



January 7, 2026

CONSENT ITEM STAFF REPORT

ITEM 7C. RATIFY THE JUNE 5, 2025 RESOLUTION MEMORIALIZING A REIMBURSEMENT AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO

RECOMMENDATION:

That the Board of Directors ratify the resolution memorializing approval of the Reimbursement Agreement between the San Simeon Community Services District (“District”) and the County of San Luis Obispo (“County”) for the consultant’s review and analysis of the District’s governance structures and services.

DISCUSSION:

During the District Board of Directors (“Board”) meeting on June 5, 2025, the Board was presented with a Resolution and a request to approve a Reimbursement Agreement with the County for a consultant to complete a comprehensive review and analysis of the District’s existing and future governance structures and related services.

The Board passed a motion during the District Board meeting on June 5, 2025, approving the Reimbursement Agreement with certain modifications. The executed Reimbursement Agreement included the Board’s proposed modifications. However, due to a clerical error, the Board did not formally adopt the corresponding Resolution. Here, the Board is asked to ratify the Resolution to reflect the Board’s prior action and intent.

BOARD ACTION

Adopt staff recommendation.

ATTACHMENTS

1. Staff Report and Resolution from June 5, 2025, District Board meeting agenda.
2. Executed Reimbursement Agreement dated July 8, 2025.



BUSINESS ACTION ITEM STAFF REPORT

ITEM 8D. ADOPTION OF RESOLUTION 25-XXX. DISCUSS, REVIEW, AND ADOPT A RESOLUTION APPROVING A REIMBURSEMENT AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO FOR DISSOLUTION STUDY CONSULTANT

RECOMMENDATION:

That the Board of Directors, by motion, approve the Interim General Manager to execute a Reimbursement Agreement with the County of San Luis Obispo for a consultant to complete a comprehensive review and analysis of the San Simeon Community Services District's existing and future governance structures and related services.

DISCUSSION:

In 2024, the San Simeon Community Services District (the "District") approved a resolution to dissolve and submitted a dissolution application to the San Luis Obispo Local Agency Formation Commission ("LAFCO"). The application and associated documents are listed on the District's website at www.sansimeoncsd.org.

LAFCO is currently reviewing the application and has requested additional information. The District and San Luis Obispo County ("County") have been in discussions about the District's plan for services, and in an effort to better understand the scope, scale and immediate and future needs of the San Simeon community regarding the proposed dissolution, the County issued a request for proposals soliciting bids for a comprehensive review and analysis of the District's existing and future governance structures and related services. Representatives of the District participated in the evaluation process to select the Consultant.

The County intends on awarding a contract to a consultant (the "Consultant") to perform the scope of work in accordance with the submitted bid. The County has asked the District to reimburse the County for the costs of Consultant's work because Consultant's scope of work directly relates to and benefits the District's dissolution process and ability to set forth a plan for services that is satisfactory to LAFCO. The County's proposed Reimbursement Agreement states that the District will reimburse the County for its actual costs paid by the County to Consultant for Consultant's work for a total amount not to exceed \$235,835, with payments from the District to the County being

spread out over a one and one-half (1.5) year period from July 1, 2025, to December 31, 2026.

The proposed Resolution approves the attached Reimbursement Agreement and gives the District's Interim General Manager authority to execute the Reimbursement Agreement with the County.

FINANCIAL IMPACTS

The District will be required to reimburse the County for its actual costs for the Consultant in an amount not to exceed \$235,835.00. The proposed Reimbursement Agreement specifies that the reimbursement will be paid over a one and one-half (1.5) year period, from July 1, 2025, through December 31, 2026, without interest charges.

The District's net cash flow reserves available as of July 1, 2025, are approximately \$423,000. The current monthly costs for the District exceed revenues by approximately \$20,000. The additional expense necessary to reimburse the County under the proposed reimbursement agreement would be \$13,100 per month if the County pays Consultant the full \$235,835.00. Based on the \$235,835.00 calculation, the monthly cost projection of expenses over revenue would be approximately \$33,100 per month. At this approximate expenditure rate, the District's available cash would be exhausted in approximately twelve months. A significant effort at cost management and operational cost reductions, and potentially including revenue generation, will be necessary.

BOARD ACTION OPTIONS

- The Board may adopt the Resolution authorizing the Interim General Manager to execute the Reimbursement Agreement with the County.
- The Board may adopt the Resolution authorizing the Interim General Manager to execute the Reimbursement Agreement with the County, subject to any changes as directed by the Board; or
- The Board may reject the Resolution in its entirety.

ATTACHMENTS

1. Resolution.
2. Reimbursement Agreement with the County of San Luis Obispo for a comprehensive review and analysis of the District's existing and future governance structures and related services.

