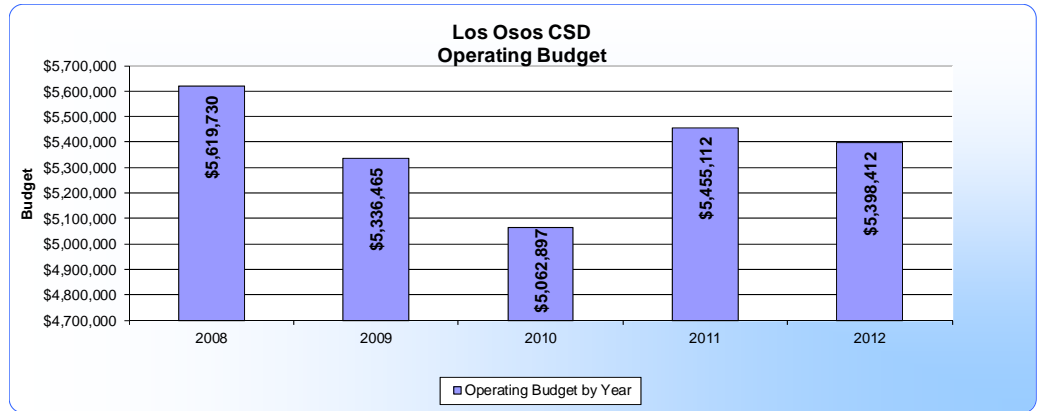
**Fiscal Trend Analysis.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, long-term debt, and fund balance for each year. The information was derived from the District's fiscal documents for each year.

### Operating Budget Figure 2-11

**Formula:**  
 Consolidated Expenditures / Fiscal year

**Trend Analysis:**  
 Monitor expenditures over time.

**Source:**  
 Financial Statements:



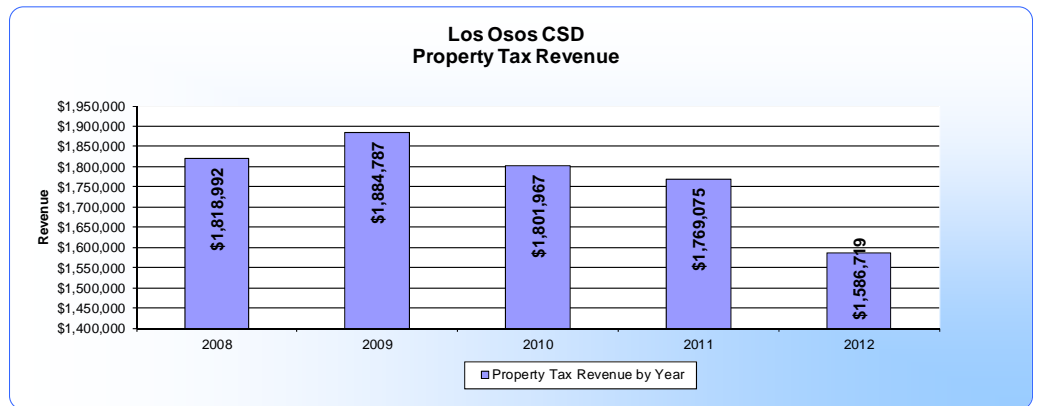
**Description:**  
 This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

### Property Tax Revenues Figure 2-12

**Formula:**  
 Property tax revenue / Fiscal year

**Trend Analysis:**  
 Monitor property tax revenues over time.

**Source:**  
 Annual Financial Statements:



**Description:**  
 This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

### Long-Term Debt/Liabilities Figure 2-13

**Formula:**

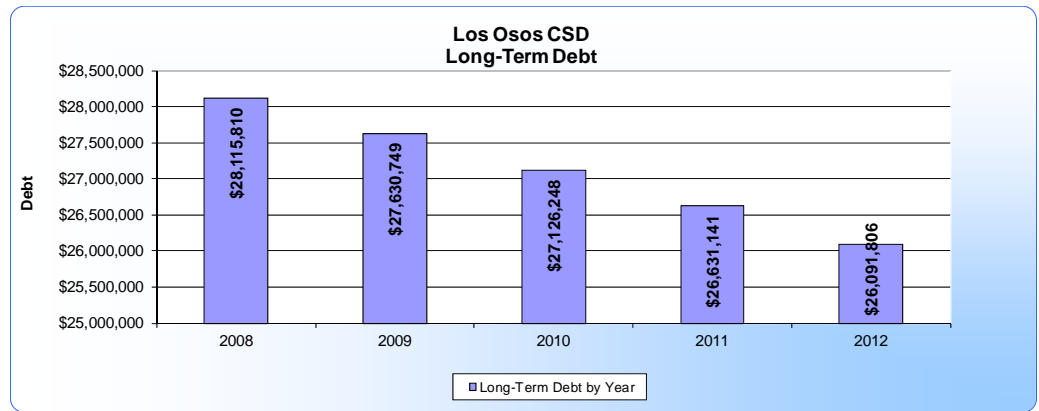
Current liabilities / Net operating revenues

**Trend Analysis:**

Monitor Long-term debt at the end of the year as a percentage of net operating revenues over time.

**Source:**

Statement of Net Assets



**Description:**

A major component of a jurisdiction's liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate deficit spending problems.

### Changes in Fund Balance Figure 2-14

**Formula:**

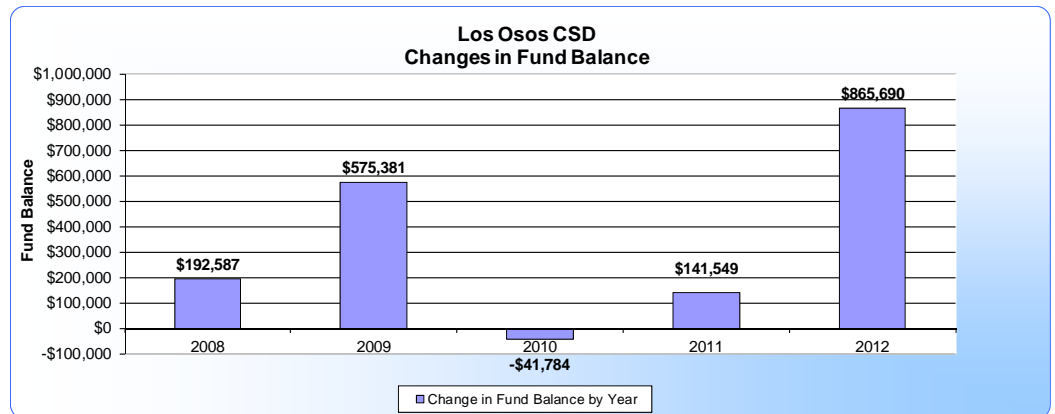
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**

Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**

Annual Financial Statements:



**Description:**

This indicator is especially important because a pattern of operating deficits of the general fund can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

The District conducts regular monthly Board of Director meetings that are open to the public and held on the First Thursday of the month at 7:00 P.M. at the South Bay Community Center 2180 Palisades, Los Osos, CA 93412.

According to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act, the following written determinations must be addressed when updating a Sphere of Influence:

- The present and planned land uses in the area are expected to remain Residential and Commercial as designated in the General Plan;

- The present and probable need for public facilities and services related to the CSD remain unchanged; however, when the sewer project is completed the building moratorium may be lifted depending on the status of the updated Community Plan, Habitat Conservation Plan, and water supply availability, and the need for public services would be increased;
- The present capacity of the public facilities are adequate to provide services to the existing residents;
- Social or economic communities of interest that exist in the area benefit from the District's services because these services allow the Community to function and grow as is deemed appropriate through the County's General Plan and other policies.
- Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities is not present at this time.

**Sphere of Influence.** Upon formation the district's sphere of influence included a few smaller parcels along the eastern edge. In 2007 LAFCO re-adopted the sphere of influence for the district.

