

San Simeon CSD Draft Dissolution Analysis

June 10, 2026


San Simeon CSD Draft Dissolution Analysis

- County: Overview & key concepts
- NBS: Draft Report
- LAFCO: Process & Next Steps
- Q & A
- Feedback

County's Due Diligence

- San Simeon has asked the County to be the successor agency
- County has responded “maybe” & we need more time for review/analysis:
 - Public Works is providing temporary water/wastewater services under a CalWARN agreement
 - CEO's Office is managing dissolution
- Primary concerns:
 1. What are the costs of mandatory projects & deferred maintenance?
 2. What is the impact to water/wastewater rates?
- Due diligence does not include selecting a new WWTP site or setting a new rate structure

NBS Report

ITEM #72970 MADE IN THE U.S.A. 

VISUAL VEHICLE INSPECTION REPORT


Dealer Name: _____ Technician: _____ Date: _____
 Customer Name: _____ Yr./Make/Model: _____ Hal/Tag#: _____
 Mileage: _____ VIN: _____ Repair Order #: _____

CHECKED AND OKAY	MAY NEED FUTURE ATTENTION	REQUIRES IMMEDIATE ATTENTION
INTERIOR/EXTERIOR		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Head Lights / Tail Lights / Turn Signals / Brake Lights / Hazard Warning Lights / Exterior Lamps / License Plate Lights		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Windshield Washer Spray / Wiper Operation / Wiper Blades		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Windshield Condition (Inspect for Cracks, Chips, or Pitting)		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mirrors / Glass		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Emergency Brake Adjustment		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Horn Operation		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fuel Tank Cap Gasket		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Conditioning Filter (if equipped)		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clutch Operation (if equipped)		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Back-up Lights Left / Right		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dash Warning Lights		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carpet / Upholstery / Floor Mats		
UNDER VEHICLE		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shock Absorbers / Suspension / Struts		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Steering Gear Box / Linkage and Boots / Ball Joints / Dust Covers		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Muffler / Exhaust Pipes / Mountings / Catalytic Converter		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engine Oil and/or Fluid Leaks		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brake Lines / Hoses / Parking Brake Cable		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drive Shaft Boots / Constant Velocity Boots / U-joints / Transmission Linkage (if equipped)		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transmission / Differential / Transfer Case (Check Fluid Level, Fluid Condition and Fluid Leaks)		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fuel Lines and Connections / Fuel Tank Band / Fuel Tank Vapor Vent Systems Hoses		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inspect Nuts and Bolts on Body Chassis		
UNDER HOOD		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fluid Levels: Oil / Coolant / Battery / Power Steering / Brake Fluid / Washer / Automatic Transmission		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engine Air Filter		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drive Belts (condition and adjustment)		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooling System Hoses / Heater Hoses / Air Conditioning Hoses and Connections		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Radiator Core / Air Conditioning Condenser (if equipped)		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coolant Recovery Reservoir Fluid Level / Condition		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clutch Reservoir Fluid / Condition (as equipped)		

BRAKE AND TIRE

<input type="checkbox"/>	<input type="checkbox"/>	Brake Lining _____ mm	<input type="checkbox"/>	<input type="checkbox"/>	Brake Lining _____ mm
<input type="checkbox"/>	<input type="checkbox"/>	Tire Tread _____ 32nds	<input type="checkbox"/>	<input type="checkbox"/>	Tire Tread _____ 32nds
<input type="checkbox"/>	<input type="checkbox"/>	Wear Pattern _____	<input type="checkbox"/>	<input type="checkbox"/>	Wear Pattern _____
<input type="checkbox"/>	<input type="checkbox"/>	Tire Pressure PSI _____	<input type="checkbox"/>	<input type="checkbox"/>	Tire Pressure PSI _____
Before _____	After _____		Before _____	After _____	
<input type="checkbox"/>	<input type="checkbox"/>	Rotor / Drum _____	<input type="checkbox"/>	<input type="checkbox"/>	Rotor / Drum _____
<input type="checkbox"/>	<input type="checkbox"/>	Alignment Check Needed _____	<input type="checkbox"/>	<input type="checkbox"/>	Wheel Balance Needed _____