RESOLUTION NO. 25-XXX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT APPROVING THE REIMBURSEMENT AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO FOR DISSOLUTION STUDY CONSULTANT.

WHEREAS, in 2024, the San Simeon Community Services District ("District") Board of Directors ("Board") approved a resolution to dissolve, and the District subsequently submitted a dissolution application to the San Luis Obispo Local Agency Formation Commission ("LAFCO"); and

WHEREAS, the District has discussed a plan for services with San Luis Obispo County ("County"), and in an effort to better understand the scope, scale and immediate and future needs of the San Simeon community regarding the proposed Dissolution, the County issued a request for proposals soliciting bids for a comprehensive review and analysis of the District's existing and future governance structures and related services; and

WHEREAS, the County intends to award the contract to a consultant ("Consultant"), and the County has asked the District to reimburse the County for the costs of Consultant's work because Consultant's scope of work directly relates to and benefits the District's dissolution process and ability to set forth a plan for services that is satisfactory to LAFCO;

WHEREAS, under the Reimbursement Agreement, the District will be required to reimburse the County for the County's actual costs for Consultant in an amount not to exceed \$235,835; and

WHEREAS, under the Reimbursement Agreement, the District will be required to make the reimbursement payments to the County, without interest, over a one and one-half (1.5) year period from July 1, 2025, to December 31, 2026; and

WHEREAS, the Board finds that it is in the District's best interests to approve the Reimbursement Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Simeon Community Services District that the Reimbursement Agreement is hereby approved. Be it further resolved that the Board of Directors of the San Simeon Community Services District authorizes the District's Interim General Manager to execute the Reimbursement Agreement with the County of San Luis Obispo.

ADOPTED by the Board of Directors of the San Simeon Community Services District on June 5, 2025, by the following roll call votes:

AYES:

NOES:

ABSENT:
ABSTAINED:

Chairperson, Board of Directors of the
San Simeon Community Services
District

APPROVED AS TO FORM:

District Legal Counsel, Nubia I. Goldstein

**REIMBURSEMENT AGREEMENT
RFP 1881**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is made and effective this 8th day of July, 2025, (the “Effective Date”) by and between the San Simeon Community Services District (“SSCSD”) a special district hereinafter referred to as “SSCSD,” and the County of San Luis Obispo, a political subdivision of the State of California, hereinafter referred to as “County.” City and County are sometimes referred to here as the “party” or collectively as the “parties.”

RECITALS

WHEREAS, SSCSD is a special district organized pursuant to Government Code Section 61000 et seq. SSCSD provides certain services to its constituents within its boundaries which include water service, sewer service, road maintenance, weed abatement and street lighting;

WHEREAS, during the SSCSD Board of Directors (“Board”) meeting on May 2, 2024, the SSCSD Board adopted a resolution directing SSCSD staff to prepare a Resolution of Application for Dissolution because SSCSD faces an increasingly complex environment for services and management that is internally unsustainable and unresolvable;

WHEREAS, SSCSD has submitted an application with the Local Agency Formation Commission (“LAFCo”) to dissolve the special district (the “Dissolution”);

WHEREAS, SSCSD recognizes that a comprehensive analysis of SSCSD’s existing and future governance structure and services is necessary and required for the LAFCo dissolution application process;

WHEREAS, SSCSD and the County have been in discussions regarding SSCSD’s plan for services for the Dissolution;

WHEREAS, in an effort to better understand the scope, scale and immediate and future needs of the San Simeon community regarding the proposed Dissolution, the County issued a request for proposals no. 1881 (the “RFP”) soliciting bids for a comprehensive review and analysis of the SSCSD’s existing and future governance structures and related services (the “Scope of Work”);

WHEREAS, the County intends on awarding a contract to a consultant (the “Consultant”) to perform the scope of work in accordance with their bid (“Bid”) attached hereto as Exhibit “A” and incorporated herein;

WHEREAS, the proposed work by Consultant will provide the County with information to determine potential solutions for future governmental structures following the dissolution of SSCSD;

WHEREAS, SSCSD acknowledges that the Scope of Work directly relates to and benefits the Dissolution process and its ability to set forth a plan for services that is satisfactory to LAFCo. As

such, per the terms of this Agreement, SSCSD agrees to reimburse County for the costs of the Scope of Work in an amount not to exceed \$235,835, and for County Public Works staff time in an amount not to exceed \$20,000 for the development of the RFP;

WHEREAS, in order to not financially jeopardize SSCSD and allow for continued solvency of SSCSD, the parties agree that SSCSD's reimbursement to the County shall be spread out over a period of one and a half (1.5) years with payments to start no earlier than July 1, 2025, and extend through December 31, 2026.