**Recommendation.** The Sphere of Influence for the Los Osos CSD remains unchanged as shown in Figure 2-15.

Figure 2-15

## Los Osos Community Services District Service Area & Sphere of Influence Recommended 2014

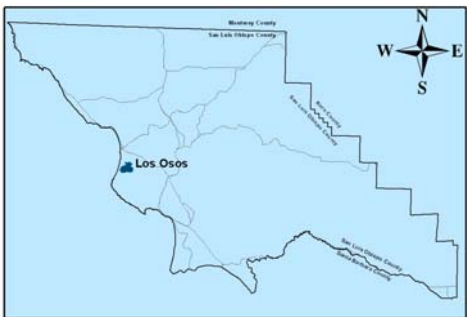


### Legend

- Los Osos CSD
- Los Osos CSD SOI
- Roads



Prepared By SLOLAFCO  
 Name: Los Osos\_SOI Bndy  
 Date: 1/9/2014



## **San Simeon Community Services District**

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

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

The permanent population at San Simeon Acres is limited, as very little year-round residential development has occurred. Anticipated future growth would be in multiple family units to provide second homes or retirement units, or to serve those who work in the local businesses. Economic development is oriented to tourism/recreation. Motels, restaurants and specialty retail shops serving visitors to the central coast have been developed. Continued economic growth of this type is anticipated in accordance with increasing visitor demand. Expansion of attractions that would keep visitors in the Central Coast area for longer periods of time would substantially benefit the area.

**Resource Management Summary.** The Resource Management System (RMS) provides information to guide decisions about balancing land development with the resources necessary to sustain such development. It focuses on, 1) Collecting data, 2) Identifying resource problems and 3) Recommending solutions. The County Biennial Resource Management System report characterizes San Simeon as follows:

San Simeon is at about 38% of its population of about 1,200 per the County General Plan. Based on the projections prepared by AECOM in 2011 buildout population is not expected to be reached for several decades.

San Simeon Population Projections								
2000	2005	2010	2012	2015	2020	2025	2030	2035
639	550	450	451	452	458	461	466	468

Source: AECOM for SLOCOG, July 2011

**Water.** The average gross per capita demand for the District is 388 gpcd. The San Simeon Community Services District provides water services to this area from two wells located along Pico Creek. Total production capability is over 200 acre-feet per year. The



capacity of storage facilities and peak periods of use must be monitored to insure a continuous water supply.

The CSD provides water to 209 connections from two wells located near Pico Creek. As of May 1982, the District was using 125 acre-feet of an allotted 140 acre-feet, or 89 percent of capacity. The safe yield of the Pico Creek groundwater basin is estimated to be about 90 acre-feet per year. Long-term water supply depends upon locating new sources of water. The SSCSD has studied the feasibility of supplemental water supplies, including desalination, surface storage, wastewater reclamation and a cooperative agreement with the Cambria CSD. Securing additional water supplies for this isolated coastal community remains problematic. The water system has been at a LOS III since 2002 due to ongoing issues with the community's wells in Pico Creek.

The District has received final approval for the use of recycled water from the district's recycled water equipment. The district is allowed to distribute recycled water per Ordinance 112. Ordinance 112 allows the current recycled water produced from the San Simeon Wastewater Treatment Plant to be used by customers within the service area. Per State requirements recycled water users will need to be trained by District staff for proper use of the non-potable water supply.

In 2014 California has been faced with water shortfalls in one of the driest years in recorded state history, Governor Jerry Brown declared a drought state of emergency. The declaration called for a 20 percent reduction in water use. San Luis Obispo County was one of 27 counties in the state to be declared a natural disaster by the U.S. Department of Agriculture due to the drought. The communities of San Luis Obispo County each have made local efforts to conserve water and adopted conservation measures or made declaration to assist in water savings. The following summarizes the actions taken by San Simeon CSD:

**San Simeon CSD - Declared Stage II July 2013 - Stage II Conditions**

1. All outdoor irrigation of vegetation with potable SSCSD water shall be prohibited.
2. The use of SSCSD water for the filling, refilling or adding of water to swimming pools, wading pools, ornamental fountains, or spas shall be limited to the amount necessary to keep the pool or fountain equipment operative and to refill for evaporative losses.
3. Restaurants are prohibited from serving SSCSD water to their customers except when specifically requested by the customer.

**Sewer.** Based on the projected increase in residential units and tourist facilities and a corresponding increase in sewage flow from the Hearst Castle Visitors' Center, it is estimated that average dry-weather flow at buildout would equal or exceed the current capacity of the treatment plant. An increase in the rate of flow per capita or per motel room could result in peak flows 25 percent higher than the plant's capacity. To handle these peak flows, expansion will be necessary. With modifications and upgrades, the current system could handle 400,000 gpd. The buildout flow could be accommodated by a plant of this size. If a larger plant should be needed in the future, the Master Water and Sewerage Plan identifies two alternatives: first, 1) a new plant designed to serve

San Simeon Acres (within the Village Reserve Line); and, 2) joint use and expansion of the Cambria wastewater treatment plant. Final sizing of plant expansion should be limited to that needed to serve San Simeon Acres, Hearst Castle, and Department of Parks and Recreation staging area facilities.

**Fire Protection.** Fire protection in San Simeon Acres is provided through a contract with CalFire in Cambria. Equipment is maintained at the California State Department of Forestry CalFire Station in Cambria. San Simeon CSD does not provide fire services and this is a latent power of the District.

**Future Growth.** The following is an excerpt from the County's North Coast Area Plan characterizing the land use and potential for future growth within the San Simeon Acres Village reserve line. The General Plan does not envision intensified land uses in the areas surrounding San Simeon Acres:

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

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

**Commercial Retail.** Commercial development in San Simeon Acres is oriented to the traveling public using Highway 1 in visiting the central coast. The village provides the nearest accommodations for the more than 950,000 persons that visit Hearst San Simeon Historical Monument annually. Frontage roads to the east and west of Highway 1 provide access to the commercial areas. Peak visiting periods occur in the summer months; however, visitor use throughout the year is expected to increase.

In-filling on the vacant lots located on the immediate frontage will occur as demand continues to grow. Of concern to the appropriate development of San Simeon Acres is the present proliferation of signs. Future development should use single sign advertising. Mixed architectural styles are also quite evident. Landscaping the highway frontage with trees and shrubs would provide an attractive unifying element to the area.

**Public Facilities.** The only public use in San Simeon Acres is the existing sewage treatment plant. No additional public facilities are anticipated.

The District operates a sewage treatment plant located on the ocean front at the dead-end of Balboa Avenue. The plant has a capacity of 200,000 gallons per day of which 25,000 gallons capacity is earmarked to serve Hearst San Simeon State Historical Monument. As of February 1985, the system was operating at 66 percent capacity. The CSD expanded its system with a new 50,000 gallon treatment basin.

Fire protection is provided by an all-volunteer company operated and dispatched by California Department of Forestry from its station in Cambria. Recent developments of commercial uses in the area are creating adverse cumulative impact on the ability of CDF and the volunteers to provide adequate protection.

The CSD maintains approximately 1-1/2 miles of local roadways, within its service area.

**Annual Audit Report.** The District has submitted independent Audit Reports to the County Auditor pursuant to State Law. These reports have been reviewed by a qualified firm of Certified Public Accountants. The 2011 and 2012 reports have been reviewed for this analysis. The audits find that the District's financial reports are presented consistent with accepted accounting principles. The District also adopts an Annual Budget and has a variety of accounting policies that are summarized in the audits. The District's operations are funded by water and sewer charges. The District also receives property taxes, interest income, and grant income. These funds can be used for other non-operational activities such as capital improvements.