PRIOR BODY DAMAGE

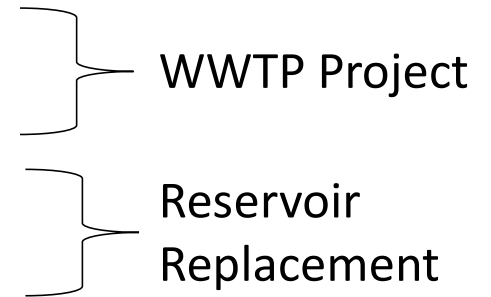


Advisor _____ Customer Acknowledgment _____

COMMENTS / ESTIMATES

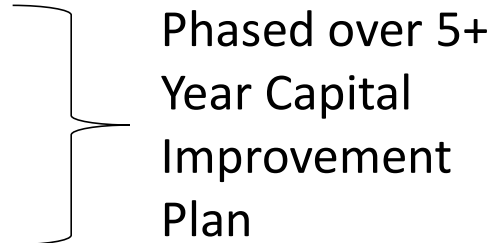
REQUIRES IMMEDIATE ATTENTION

- Bald Tires
- Broken headlight
- Leaking Radiator



MAY NEED FUTURE ATTENTION

- Hoses
- Battery
- Starter
- Oil change



What To Know Today

- Lot of information
- This is also a complicated process – ask questions!
- The best outcome is if we continue to work together
- Your feedback is valuable
- Report is high level and intended to inform stakeholders
- Project costs are high; so are corresponding rates –
but not being implemented now
- Timing related to LAFCO process, grants & rate increases

Why Doesn't the County Become Successor Agency Now?

- There is a LAFCO process – which we are following
- Current rates do not cover the operational & future project needs
- Successor agency needs adequate funding to succeed

How does that happen?

- **Today:** Disclosure of potential impact on future rates
- **+/- 18 months:** Rate structure developed as part of LAFCO process
- **2 – 5 years:** Phasing of rates over time as projects are implemented

What about grants?

- San Simeon is well positioned for grants, but...
 - Projects aren't 'shovel ready'
 - No lead agency right now
 - No ability to demonstrate the project would be completed
- Rate approval is necessary to obtain low interest loans & some grants
- Rates are reduced based on grants received, low interest loans and other strategies

Los Osos Model – Been here before

- AB 2701 – Funding before County commitment:

The county shall have no power or responsibility to construct and operate a wastewater collection and treatment system pursuant to this section and the district shall resume that power and responsibility when any of the following occurs:

- (1) ***If the board adopts a resolution not to hold a benefit assessment election*** pursuant to subdivision (e).
- (2) ***If there is a majority protest to a benefit assessment proposed by the county***, on the date of the resolution adopted by the board determining that the majority protest exists.

- County established 'worst case' funding, which was approved by Los Osos
 - >\$21M in grants
 - Two low interest loans: 30 years at 2% and 40 years at 2.6%
 - Continually lowered rates from worst case levels
- Similarly, San Simeon will need to approve some level of funding for necessary projects & County would attempt to reduce rates from worst case scenario to a reasonable & feasible level

NBS Rate Analysis 'Worst Case'



**County prioritization of projects
Grants**

Favorable financing

Phased CIP or not at all

Limited delays in project implementation



Reasonable & Feasible Rate

Where We Are Headed

This is a milestone in the process:

- Response to LAFCO & Board of Supervisors

There is no vote today:

- Informs stakeholders on the cost and impact to rates

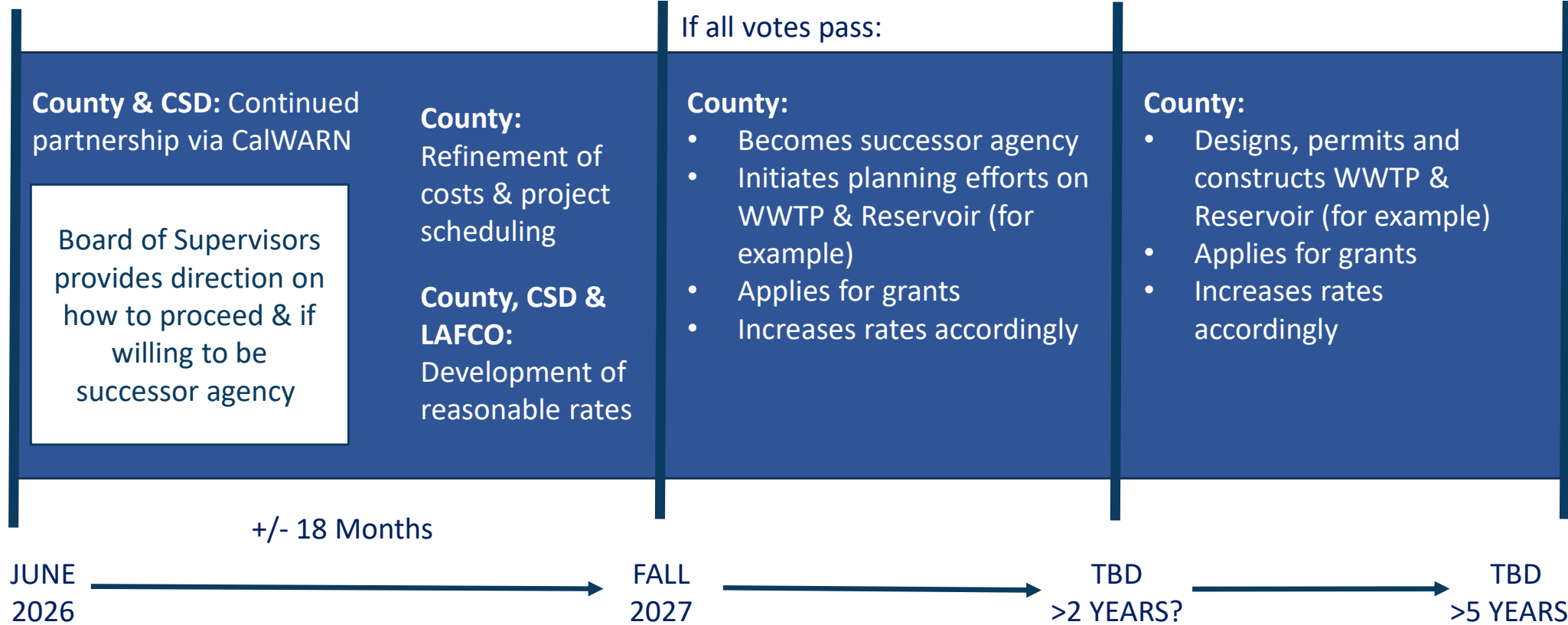
Next steps for County:

- Continue partnership through CalWARN
- Finalize report
- Board deliberation & direction
- Establish a reasonable rate structure
- Work with LAFCO/CSD on Prop 218 funding that will be condition of approval for dissolution
- Initiate discussion with State on grant opportunities

Potential Timeline*

REVIEW
OF STUDY

LAFCO PROCESS
Community Votes on
Dissolution & Funding



*Assuming County is successor agency

NBS Presentation

A high-speed photograph of water being poured, creating a dynamic splash with many bubbles. The water is clear and bright, set against a white background. The splash is contained within a blue-bordered frame that has a white background for the text area and a light blue background for the bottom section.

San Luis Obispo County

San Simeon CSD Comprehensive Analysis

June 10, 2026



Introduction & Purpose

Introduction

San Simeon CSD proposed application to LAFCO for dissolution
Relocation of the wastewater treatment plant by July 2029

Purpose

Informs San Simeon CSD application to LAFCO for dissolution
Provide LAFCO & SLO County with data to analyze service scenarios

- Organizational Scenarios and considerations
- Financial analysis and rate impacts of service scenarios

SSCSD Services

- General Administration
- Road Maintenance / appurtenant Storm Drains
- Street Lighting
- Hazardous Weed Abatement
- Pico Stairway Maintenance
- Water Service
- Sewer Service

The background features a large green triangle pointing downwards from the top-left corner, and a vertical blue bar on the right side.

San Simeon CSD General Administration

SSCSD General Administration

Administrative Responsibility follows the Service

Services may be provided by the following:

- Unincorporated County
- New County Service Area
- Agreement with Cambria CSD
- State of California (TBD)
- Combination of the above

SSCSD receives ~\$120k per year in Ad Valorem Revenue

These funds will be subject to a negotiated property tax exchange with the jurisdiction(s) assuming the service responsibility.

