

To: SSCSD Directors and Interim General Manager

Subject: Creation of a County Service Area for the community of San Simeon

The district proposes dissolving San Simeon Community Services District and transferring services and governance to the County of San Luis Obispo. If the dissolution is approved, the County will create a County Service Area (CSA) dedicated to San Simeon.

The proposed new County Service Area (CSA) would resemble our present San Simeon Community Services District (CSD). It would provide the same services—water, wastewater, road maintenance, street lighting, and weed abatement. The county would establish separate accounts for assets and liabilities. As with other CSAs, funding would be provided via water and sewer fees and property taxes. Like today, a San Simeon County Service Area will stand on its own financially. Note: General county taxes and fees are not used for CSAs.

San Luis Obispo County Public Works maintains CSAs for Nipomo, Oak Shores, Cayucos, Avila Beach, Shandon, SLO County Club, and Santa Margarita. For comparison, the Cayucos Water CSA has 800 customers, Santa Margarita CSA has 500 customers, and Shandon 300. Presently, San Simeon has 200 customer accounts.

The main difference between a community services district (CSD) and a county service area (CSA) is governance. CSDs are officially called independent special districts because they have their own five-member constituent-elected board that heads them. San Simeon CSD recently split the community into five mini-districts with an average of 33 registered voters representing their neighborhoods in each district; this subdivision has created leadership challenges.

A county service area (CSA) is called a dependent special district because the County Board of Supervisors governs it and is the ultimate decision-making body. The San Simeon community would no longer be subdivided for its representation.

The county can establish an advisory council for the new San Simeon County Service Area to provide a formal path for community input. Such an advisory council exists for the Cayucos CSA.

Like today, there will be an annual budget and rate-setting process. Rates will be set with public input using the same Prop. 218 processes used today, which allow for constituent protests.

The community's economically disadvantaged status will remain, making it eligible for grants and loans to help fund necessary infrastructure projects.

Having the county provide the community's water, wastewater, and other services via a dedicated county service area has many advantages. The county has a sizeable skilled staff, including engineering, permitting, accounting, finance, legal, administration, and operations. These resources can be applied to benefit CSAs. San Simeon CSD will never match these skills and the depth of resources. Service continuity will no longer be an issue for the community.

The county service area structure will provide stable, capable, cost-effective governance for the San Simeon community. It is time to start referring to the post-dissolution governance structure as the San Simeon County Service Area.

According to the recently passed San Simeon CSD board resolution, the formal study of the county service area option should begin shortly.

The following is the link to the San Luis Obispo County Public Works webpage for CSA's:

<https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/County-Service-Areas.aspx>

Regards,
Hank Krzciuk
San Simeon Resident