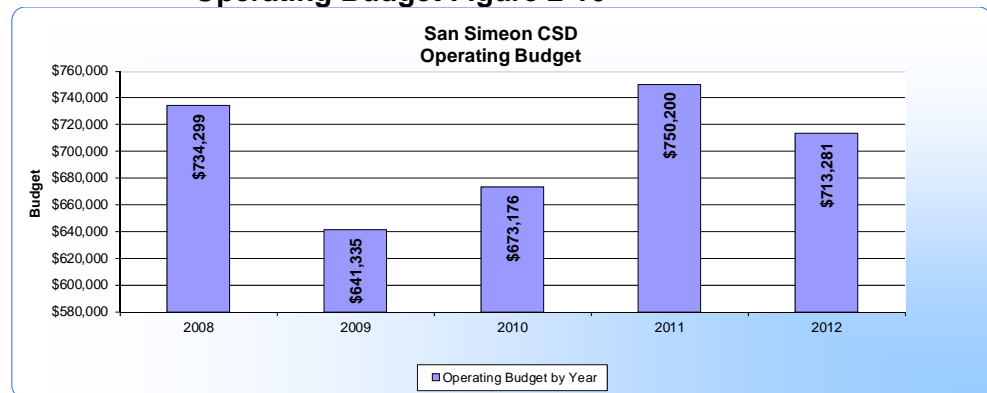
**Fiscal Trend Analysis.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, and fund balance for each year. The information was derived from the District's fiscal documents for each year.

**Operating Budget Figure 2-16**

**Formula:**  
Consolidated  
Expenditures /  
Fiscal year

**Trend Analysis:**  
Monitor expenditures  
over time.

**Source:**  
Financial Statements:



**Description:**

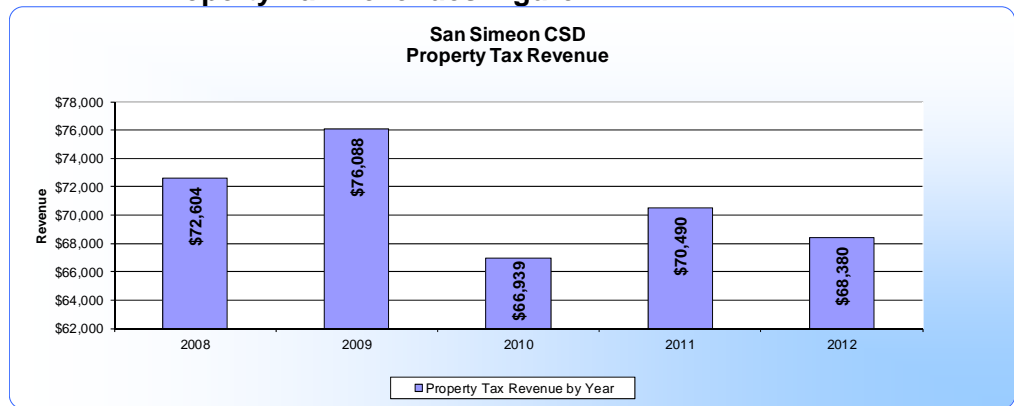
This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

**Property Tax Revenues Figure 2-17**

**Formula:**  
 Property tax revenue /  
 Fiscal year

**Trend Analysis:**  
 Monitor property tax  
 revenues over time.

**Source:**  
 Annual Financial  
 Statements:



**Description:**

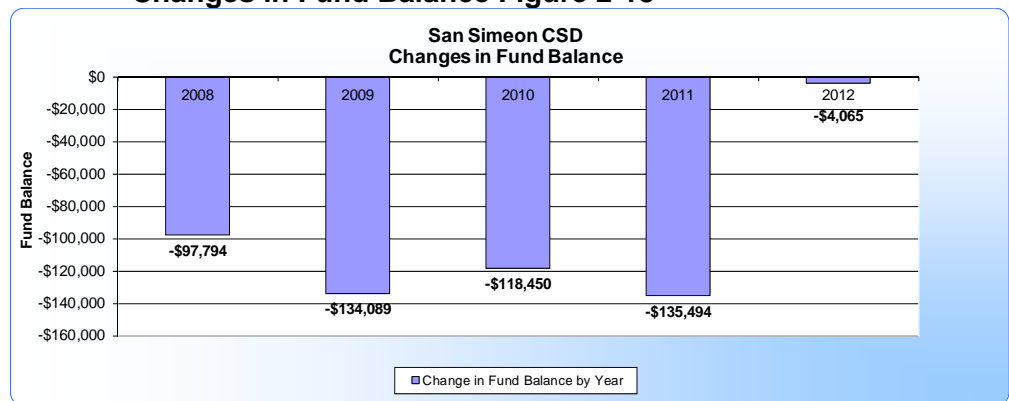
This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

**Changes in Fund Balance Figure 2-18**

**Formula:**  
 General fund operating  
 deficit or surplus / Fund  
 operating revenue

**Trend Analysis:**  
 Monitor general fund  
 operating deficit or  
 surplus as a percentage  
 of net operating  
 revenues.

**Source:**  
 Annual Financial  
 Statements:



**Description:**

This indicator is especially important because a pattern of operating deficits of the general fund can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

The District conducts regular monthly Board of Director meetings that are open to the public and held on the second Wednesday of the month at 6:00 P.M. at the Cavalier Banquet Room, 250 San Simeon Avenue, San Simeon, CA 93452.

According to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act, the following written determinations must be addressed when updating a Sphere of Influence:

- The present and planned land uses in the area are expected to remain Residential and Commercial as designated in the General Plan;
- The present and probable need for public facilities and services related to the CSD remain unchanged;

- The present capacity of the public facilities are adequate to provide services to the existing residents;
- Social or economic communities of interest that exist in the area benefit from the District's services because these services allow the Community to function and grow as is deemed appropriate through the County's General Plan and other policies.
- Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities is not present at this time.

**Sphere of Influence.** In 1982 LAFCO adopted a sphere of influence for the district coterminous with the existing CSD boundaries with the exception of a small area north of the district. In 2007 LAFCO adopted to maintain a coterminous Sphere of Influence. The small area to the north was determined to be within the district service area.

**Recommendation.** The Sphere of Influence for the San Simeon CSD remains unchanged as shown in Figure 2-19.

**Figure 2-19**

**San Simeon Community Services District  
 Service Area & Sphere of Influence  
 Recommended 2014**

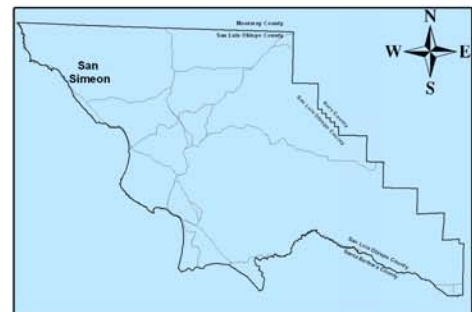


**Legend**

- San Simeon CSD
- San Simeon CSD SOI (Same as Service Area)
- Roads



Prepared By SLOLAFCO  
 Name: San Simeon\_SOI Bndy  
 Date: 1/9/2014



## **Cambria Community Healthcare District**

The Cambria Healthcare District was formed by petition as the Cambria Community Hospital District in 1947 pursuant to the Health and Safety code of the State of California. The name was changed in 1994 and added the Crisis Intervention Team. The District operates an advance support ambulance service, maintains a volunteer crisis intervention team, owns a professional medical building used by medical professionals to provide services the community and provides community healthcare education, at no time has the district operated a hospital. The normal response zone is an 810 square mile area extending from north Cayucos (Villa Creek) to the Monterey/San Luis Obispo County line. The zone extends inland approximately 15 miles, following the Santa Lucia Mountain range. The District also maintains a contract to provide services into the south coastal zone of Monterey County, which includes a coastal area extending up to the community of Pacific Valley. The District has also responded as far south as Morro Bay and participates in a county-wide move up and cover system, which means that when other ambulance response zones are busy, the district ambulance crew may be called to help cover the area. The District provides ambulance service for a large area which includes the following communities and areas:

- Cambria
- Harmony
- San Simeon
- Outlying areas north to the Monterey County Line
- Monterey County Coast Zone (agreement with Monterey County)

**Annual Audit Report.** The District has submitted independent Audit Reports to the County Auditor pursuant to State Law. These reports have been reviewed by a qualified firm of Certified Public Accountants. The 2011 and 2012 reports have been reviewed for this analysis. The audits find that the District's finances are presented consistent with accepted accounting principals. The District also adopts an Annual Budget and has a variety of accounting policies. The District is funded by property taxes, charges from customers and users, and grants received.

