

**From:** [Jim McConnell](#)  
**To:** [BoardComment](#)  
**Subject:** CUHS Irrigation Well  
**Date:** Saturday, April 13, 2024 10:13:57 AM

---

I urge the Cambria Community Service District Board to refuse to adopt a resolution of necessity to commence the eminent domain process against the Coast Unified School District. The Board should instead direct the General Manager to compromise with Coast Unified School District by reaching a mutually acceptable extension of the lease agreement for the Service District's continued use of the School District's property.

Jim McConnell

**From:** [Cheryl McDowell](#)  
**To:** [BoardComment](#)  
**Subject:** A dispute over a Cambria CSD well on school district property leads to eminent domain threat | News | San Luis Obispo | New Times San Luis Obispo  
**Date:** Thursday, April 18, 2024 9:59:35 AM

---

Haley Please read article at public comment thank you Cheryl McDowell

[https://www.newtimeslo.com/news/a-dispute-over-a-cambria-csd-well-on-school-district-property-leads-to-eminent-domain-threat-15213670?utm\\_source=New+Times+Audience&utm\\_campaign=4e3f4ee01a-EMAIL\\_CAMPAIGN\\_2023\\_10\\_27\\_04\\_18\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_-4ca17512cf-%5BLIST\\_EMAIL\\_ID%5D](https://www.newtimeslo.com/news/a-dispute-over-a-cambria-csd-well-on-school-district-property-leads-to-eminent-domain-threat-15213670?utm_source=New+Times+Audience&utm_campaign=4e3f4ee01a-EMAIL_CAMPAIGN_2023_10_27_04_18_COPY_01&utm_medium=email&utm_term=0_-4ca17512cf-%5BLIST_EMAIL_ID%5D)

# A dispute over a Cambria CSD well on school district property leads to eminent domain threat

By [Camillia Lanham](#)

For more than two decades, a well on Coast Union High School's property has produced water for the residents of Cambria—up to 20 percent of the town's water supply annually, according to the Cambria Community Services District (CSD).

[click to enlarge](#)



- File Photo By Jayson Mellom
- **WATER SITUATION** Cambria's water situation is complex, involving wells that pull water from the San Simeon Creek Basin, a water reclamation facility (pictured) that still needs a permanent development permit, and a well on Coast Union High School property.

But a disagreement over renewing the contract for a long-standing easement put the CSD at odds with Coast Unified School District. Recently, the CSD threatened to take the well, its associated infrastructure, 2.39 acres of Coast Unified School District property, and a school district irrigation well through eminent domain.

"Our ultimate goal has always been to go to mediation to settle this outside of the aspect of condemnation," CSD General Manager Matthew McElhenie said during the April 11 CSD board meeting. "This is just part of the process as a last resort and [to] have it ready."

While the CSD board was scheduled to vote on whether to approve [the eminent domain proposal](#) during its April 11 meeting, staff pulled the item from the agenda due to an [April 10 letter from attorney Christopher R. Guillen](#), representing the school district on behalf of the firm Brownstein Hyatt Farber Schreck. CSD board President Tom Gray said the CSD wanted to take the time to "meaningfully address" the school district's objections, adding that the two parties were meeting on April 24 for mediation.

The letter said that the school district has a long history of helping the CSD "in its time of need" and the two parties operated under a "mutually beneficial" agreement until the most recent contract extension expired in September 2023.

"Rather than negotiate a new contract, CCSD has initiated the preliminary steps necessary to take the subject property into condemnation, including make an offer to purchase and requesting the board adopt a RON [resolution of necessity]," the letter states. "This board cannot make a finding that the public interest and necessity require the project take a fee interest in Coast's property."

The board took public comment on the issue at the meeting, and speakers questioned why the two entities were unable to come together on a solution. Some fell on the side of the school district while others supported the CSD. Cambria resident Dave Fiscalini said he didn't believe the CSD could make findings that supported a resolution of necessity.