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San Simeon CSD Road Maintenance

SSCSD Road Maintenance

Current Conditions

- Funded by Ad Valorem Taxes
- Minimal ongoing expenditures for critical repairs
- Aging surfaces
- Includes appurtenant storm drains

Local Roadway Service Alternatives

- County Maintained Road System via County (requires capital improvements that have no current funding source)
- Potential local maintenance funding (special tax, special assessment)
- Unmaintained public roadway

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San Simeon CSD Street Lighting

SSCSD Street Lighting

Current Conditions

- Funded by Ad Valorem Taxes (appx. \$10k/yr)
- Lights owned & operated by PGE

Local Street Lighting Service Alternatives

- Unincorporated County
- County Service Area

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San Simeon CSD Hazardous Weed Abatement

SSCSD Hazardous Weed Abatement

Current Conditions

- Enforcement of hazardous weed abatement on undeveloped property.
- Paid by affected property owners
- Property lien if unpaid

Local Weed Abatement Service Alternatives

- Unincorporated County
- County Service Area

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San Simeon CSD Pico Stairway Maintenance

SSCSD Pico Stairway Maintenance

Current Conditions

- SSCSD responsibility tied to CCC permit to operate WWTP
- Facility in disrepair and considered unsafe for use
- Subject to CCC Enforcement Warning (potential fines)
- Facility on private property, requires easement formalization
- Facility requires removal, repair or replacement (costs unknown)

Local Pico Stairway Alternatives

- Tied to WWTP operations
- Obligation will follow the wastewater service

The background features a large green triangle pointing downwards from the top-left corner, and a vertical blue bar on the right side.

San Simeon CSD

Water and Sewer Utilities

SSCSD Water Service

Background

- Aging infrastructure beyond useful life, in generally good condition
- Reservoir replacement most critical need
- Fire flow needs not likely to be met without new water source

Service Alternatives

- Rehabilitate Existing System - ~\$22M in capital improvements

Financial Assumptions

- Full project costs included to inform maximum rates
- Capital improvements financed via USDA Loan (4.75% interest, 40 years)
- Rates structured to begin funding operating and capital reserve funds
- Rates comply with Prop 218 cost of service requirements

SSCSD Water Service Illustrative Rates

Water Rate Schedule	Current Rates	Proposed Rates				
		Year 1	Year 2	Year 3	Year 4	Year 5
<i>Projected Increase in Rate Revenue:</i>		100.00%	100.00%	25.00%	25.00%	25.00%
Monthly Fixed Service Charge						
5/8 to 3/4 inch	\$53.62	\$65.42	\$130.85	\$163.56	\$204.45	\$255.56
1 inch	53.62	97.49	194.98	243.73	304.66	380.83
1 1/2 inch	53.62	177.66	355.32	444.15	555.19	693.99
2 inch	53.62	273.87	547.73	684.67	855.83	1,069.79
Commodity Rate (\$/100 HCF)						
Drinking Water	\$20.17	\$26.78	\$53.56	\$66.95	\$83.69	\$104.61
Irrigation	33.88	26.78	53.56	66.95	83.69	104.61

Bill Comparison	Average SFR HCF	Average Motel HCF
	315	4,529
Current Rates	\$117.16	\$967.12
<i>Proposed Rates Year 1</i>	\$149.78	\$1,390.59
<i>Proposed Rates Year 2</i>	\$299.57	\$2,781.18
<i>Proposed Rates Year 3</i>	\$374.46	\$3,476.48
<i>Proposed Rates Year 4</i>	\$468.08	\$4,345.60
<i>Proposed Rates Year 5</i>	\$585.10	\$5,431.99

SSCSD Sewer Service

Background

- Aging infrastructure beyond useful life, in generally good condition
- Relocation of the wastewater treatment plant required by July 2029
- State Parks/Hearst Castle service agreement

Service Alternatives

- Locate WW Package Plant and Rehabilitate Existing System - ~\$17.18M in capital improvements
- Convey to Cambria CSD Single Pump - ~\$17.26M in capital improvements
- Convey to Cambria CSD Dual Pump - ~\$19.99M in capital improvements