NOW, THEREFORE, the parties hereto agree as follows:

A. Recitals. The above recitals are incorporated herein by reference as though fully set forth herein.

B. SSCSD's Cooperation and Participation. The Parties agree whenever possible, and to extent practical, to reduce costs through the following methods:

1. An initial review by the SSCSD and the Consultant to determine options for cost reduction options. County agrees that SSCSD may identify tasks within the Scope of Work to be completed by SSCSD and information or data to be provided by SSCSD to reduce costs that would otherwise be incurred by Consultant.
2. The Parties will coordinate and develop a phasing schedule for the Scope of Work. Each phase will be reimbursed by SSCSD upon submittal and SSCSD approval of invoices by the County to SSCSD.
3. Each phase will conclude with a management review and consultation with SSCSD regarding future study cost impacts. Any dispute regarding such management review shall be subject to a dispute resolution process between the representatives of each party.

C. Scope of Work. Within thirty (30) days from the Effective Date of this Agreement, County agrees to issue a notice to proceed to Consultant to commence the first phase of the Scope of Work and to diligently pursue with Consultant completion of each phase of the Scope of Work in accordance with Consultant's Bid and the terms of this Agreement. For avoidance of doubt, any dispute related to performance of the statement of work shall be subject to the same dispute resolution process as is stated in B.3. above.

D. Reimbursement to SSCSD by County. Subject to SSCSD approval of invoices, SSCSD shall reimburse County its actual costs paid to Consultant by County for the Scope of Work not to exceed \$235,835 and for County Public Works staff time in an amount not to exceed \$20,000 collectively (the "Reimbursement Amount"), with reimbursement extended evenly over a year and a half (1.5 years) from July 1, 2025, to December 31, 2026. All invoices of the eighteen payment to SSCSD, shall be due within thirty (30) days upon receipt. The Reimbursement Amount may only be adjusted in writing by mutual agreement of the Parties.

E. Cooperation. SSCSD and County agree to cooperate with one another as well as the Consultant in the performance of the Scope of Work which includes, but is not limited to, physical inspection of SSCSD's facilities, timely disclosure of SSCSD's financials and other public records as requested by Consultant and meetings with employees.

F. General Provisions

1. This Agreement shall not be changed or modified except upon written consent of the parties hereto.

2. Non-enforcement of any term, covenant or provision of the Agreement by either party shall not be considered a waiver by that party of rights under that Agreement or a waiver of any breach of the Agreement. To the extent any conduct of a party is construed as a waiver, the party's waiver of the breach of any one term, covenant or provision of this Agreement shall not be a waiver or a subsequent breach of the same term, covenant or provision of this Agreement or of the breach of any other term, covenant or provision of this Agreement.

3. This Agreement has been executed and delivered in, and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of California. All duties and obligations of the parties created hereunder are performable in the County of San Luis Obispo; and such County shall be that venue for any action or proceeding that may be brought or arise out of, in connection with, or by reason of, this Agreement.

4. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

5. Unless otherwise provided, all notices herein required shall be in writing, and delivered in person or sent by United States first class mail, postage prepaid. Notices required to be given to County shall be addressed as follows:

Notices required to be given to County shall be addressed as follows:

To County: County Administrative Office
1055 Monterey Street, Ste. D430
San Luis Obispo, CA 93408

Notices required to be given to SSCSD shall be addressed as follows:

To District: Interim General Manager
San Simeon Community Services District
111 Pico Avenue
San Simeon, CA 93452

With a copy to: Nubia I. Goldstein, SSCSD Counsel
White Brenner LLP
1608 T Street
Sacramento, CA 95811

6. The time for the parties to commence and/or complete their obligations required by this Agreement shall be extended for such period reasonably necessary to take into account any delays caused by riots, insurrections, martial law, civil commotion, war, flood, earthquakes or other acts of God.

7. The parties acknowledge that each party and its attorneys have reviewed, negotiated and revised this Agreement; and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement as of the day and year first above written.

COUNTY OF SAN LUIS OBISPO

SAN SIMEON CSD

BY: *Dawn City-Logg*
Chairperson of the Board of Supervisors

BY: *Geoff English*
Geoff English (Jun 25, 2025 15:56 PDT)

APPROVED AS TO FORM

APPROVED AS TO FORM:

BY: *[Signature]*
JON ANSOLABEHRE,
County Counsel

BY: *Rachel Rappaport*
Rachel Rappaport (Jun 25, 2025 15:12 PDT)
For Nubia Goldstein, SSCSD Counsel

ATTEST:

MATTHEW P. PONTES, Ex-Officio
Clerk of the Board of Supervisors

By: *Nikki Martin*
Deputy Clerk

The undersigned Deputy Clerk of the Board of Supervisors certifies that, pursuant to Section 25103 of the Government Code, delivery of this document has been made on 7/11/25

MATTHEW P. PONTES
Ex-Officio Clerk of the Board of Supervisors
By: *Nikki Martin*
Deputy Clerk