"You have other ways to get water," he said.

In 2000, the CSD detected [a plume of methyl tert-butyl ether](#) (MTBE), a fuel additive, in its groundwater supply thanks to leaks from a Chevron gas station that was within 700 feet of two of the CSD's water wells, according to a 2004 [cleanup and abatement order](#) from the Central Coast Regional Water Quality Control Board. The water board forced the CSD to close those two wells and find an alternate water source.

By December of 2000, the school district had agreed to allow the CSD to drill a well—SR4—on the property near the high school athletic fields and granted access to use that well and its associated infrastructure for a fee of \$26,000 per year for the first 10 years or until the MTBE plume was remediated, according to the April 10 letter.

By November 2001, the "new temporary high school well had been connected to the Cambria municipal drinking water supply. The CCSD needs the high school well as an alternative water supply," according to a [2009 water board staff report](#). Chevron was still in the process of cleaning MTBE out of the town's water supply.

In 2012, despite the MTBE plume being remediated, the school district and the CSD renewed their easement agreement for SR4, increasing the CSD's cost per year to a little more than \$34,000 with an annual adjustment aligned with the consumer price index, Guillen's April 10 letter stated. While the two parties did negotiate an extension to the 2012 agreement, that agreement ended in September 2023 after negotiations broke down.

A couple of the CSD's sticking points are the cost of the lease agreement—McElhenie told *New Times* via email that the district has paid more than \$765,000 to Coast Unified since 2000—and not wanting "to renegotiate every 10, 20, or even 100 years for such a

critical part of our water portfolio."

Initially asking for \$86,000 per year to renew the contract, according to the CSD's April 11 staff report, the school district gradually came down to \$26,000 per year for a 10-year or 99-year contract.

"It is both grossly inequitable and untenable to continue to pay rent for temporary rights to use the well facilities in perpetuity, which at this point, serves only as profit generation for CUSD [Coast Unified School District]," the staff report states. "Under temporary agreements, CUSD can simply refuse to renew, and demand that the district remove the well facilities and/or cease their use."

The CSD said it had the property appraised last year, and its value came back at a little more than \$151,000, which it offered to the school district and would pay if it took the property.

"Once we were made aware of the actual value of the well facilities property, it became impossible for the CCSD with its fiduciary duty to the ratepayers, to pay anything close to what the CUSD was asking. It would essentially be a gift of public funds," McElhenie told *New Times*. "Having already paid over five times the current fair market value over the past 24 years, it made it even more clear that the CCSD must pursue purchasing either the property or a permanent easement."

Who owns SR4 and its associated infrastructure (water treatment facility and pipelines) and how necessary the well is for the CSD's water supply are also an issue. McElhenie said the CSD owns it and SR4 is "an absolute necessity" during the dry season and due to the current status of the district's potable water infrastructure, which includes a "temporary potable transmission line" to its San Simon Creek Basin well field due to a "catastrophic failure of the main" transmission line.

Coast Unified's attorney, Guillen, told *New Times* via email that the school district owns "the infrastructure on its property." In his April 10 letter, Guillen said that the well driller's report for SR4 and the 2012 agreement make it clear that CCSD doesn't own the water treatment facility or the well.

"The MTBE plume that necessitated the use of the SR4 well was remediated," the letter also states. "Despite CCSD no longer needing access to the SR4 well, Coast continued in good-faith negotiations to permit CCSD's continued use of well SR4."

Guillen also questions why the CSD is proposing to take so much of Coast Unified's property as well as the school district's irrigation well, adding that SR4 and its associated infrastructure only take up 7,600 square feet of land. He told *New Times* that the eminent domain proposal would result in Coast losing fee ownership of 2.39 acres abutting Santa Rosa Creek and the contractual protections for the irrigation well.

"Which protected Coast's irrigation well from interference impacts that might be caused by CCSD over-pumping SR4," Guillen wrote via email. "If CCSD takes the property in fee, those protections will no longer protect Coast's irrigation well."