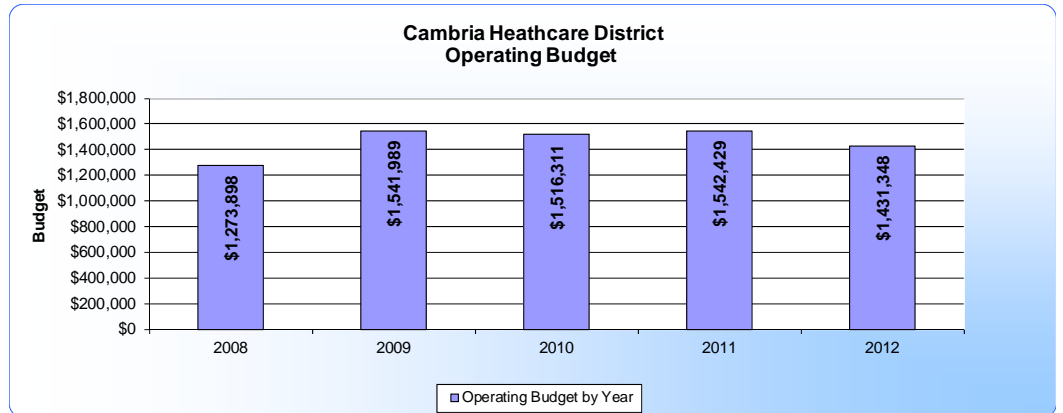
**Fiscal Trend Analysis.** The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that represents an early warning system for an agencies fiscal health. The key indicators are overall operating budget, property tax revenues, long-term debt, and fund balance for each year. The information was derived from the District's fiscal documents for each year.

### Operating Budget Figure 2-20

**Formula:**  
 Consolidated  
 Expenditures /  
 Fiscal year

**Trend Analysis:**  
 Monitor expenditures  
 over time.

**Source:**  
 Financial Statements:



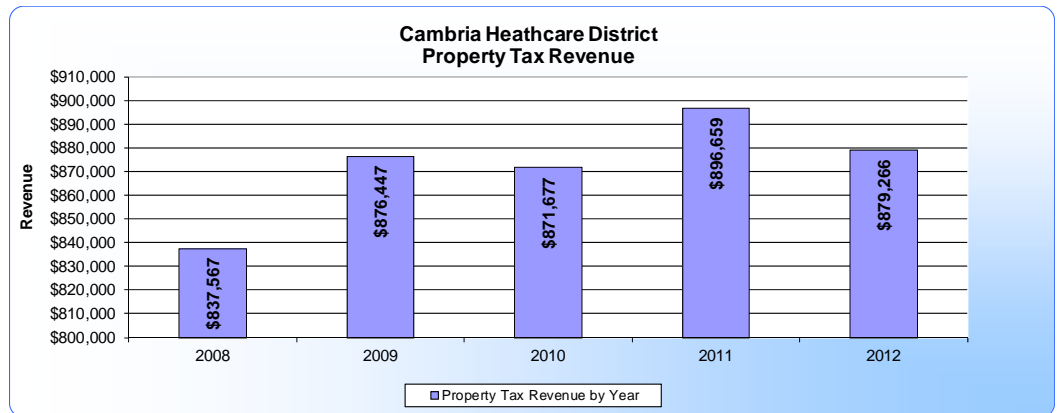
**Description:**  
 This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

### Property Tax Revenues Figure 2-21

**Formula:**  
 Property tax revenue /  
 Fiscal year

**Trend Analysis:**  
 Monitor property tax  
 revenues over time.

**Source:**  
 Annual Financial  
 Statements:



**Description:**  
 This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.



### Long-Term Debt/Liabilities Figure 2-22

**Formula:**

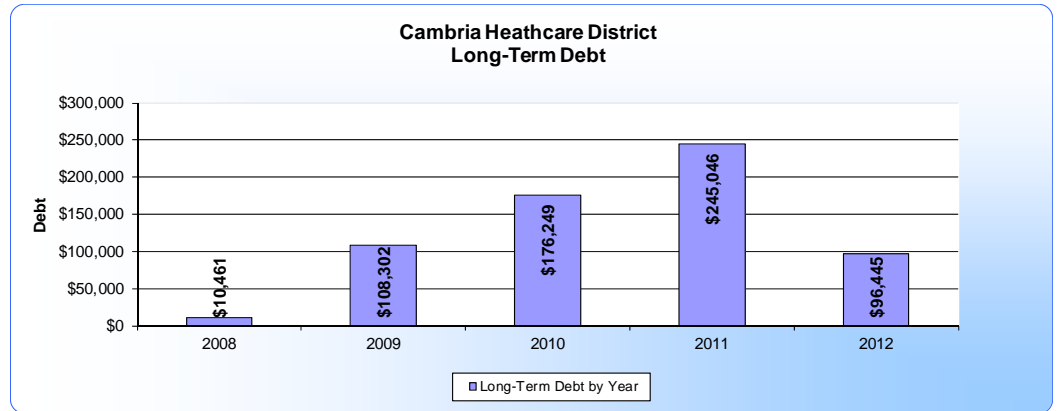
Current liabilities / Net operating revenues

**Trend Analysis:**

Monitor Long-term debt at the end of the year as a percentage of net operating revenues over time.

**Source:**

Statement of Net Assets



**Description:**

A major component of a jurisdictions liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate deficit spending problems.

### Changes in Fund Balance Figure 2-23

**Formula:**

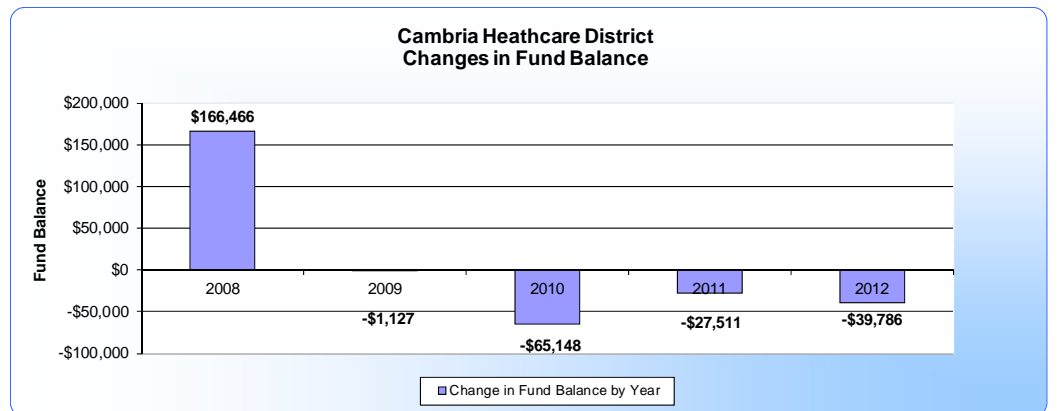
General fund operating deficit or surplus / Fund operating revenue

**Trend Analysis:**

Monitor general fund operating deficit or surplus as a percentage of net operating revenues.

**Source:**

Annual Financial Statements:



**Description:**

This indicator is especially important because a pattern of operating deficits of the general fund can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

The District's website shows the following programs that are intended to assist the public in the provision of basic first aid and other life-saving training/assistance.