Financial Assumptions

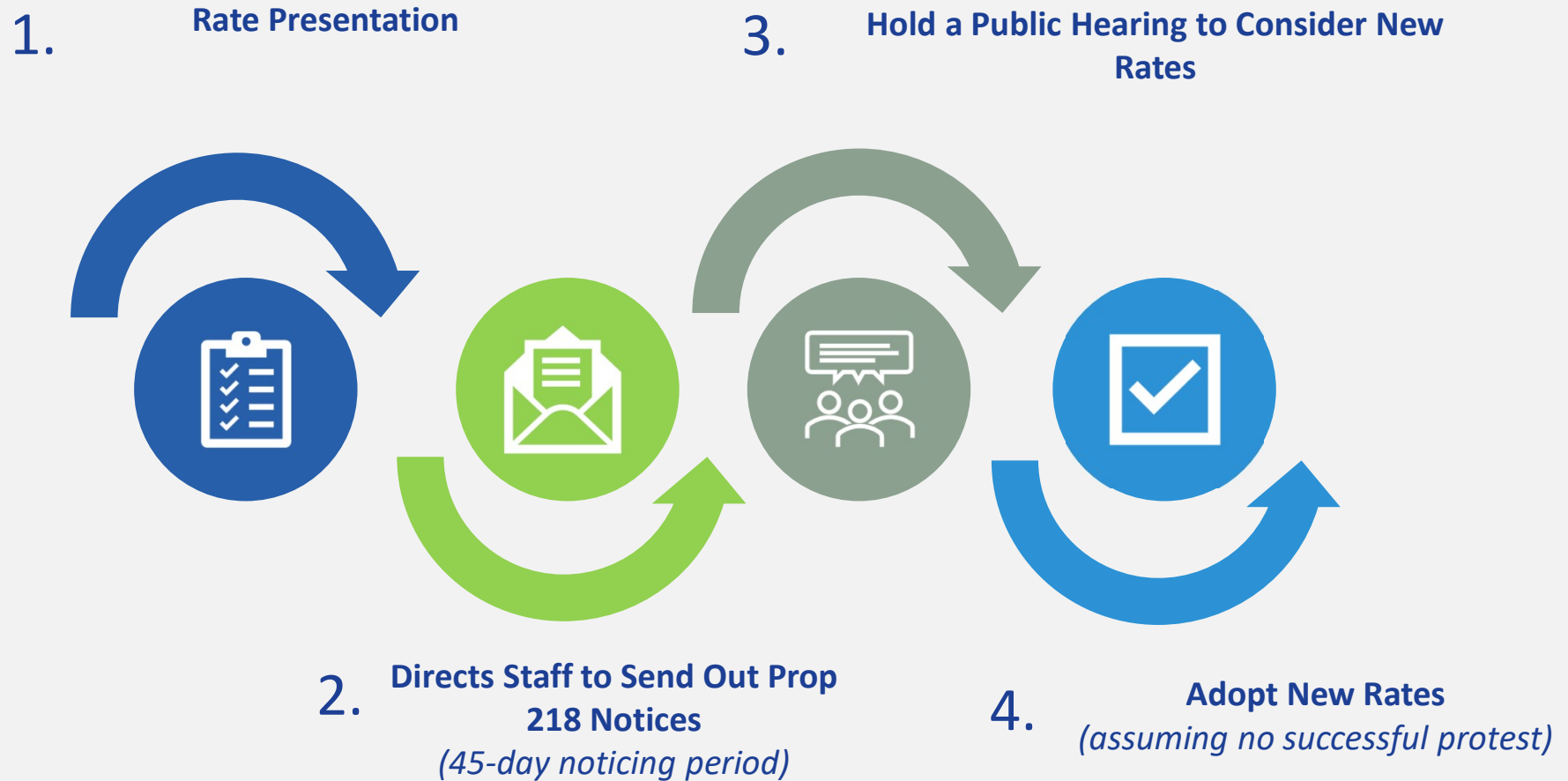
- Full project costs included to inform maximum rates
- Capital improvements financed via USDA Loan (4.75% interest, 40 years)
- Rates structured to begin funding operating and capital reserve funds
- Rates comply with Prop 218 cost of service requirements