McElhenie told *New Times* that the CSD doesn't intend to prevent the school district from using or accessing its irrigation well, and easements would be taken into account should it move forward with initiating the process for eminent domain. He added that the CSD wants 2.39 acres for "more security for the site."

Coast Unified Superintendent Scott Smith told *New Times* that the community of Cambria will pay the price if the CSD decides to move forward with that process.

"An eminent domain action will be expensive, unnecessary, and divisive," Smith said. "Coast remains adamant that less drastic solutions are available and is willing to negotiate a long-term lease agreement on mutually agreeable terms." Δ

*Reach Editor Camillia Lanham at [clanham@newtimeslo.com](mailto:clanham@newtimeslo.com).*



**From:** [Christine Heinrichs](#)  
**To:** [BoardComment](#)  
**Subject:** Public Comments on April 18 agenda  
**Date:** Thursday, April 18, 2024 3:44:23 PM

---

## PUBLIC COMMENT

From April 11 meeting Item 6B San Simeon Water and Wastewater Alignment: I raise a question as to the board's action to transfer its decision-making authority on the alignment to General Manager McElhenie and Utilities Manager Jim Green.

This decision was not among the possibilities mentioned in the Agenda Item. Mr. McElhenie presented it as the result of a meeting with State Parks representatives Dan Falat, Doug Barker and Katie Drexhage the previous day. The agenda item presented a discussion of the four alternatives, and the staff's recommendation that the board approve Alternative 3.

Instead, the public got no discussion of the alternatives, but a ten-minute shuffle of responsibility for the selection to General Manager McElhenie and Utilities Manager Green. The board acknowledged that State Parks will influence the selection and relinquished its authority to these two staff members.

Mr. Green presented the decision-making as time limited and urgent, that bringing it to the board is impractical. I agree that this project is urgent, but this is a significant decision and the board should retain its authority to review it in public.

This is an opportunity for the board to develop its relationship with State Parks, an important state agency. State Parks has many resources to bring to the selection of the pipeline alignment. It is a valuable partner.

Removing oversight in the cause of expediency is unjustified and risky. The pipe burst in 2021. Staff has had two and a half years to reach out to State Parks and resolve the access issue. Suspending oversight procedures risks serious infrastructure and environmental miscues in a project that will serve Cambria for many years to come. It's important to get it right.

I encourage the board to revisit this decision and include board members in the decision-making process and review and approve the final choice.

On another issue, I remind Mr. McElhenie that he assured the public at last night's NCAC meeting that he will itemize the legal expenses for the CUSD well negotiations, mediation and Eminent Domain action.

**Item 5B Finance Manager's report:** I'd like clarification as to the Investment Report for the last quarter of 2023, presented at the last meeting. While increased income from the \$18 million in reserves is welcome, about half that, over \$9 million, is actually the money from the certificates Cambria sold, which means Cambria is paying interest on those. How does the income on those funds compare with what it's costing Cambria to be in debt? Thanks.

**Item 5C, Utilities Report:** In the SST Update, the report notes that the new plant generator has been approved and ordered, and will be here in 48 weeks or so. I marked my calendar! Can we know more about this? It sounds like a major piece of equipment. What is it, how much did it cost, were there competitive bids? How does it fit into the WWTP improvements and the SST program? Thanks.

**Item 6C Consent Agenda Emergency Evacuation Route report:** Please pull this item for discussion. It's been suggested as an outlet for Lodge Hill residents in the event of a catastrophe. Now that the board has a report on the particulars, with photos and cost estimates at two and a half million dollars, I ask the board to air it for the public.

**Item 9, Adjourn to Closed Session:** I encourage the board to direct Mr. McElhenie to enter mediation with CUSD over the SR4 well with the intention of finding a mutually agreeable settlement. Community members spoke up at last week's meeting. I join them in advocating for you to resolve this issue. Thank you.

Sent from my iPad