**Courses**

- Cardio-Pulmonary Resuscitation (CPR)
- Automatic External Defibrillator (AED)
- Basic First Aid and Safety
- Call 927-8081 or 927-8304 for current class information

### **Programs**

- "Every 15 Minutes" High School Anti-Drinking/Driving Program
- Regional Disaster Drill participation
- Community Emergency Response Team (CERT) development
- Local school visitation and ambulance demonstrations.
- Emergency Medical Services (EMS) Appreciation Day participation and sponsorship
- Coast Union High School Football standby, as well as other athletic events as requested.
- Special Event standby and assistance, such as the annual Pinedorado Celebration and the Fourth of July Fireworks.
- House numbering project
- CPR and Basic First Aid class taught annually to Junior High Students

### **Community Blood Pressure Checks**

- Available each day from 9:00 A.M. to 5:00 P.M. at the ambulance station, 2535 Main Street, Cambria.
- Personnel provide machine or manual blood pressures, and provide a wallet size card for tracking.

These programs and courses are offered by the District at various times throughout the year. The following discussion is copied from the District's Website and describes its Ambulance Services:

**SERVICE AREA** - The normal response zone is an 810 square mile area extending from north Cayucos (Villa Creek) and all the way to the Monterey/San Luis Obispo County line. The zone extends inland approximately 15 miles, following the Santa Lucia Mountain range. The District also maintains a contract to provide services into the south coastal zone of Monterey County, which includes a coastal area extending up to the community of Pacific Valley. The District also participates in a county-wide move up and cover system, which means that when other ambulance response zones are busy, our ambulance crew may be called to help cover their area. This response area may also be covered, when our units are busy, by other ambulances. The response zone can be described as rural with two principle communities, Cambria and San Simeon. The area is intersected by scenic State Highway 1 (north -south) and State Highway 46 (west - east). The combined population of Cambria - San Simeon is approximately 5,000. During the summer months the population increases dramatically with the influx of tourists to the area. Hearst Castle, one of California's most popular tourist attractions, is located east of San Simeon.

**LEVEL OF SERVICE** - All permanent EMS personnel are trained at the EMT-P level or EMT-I level. Certification for EMT'I is administered through the county's Emergency Medical Services Agency, Inc., (EMSA), which also provides continuing education services for all personnel within San Luis Obispo County. All Paramedics receive licensure through the State of California along with local accreditation with the EMSA. The back-up staff of the district are primarily Emergency Medical Technicians with at least four Paramedics. There are four ambulances that are similarly equipped with up-to-date advanced life support equipment and are maintained in a ready to respond state. Our first unit is a 2002 Ford Van Type II, the second unit is a 2000 Ford Van Type II and

we have 2 2008 Dodge Sprinter units. The District also operates a 1999 Ford Expedition as a supervisory/command vehicle.

**COMMUNICATIONS** - All primary radio dispatches are handled through the San Luis Obispo County's Sheriff Department command center and is known as Med Com (Medical Communications). All secondary communications are handled through the District's VHF repeater/phone patch computer located south of Cambria. In addition to the above, both units are able to communicate with County Fire Dispatch center as well as local fire units. In the north coast area, this District works with four fire agencies: Cambria Fire Department, California Dept. of Forestry/SLO County Fire, and U.S. Forest Service, and three law enforcement agencies: Sheriff's Office, California Highway Patrol, and State Park Rangers. On occasion this agency will work in conjunction with CHP Air Operations (H-70 Helicopter), Cal-Star Helicopter, and U.S. Coast Guard helicopter for patient transport and search & rescue operations.

**GENERAL OPERATIONS** - This agency responds to a vast variety of calls, including such events as: medical and trauma transports, traffic accidents, long distance transports, public assists, stand-by coverage and public relation events (e.g. first aid & CPR classes, classroom demonstrations etc.). Some of the trauma calls and traffic accidents will involve extensive rescue and/or extrication operations. During the slower winter months the average number of incidents might be around 30 to 40 per month whereas during the busier summer months the average may exceed 110 incidents. Ongoing training is emphasized for all personnel, including seminar attendance, continuing education classes and specialized exposure, e.g. cliff rescue, vehicle extrication etc. In-service training is provided both during on shift time as well as during monthly crew meetings. District personnel will also attend disaster drills in order to become prepared for mass casualty incidents and triage.

A principle emphasis regarding the operations of the emergency services involves the long transport times to the nearest hospitals, which at a minimum can take up to 25 minutes. Transports originating in Monterey County on Highway 1 can take as long as an hour and a half before arriving at a base station facility. Special training and equipment are utilized in regards to these long transports.

**PERSONNEL/SCHEDULE** - A normal tour of duty for full-time EMS personnel is two, 24 hour days followed by four days off. Backup personnel are paid for a full 24 hour period when working relief shifts. Each full-time employee is receives the following:

- 100% paid medical/dental insurance for employee / 80% dependents.
- 3% at 50, California Public Employee Retirement System.
- Paid vacation and sick leave.
- Compensatory Time Off accumulation (overtime).
- Graduated step increase pay scale.
- Annual cost of living pay increase.

**HIRING POLICIES** - Open vacancies are filled through the establishment of a one year hiring list. This list is formulated prior to the vacancy by means of an application acceptance period followed by a written test, practical skills demonstration and an oral interview. Applicants are then assigned a numerical ranking with the top position receiving authorization to obtain District a paid physical/medical examination. The finalized number one applicant is then offered the position. Subsequent vacancies within

the year are offered to the next applicant in established order. All new employees are subject to an initial one year probationary period.

According to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act, the following written determinations must be addressed when updating a Sphere of Influence:

- The present and planned land uses in the area are expected to remain as designated in the General Plan;
- The present and probable need for public facilities and services related to the District remain unchanged;
- The District has the present capacity to provide adequate services to the area it serves;
- Social or economic communities of interest that exist in the area and benefit from the District's services because these services allow the Community to function and grow as is deemed appropriate through the County's General Plan.
- Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities is not present at this time.

**Sphere of Influence.** In 1984 LAFCO adopted a sphere of service and sphere of influence for the Cambria Community Hospital District that was coterminous with the district service boundary. In 2007 LAFCO re-adopted the coterminous sphere of influence for the Cambria Healthcare District.

**Recommendation.** The Sphere of Influence for the Cambria Healthcare District remains unchanged as shown in Figure 2-24.

Figure 2-24

## Cambria Community Healthcare District Service Area & Sphere of Influence Recommended 2014

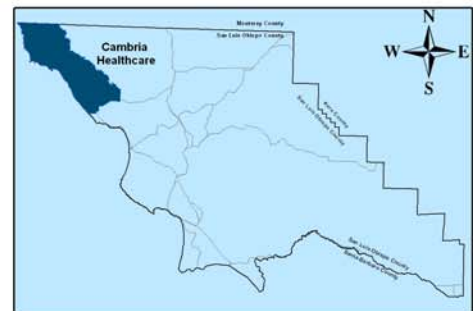


**Legend**

- Cambria Healthcare
- Sphere of Influence  
(Same as Service Area)
- Roads



Prepared By SLOLAFCO  
 Name: Cambria Healthcare\_SOI Bndy  
 Date: 1/14/2014



# SAN LUIS OBISPO SPECIAL DISTRICTS

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## Chapter 3 – Municipal Service Review

This Municipal Service Review (MSR) is conducted in regard to the Coastal CSDs and Cambria Healthcare District listed below. These Districts are managed by the independent Boards of Directors. Each District is responsible for the direct oversight and management of its organization and uses a variety of resources in administering the District, including financial management systems, capital project implementation, and customer service staff. This enables each Board of Directors to effectively manage the Districts serving the various communities and areas. The table below lists the Districts and the services that are provided:

**Table 3-1: Summary of Special Districts**

Special District	Active Powers
Avila Beach Community Services District	Water, Sewer, Solid Waste, Street Lighting, and Fire Protection
Cambria Community Services District	Water, Sewer, Solid Waste, Fire Protection, Street Lighting, Parks and Recreation, Transit, and Veterans Memorial
Los Osos Community Services District	Water, Sewer, Street Lighting, Fire Protection, Storm drainage, Parks and Recreation, Solid Waste
San Simeon Community Services District	Road Maintenance, Water, Sewer and Street Lighting
Cambria Healthcare District	Ambulance, Crisis Intervention Team, Community Health and Safety Training

The Sphere of Influence Update for the Coastal CSDs and Cambria Healthcare District (Chapter 2) does not propose expanding any of the Districts' SOIs. Essentially, the Districts will continue to operate without any increases to the SOIs.