SSSCSD Sewer Service Illustrative Rates

Sewer Rate Schedule	Current Rates	Proposed Monthly Sewer Rates				
		FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<i>Projected Increase in Rate Revenue:</i>		100.00%	80.00%	15.00%	8.00%	8.00%
Service Charges (Per 100 CCF of Water Used)						
Customer Class						
Residential	\$ 21.09	\$ 34.06	\$ 61.31	\$ 70.51	\$ 76.15	\$ 82.24
Motel	23.78	39.45	71.00	81.65	88.18	95.23
Commercial	13.63	26.85	48.33	55.58	60.03	64.83
Restaurant	31.83	49.37	88.86	102.19	110.37	119.20
State Park	33.30	34.09	61.36	70.56	76.20	82.30

Bill Comparison	Average SFR HCF	Average Motel HCF
	315	4,529
Current Rates	\$66.43	\$1,077.00
<i>Proposed Rates Year 1</i>	\$107.28	\$1,786.54
<i>Proposed Rates Year 2</i>	\$193.13	\$3,215.59
<i>Proposed Rates Year 3</i>	\$222.11	\$3,697.93
<i>Proposed Rates Year 4</i>	\$239.87	\$3,993.67
<i>Proposed Rates Year 5</i>	\$259.06	\$4,312.97

Prop 218 Process for Utility Rates





San Simeon CSD Conclusions & Recommendations

Summary of Conclusions

Organization

- Decision regarding water/sewer service scenarios will drive organizational structure
- Utility rates will be condition of approval for service provision

Funding

- Ad valorem property tax sufficient to support service provision except utilities
- Significant utility rate increases required under all service scenarios

Summary of Recommendations

Recommendations Next 6-18 Months

- Continue Cal-WARN agreement with County Public Works.
- Continue operating the CSD through LAFCO proceedings.
- Cooperatively define service structures with amenable PSA(s)
 - (County, CSA, CCSD)
 - Coordinate with PSA(s) on required LAFCO submittals
- As existing funding allows:
 - Execute interim outfall ballast repair (~\$130k).
 - Negotiate and adopt a formal wastewater service agreement with State Parks;
 - Secure pipe bridge access easement; remove debris; evaluate replacement schedule and funding.

Questions & Discussion





San Luis Obispo LAFCO

San Simeon June 10, 2026





Actions to Date

- **San Simeon District Initiated Dissolution via Resolution – Completed May 2024**
- **LAFCO Initial 30-day Review – Completed June 2024**
 - **Status – Application is on hold pending requested information**
- **Required Study of Proposal – Draft Prepared June 2026**
- **LAFCO Regional Agency Meetings – July 2025 – Ongoing**
- **CalWARN Agreement – July 2025 - Ongoing**



Next Steps

- **Once NBS study is complete, application can begin to move forward**
 - **Board of Supervisors (BOS) consideration of study**
 - **Once BOS provides input and sets a course, affected agencies can initiate necessary actions**
 - Agreements (property tax, asset transfers, etc)
 - Governance Structure
 - Plan For Service
 - **Once necessary items have been prepared, the BOS will need to approve, including any other agencies**
 - **Once a formal concrete plan is in place, LAFCO may commence processing**
 - **LAFCO Hearing**
 - **Protest Proceedings**
-



Timeline From Today

- **July 2026 BOS – Study Consideration**
- **Prepare necessary agreements, etc. – August 2026 to April 2027**
- **April 2027 BOS – Consideration of Agreements, Plan for Service**
- **June 2027 – LAFCO Review of Agreements, Plan for Service**
- **October 2027 – LAFCO public hearing**
- **November 2027 – Protest Process**
- **December 2027 – Completion**
- **Items that may extend into 2028**
 - **Formation of CSA Effective Date**
 - **Need for a 218 vote**



Major Decisions to Move Forward

- **What does this look like, is it dissolution to a CSA?**
 - **A clear Plan for Service needs to be completed**
- **Who is within the new CSA boundary?**
- **How does State parks relate to this?**
- **Does it tie into Cambria CSD?**
- **If so, Cambria CSD will be required to take action and when?**
- **BOS direction on whether to assume responsibly**



Recommendations

- **Continue to be involved and have a seat at the table, it will take time to do it correctly**
- **Engage the community to inform about process and implications of dissolution (workshops, etc.)**
- **Consider an MOU between all affected parties once a clear plan is identified. This would create a framework and establish roles/responsibilities**
 - **San Simeon**
 - **County**
 - **State Parks**
 - **Cambria CSD**
 - **Any other relevant agency**