### 1. GROWTH AND POPULATION

**Population of Area and Adjacent Areas:** The Districts studied in this report do not anticipate large increases in population and the Spheres of Influence are not recommended for expansion. The Council of Governments recently had the consulting firm of AECOM Technical Services update population projections for San Luis Obispo County, including a breakdown by sub-region for the unincorporated areas. These projections use a variety of data sources and assumptions to project the future population of the cities and unincorporated areas of the County. These projections incorporate information from the State of California about future population increases, past and present County growth trends, and projected changes within the region. The consultants worked with local planners to anticipate future growth in the various areas of the County to estimate the potential for increases in population. The updated report presents low, medium, and high population growth projections for areas in the County including the North Coast sub-region. The table below shows those results:

**Table 3-2: Projected Population Growth North Coast  
 San Luis Obispo Council of Governments Projections**

	2010	2015	2020	2025	2030	2035	2040
LOW	24,781	25,204	26,506	27,163	27,987	28,819	29,672
MEDIUM	24,781	25,285	26,776	27,533	28,479	29,435	30,401
HIGH	24,781	25,366	27,045	27,891	28,952	30,021	31,090

AECOM Technical Services also estimated long-term employment growth for the unincorporated North Coast sub-region to show where the workers are employed and where they live.

**Table 3-3: Sub-Region Allocation of Employment by Industry in Unincorporated Area  
 San Luis Obispo Council of Governments Projections – North Coast**

Industry	Percentage
Mining, Logging, and Construction	19%
Manufacturing	25%
Wholesale Trade	36%
Retail Trade	14%
Utilities	11%
Transportation and Warehousing	49%
Information	51%
Financial Activities	18%
Professional and Business Services	30%
Education Services, Health Care, and Social Assistance	5%
Arts, Entertainment, and Recreation	19%
Accommodation	27%
Food Services and Drinking Places	17%
Other Services	13%
Government	6%

Note: Other Services excludes 814-Private Household Workers  
 Source: OnTheMap v5, InfoUSA, AECOM

**WRITTEN DETERMINATIONS**

1. The County’s population in the North Coast area continues grow at a slow rate (<1%).
2. Minor increases in population are anticipated to occur in the North Coast Districts addressed in this study. In areas where growth might occur service structures are anticipated to be able to meet the need for public services.
3. No expansions in the Spheres of Influence for the Districts are recommended in this update. The Sphere of Influences remain unchanged.

## **2. LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES**

LAFCO is responsible for determining the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence of a jurisdiction. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the District or property owners.

The communities listed above have a variety of economic diversity that resides within the special district boundary and surrounding area. A Disadvantaged community is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The Spheres of Influence for the Coastal CSDs and Cambria Healthcare District do not have any disadvantage communities that have a present and probable need for public facilities and services nor are the areas contiguous to the sphere of influence qualify as a disadvantage community.

### **WRITTEN DETERMINATIONS**

The following written determinations are based on the information contained in the above section regarding disadvantaged unincorporated communities:

1. The Spheres of Influence for the Special Districts' do not have disadvantaged unincorporated community located within or adjacent to their boundaries.



### **3. INFRASTRUCTURE NEEDS AND DEFICIENCIES**

LAFCO is responsible for determining if an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within the District and in the Sphere of Influence. It is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations occur. In the case of this SOI Update, it is especially prudent for LAFCO to evaluate the present and long-term infrastructure demands and resource availability of the communities. LAFCO accomplishes this by evaluating: 1) the resources and services that are available, 2) the ability of the jurisdiction to provide such resources and services in line with increasing demands, and 3) the capital improvement and maintenance programs implemented by the jurisdiction.

The Districts address the Infrastructure Needs and Deficiencies using a variety of mechanisms:

- Financial Management Systems that are audited annually by Certified Public Accountants. Capital Improvement Plans and programs.
- Procedures that schedule maintenance for facilities and equipment.
- The Districts perform various studies and analysis regarding the need for developing new resources for specific communities.

The communities of Avila Beach, Cambria, and Los Osos have updated their Water Master Plans/UWMP and Wastewater Plans that adequately document their water supply, demand and projected needs for future buildout to provide services to existing and future residents. Cambria CSD is working with the County and others regarding its long-term water supply and addressing the RMS Severity status for its seasonal supply shortage and storage capacity. Beyond these basic services, police and fire protection, and circulation/road services are considered by each district that provide these services. The Coastal CSDs maintain wastewater treatment plants and have adequate capacities, with the exception of Los Osos who is underway of completing a facility by 2015.

#### **WRITTEN DETERMINATIONS**

1. The Districts manage resources adequately to provide services to the communities and areas.
2. No additions to the SOIs are proposed as a result of this Sphere of Influence Update that would increase the need for new resources and infrastructure.
3. The Districts water resources are at critical levels in terms of meeting the needs of current residents. The Districts are closely monitoring water supplies and demand to assure service to residents. The Districts are also implementing conservation programs to save water.

4. The Cambria CSD is working diligently towards securing an additional water supply to bolster its ability to serve the residents of Cambria. The CSD has implemented a very aggressive conservation program and residents have reduced water demand significantly.
5. Based upon review of the available information, the District's facilities and practices comply with environmental and safety standards.

#### **4. FINANCING ABILITY OF AGENCIES TO PROVIDE SERVICES**

The Districts prepare annual budget documents that are well-organized and clearly articulate the Districts' financial status and future spending plans. The annual budget is prepared consistent with the State Controller's Office County Budget Act of 1985. The document provides information about revenue sources and expenditures. Independent Audits of the Districts indicates that each District has prepared an annual budget.

The various Boards of Directors adopts the budget each year and it is used as the spending plan for the Districts. The Budget provides a framework for Districts to address the following issues: reserves, revenues, expenditures, transfer authority, fiscal management, investments, capital improvements and rates and fees. Each District has adopted fiscal and accounting policies or procedures that guide staff in preparing the budget and fiscal matters. These policies and procedures are reflected in the annual audit performed by a Certified Public Accountant.

The Districts' financial constraints involve the governmental structure and the desires of the people in a community to fund certain activities by establishing assessments or fees. Each District faces unique challenges when funding public services. Also, the complexity varies from District to District. The laws under which Districts are governed provide the structure for funding activities. Revenue sources for the Districts are somewhat limited and include key sources such as property taxes for lighting, fire protection, fees collected from water sales, water connection fees, and pass-through monies such as grants for the construction of capital improvements.

On the expenditures side, the District's budget for the services paid for by residents and generally attempt to live within their means. Key expenditures include routine maintenance, water infrastructure payments, insurance, administrative, accounting services, services and supplies.

#### **WRITTEN DETERMINATIONS**

1. The District's staff prepares an annual budget that clearly describes the services provided to residents and the funds expended for those services.
2. Districts' fund infrastructure needed to serve new development projects

through connection and other fees. It is reasonable to conclude that the Districts endeavor to avoid long-term financial obligations for the capital improvement or maintenance of new development projects.

3. Districts throughout the County of San Luis Obispo have in place financial regulations that are implemented through ordinances and resolutions.

## **5. OPPORTUNITIES FOR, SHARED FACILITIES**

The Districts work with other jurisdictions to minimize costs and duplication of effort. This may lead to shared use of infrastructure with the County, Cities and other Districts. The Districts also work cooperatively and maintain working relationships with the following agencies:

- Incorporated Cities
- Independent Districts
- Caltrans
- CALFire/SLO County Fire through reciprocal Automatic Aid Agreement and all neighboring fire agencies through the San Luis Obispo Operational Area Fire and Rescue Mutual Aid Operational Agreement.
- Regional Water Quality Control Board
- Army Corps of Engineers
- State Parks to help manage parks and recreation resources
- Regional Water Quality Control Board regarding wastewater discharge and drainage
- California Coastal Commission for permitting in the Coastal Zone
- California Department of Fish and Game to protect wildlife and environmental resources

## **WRITTEN DETERMINATIONS**

1. The Districts look for opportunities to work with other agencies and organizations to help provide efficient services to the residents of the CSDs.

## **6. GOVERNMENT STRUCTURE OPTIONS**

The Districts' Boards of Directors prioritize services and must make difficult decisions about where and what services are allocated from a limited amount of financial resources. Various government structures are available to the Districts and communities including: increasing the functions a District provides to a community, considering incorporation as an option, or dissolving a District that may be no longer needed.

The management and service aspects of the Special Districts are administered by hired staff and in some cases professional consultants. Overall, the documentation reviewed shows that the Districts are well run and organized in an efficient manner.

The Districts provide fiscal, legal, and technical services to implement their programs. Consultants often perform general utility planning, assessments apportionments, special studies and projects as directed by the Board of Directors.

In most Districts, direct labor, equipment, materials and vendor payments, plus an allocation of indirect overhead costs, are accounted for and billed based upon the information contained in the cost accounting system. The cost accounting system also identifies operations related costs to allow knowledgeable management of the various budgets, and a clear picture of expenditures for the Board and Citizens Advisory Groups, as well as staff.

### **WRITTEN DETERMINATIONS**

1. The Districts provide a full management and administrative support.
2. The Districts appear well-organized and efficient.
3. The Districts provide an adequate government structure to serve their communities.

## **7. OTHER MATTERS**

### **Cambria CSD & Cambria Healthcare proposal for shared service structure.**

The CSD and Cambria Healthcare District have been in discussions regarding possible Joint Powers Agreement, Special Legislation, or other legal mechanisms to allow the Healthcare District to contract with the CSD for emergency response that would result in a more efficient use of resources for both organizations. These discussions have yet to bear any results; however, the idea is still being discussed.

The CCSD Fire Department provides fire and emergency services to the Cambria area. Together with the Cambria Healthcare District (the local ambulance service provider), a team approach to Emergency Medical Services delivery is provided. The majority of calls received by the CCSD Fire Department are for emergency medical and rescue services including cliff rescue and auto extrication for which the Healthcare District ambulance service also respond.

When someone calls 911, they benefit from a mutual aid agreement that brings assistance from the CCSD Fire Department, California Department of Forestry, San Luis Obispo County Fire Department and Cambria Community Healthcare District. This coverage allows a 4-minute emergency response time to any location within the CCSD service area and ensures that the special needs of Cambria residents are addressed in the most efficient manner. The CCSD Fire Department is up-to-date on emergency medical response procedures and is equipped with oxygen, defibrillator units and basic life support equipment. The department is considered an Advanced Life support agency. The Department's trained personnel can help stabilize an individual with breathing or cardiac problems until paramedics from the Cambria Community Healthcare District arrive. Many of CCSD Fire fighters are trained certified Paramedics in addition to being a firefighter EMT.

The Cambria Healthcare District personnel are trained certified Paramedics and/or Emergency Medical Technician (EMT).

Health and Safety Law regarding ambulance service district personnel only allows Transportation and Paramedic type of duties and not firefighting duties that are required of the CSD. If joint services are pursued other issues to be addressed are unity of command, shared facilities, and long-term qualification of personnel duties for efficient services.

The CCSD and Healthcare District are considering a Joint Powers Agreement or special legislation that would allow for shared services between the two agencies.

## **Los Osos CSD Bankruptcy Status.**

The Los Osos Community Services District has been going through a Chapter 9 filing over the last several years. In 2005, the District began construction on a wastewater treatment plant at a location known as the Tri-W site and also purchased mitigation property known as Broderson site. Project construction began with initial funding coming from a low interest State Revolving Fund loan. The location and type of system planned was very contentious. Special Legislation AB2701 effectively mooted the controversy because it gave the County the option to design, locate, and construct a wastewater system. Special Legislation AB2701 became effective in 2007. This legislation transferred the responsibility for constructing a wastewater collection treatment system to the County of San Luis Obispo. Various lawsuits against the District were filed. The district lacked the funds to litigate or pay these claims and therefore sought bankruptcy protection under chapter 9. Judge Robin Riblet has accepted the District Chapter 9 (Bankruptcy) Plan of Debt Adjustment. The judge's decision, allowed the LOCSD to focus on two critical issues (water and staffing) within the LOCSD's purview. Down the road in three to four years, the operation and potential transfer of the Los Osos Wastewater system to the LOCSD will emerge as a critical issue for the community. The County adopted a resolution in 2011 to proceed with the project. After completion, the sewer system will be operated by the County for three years and after that time; the County will decide whether to turn it over to the District if funding agencies will approve the action.

Under the Plan, the District paid in full the holders of the bonds issued in connection with the former wastewater project as well as loans the District has taken out to pay for improvements to the District's water system and other District property. The District also paid the contractors and other creditors with approved claims arising from the former wastewater project between 35% and 40% of their claims. The District did not have to pay anything to the Regional Water Quality Control Board for fines it assessed against the District or to claims by the State Water Resources Control Board for loans it made to the District to build the former wastewater project. In April 2014 Judge Robin Riblet ordered closing the Chapter 9 case.

During the course of the Bankruptcy, debts from numerous entities were reduced or eliminated. LOCSD will also need to make the necessary accounting adjustments associated with various accounts, and a determination of what to do with existing LCOSD Solid Waste reserve funds. LAFCO may need to consider the transfer of the LOCSD Solid Waste service to the County in the future depending on the future action of the County, CSD and other agencies.

## **Water Supply and Long-Term Reliability Concerns**

### **Statewide Drought Situation**

California is facing a water shortfall in the driest year in recorded state history. The lack of rain has caused record low rivers and reservoirs, a snowpack measuring 20 percent of normal levels, and extremely low rainfall totals throughout California. On January 15,

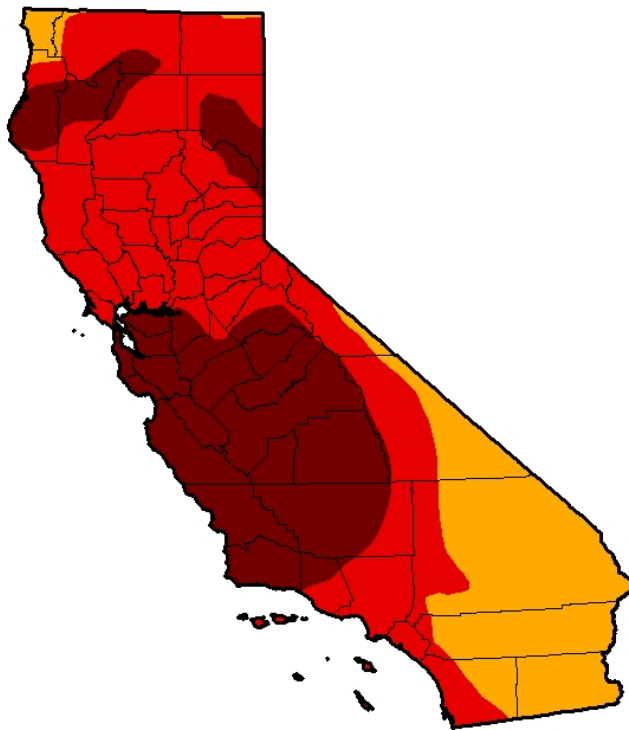
2014, the Secretary of the United States Department of Agriculture (USDA) Declared 27 Counties in California, including San Luis Obispo, to be designated as primary natural disaster areas due to drought conditions. On January 17, 2014, Governor Edmond G. Brown Jr. proclaimed a State of Emergency calling for voluntary statewide 20% reduction in water consumption.

San Luis Obispo County has experienced below normal levels of precipitation for the previous three rainy seasons. On March 11, 2014, the County Board of Supervisors adopted a resolution proclaiming a local emergency due to drought conditions in San Luis Obispo County. Current drought conditions confirm the need to continue the proclamation of local emergency. Conditions remain largely unchanged since the June 3 update. The latest U.S. Drought Monitor report released June 5, 2014 indicates San Luis Obispo County remains at the D4 – Exceptional Drought intensity rating. Precipitation levels throughout the County remain at approximately 34% of average annual totals. No measurable precipitation fell since the last update. Local reservoir levels remain significantly lower than the average percentage capacity for this time of year including: Nacimiento 20%; Lopez 53%; Salinas 34%; and Whale Rock 53% of capacity.

### U.S. Drought Monitor California

**June 24, 2014**

(Released Thursday, Jun. 26, 2014)  
 Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	0.00	100.00	100.00	100.00	76.69	32.98
<b>Last Week</b> 6/17/2014	0.00	100.00	100.00	100.00	76.69	32.98
<b>3 Months Ago</b> 3/25/2014	0.00	100.00	99.80	95.21	71.78	23.42
<b>Start of Calendar Year</b> 12/31/2013	2.61	97.39	94.25	87.53	27.59	0.00
<b>Start of Water Year</b> 10/1/2013	2.63	97.37	95.95	84.12	11.36	0.00
<b>One Year Ago</b> 6/25/2013	0.00	100.00	98.21	92.61	0.00	0.00

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.*

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<http://droughtmonitor.unl.edu/>

The Drought has affected the service capabilities of all jurisdictions providing water services in San Luis Obispo County. The section is added to the Municipal Service Review for the Cambria, Los Osos, and San Simeon Community Services Districts to provide more information about the water situations in each of those Districts.

The coastal communities of Cambria, Los Osos, and San Simeon have all been classified as Severity Level III by the County Resource Management System for water supply. Level III severity is the most severe level indicating serious concerns for an adequate and reliable water supply to serve existing residents. Proposed new development within existing service boundaries is of concern as well.

Increased monitoring is needed to understand the serious adequacy and reliability issues during extended drought years. The recent 3-year drought has exposed the necessary development for drought preparedness plans for these coastal communities'. Each of the three coastal communities face different unique issues related to water supply, both long-term and short term needs.

### **Cambria CSD**

Cambria CSD has been working towards solutions for short-term needs to gain access to water resources that are not tied to the entitled surface supply. The District's potable water is supplied solely from underflow wells in the San Simeon and Santa Rosa Creek aquifers. The San Simeon and Santa Rosa aquifers are relatively shallow and porous, with the groundwater levels typically recharged every year during the rainy season. With CCSD pumping, groundwater levels generally exhibit a characteristic pattern of consistent high levels during the wet season, steady decline during the dry season.

Included in the long-term water supply issues is storage capacity. The groundwater storage capacity is estimated at 4,000 af for San Simeon Valley and total groundwater storage capacity 24,700 af for Santa Rosa Valley. Greater storage capacity is necessary to deliver water to customers when the surface supply is limited or maintenance is carried out on well sites. Absent the addition of new supplies or a groundwater basin management strategy to increase the perennial yield, the existing supplies are insufficient to accommodate the expected growth over the next 20 years as per the Cambria Community Plan.

To minimize potable groundwater losses at the aquifer and ocean interface, the CCSD percolates treated wastewater effluent into the San Simeon Creek aquifer downstream from its production wells. This practice also helps to prevent saltwater intrusion into the freshwater water aquifer. If the groundwater level drops too far, treated effluent and seawater could migrate toward the water supply wells, deteriorating the quality of the water and potentially rendering the freshwater non-potable. There is evidence that points to the possibility of seawater intrusion in the Santa Rosa Valley basin. In November 2001, the District's Board of Directors declared a Water Code 350 emergency and ceased issuing additional connection permits until an adequate long-



term supply project was completed. Current planning calls for a seawater desalination facility to provide drought protection, improve supply reliability, and to augment existing groundwater supplies. To date, no new connections are being issued and the District remains under a Water Code 350 declaration.

### **Los Osos CSD**

Los Osos draws its water supply from the local groundwater basin. The aquifers underlying the community of Los Osos are impaired by nitrate pollution from septic systems (shallow aquifers) and saltwater intrusion from overdraft (lower aquifers). Greater monitoring and study is beginning to take place. These studies should continue with emphasis on opportunities to recharge the basin when possible. Development of the wastewater system aimed at protecting the shallow aquifer has highlighted the need for a comprehensive groundwater basin management plan that focuses the County, the local water purveyors, the residents, and resource agencies on a common set of actions to stop seawater intrusion and protect the entire basin. Between urban and agriculture uses, demands exceed the existing groundwater supply of 3,200 AFY of perennial yield in the Los Osos Valley basin.

The community and surrounding rural and agricultural pumpers are pro-actively managing the groundwater basin to improve yield through active management (i.e., improve recharge), reduced demand and improved water quality. No alternative source of supply has been identified to meet forecasted increases in demand. A draft Los Osos Valley Groundwater Basin Plan has been presented to the District Board for addressing the water needs of Los Osos community using sustainable, water saving, LID methods, shift pumping to shallow aquifer, and recharge potential while preserving the basin for future use. Future monitoring and assessment of actual basin performance will assist in future management decisions.

### **San Simeon CSD**

The San Simeon Community Services District is the only urban water supplier in the area. With sea water intrusion being a continuous threat to their groundwater supplies, an effort to reduce groundwater demand included San Simeon CSD adopting strict conservation measures and critical ordinances. Planned growth indicates a 2035 demand of 250 AFY with only 140 AFY of perennial groundwater supplies. According to the County's IRWM absent implementation of recharge, recycled water, and desalination projects and programs, the water supply/demand imbalance will continue into the future. San Simeon should continue to increase its water supply resources by exploring greater opportunities with their recycled water program. Implementation through grant and loan programs are needed to achieve the most cost-effective alternative supply.

### **WRITTEN DETERMINATIONS**

The following written determinations are based on the information contained in the above section regarding Water Supply and Long-Term Reliability:

### Cambria CSD

1. The Cambria CSD is in a critical situation with regards to its water supply.
2. The Cambria CSD continues to work towards long-term water resource supply needs to mitigate the current drought conditions.
3. The Cambria CSD continues to work with the County and others to address the short-term water supply issues.
4. The Cambria CSD water supply needs alternative water sources to ensure reliability during dry season.
5. The existing Sphere of Influence includes small areas on the east side of the District's boundary that would not require extensive services. The District would be required to document its service capability prior to annexation.

### Los Osos CSD

6. The Los Osos CSD continues to work under the Interlocutory Stipulated Judgment (ISJ) to monitor the basin and looks to enhance water supply including recharging from the wastewater treatment plant underway.
7. The Los Osos CSD continues to work with the other water purveyors (Golden State and SMWC) within the basin to reduce water consumption from the lower aquifer to stop seawater intrusion.

### San Simeon CSD

8. The San Simeon CSD continues to look for ways to increase its water supply.
9. The development of recycled water for use within the District provides a water supply that can be very useful to the community.