

**AVILA BEACH COMMUNITY
SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424
Meeting Room and Office – 191 San Miguel Street, Avila Beach
Telephone (805) 595-2664 FAX (805) 595-7623
E-Mail avilacsd@gmail.com

AGENDA

**REGULAR BOARD MEETING
7:00 pm Tuesday, November 10th, 2015
BOARD MEETING LOCATION
AVILA BEACH CIVIC ASSOCIATION
191 SAN MIGUEL STREET
AVILA BEACH, CALIFORNIA**

1. **CALL TO ORDER: 7:00 P.M.**
2. **ROLL CALL: Board Members:**
 - Pete Kelley, President
 - Lynn Helenius, Director
 - John Janowicz, Director
 - Shanna Richards, Director
3. **Swearing In and Oath of Office for new Board member Ken San Filippo**
4. **PUBLIC COMMENT**

Members of the public wishing to comment or bring forward any items concerning District operations **which do not appear on tonight's agenda** may address the Board now. Please state name and address before addressing the Board and **limit presentations to 3 minutes**. State law does not allow Board action on items not appearing on the agenda
5. **INFORMATION AND DISCUSSION ITEMS**

Items of District interest which may be placed on later agendas, or where staff needs to inform Board.

 - A. County Reports
 1. SLO County Sheriff Department
 2. CalFire/County Fire Department
 - B. Reports on Attended Conferences, Meetings, and General Communications of District Interest

6. CONSENT ITEMS:

These items are approved with one motion. Directors may briefly discuss any item, or may pull any item, which is then added to the business agenda.

- A. Minutes of October 13th, 2015 Regular Meeting
- B. Monthly Financial Review
- C. General Manager and District Engineer Report
- D. Capital Projects Status Report
- E. Water and Wastewater Superintendent Report

7. DISCUSSION OF PULLED CONSENT ITEMS

At this time, items pulled for discussion from the Consent Agenda, if any, will be heard.

8. BUSINESS ITEMS: Items where Board action is called for.

- A. District Interest in Zone 3 Emergency Water Supply Project
(Action Required: Receive Report and Provide Staff Direction regarding the District's interest in the emergency water project)
- B. Resolution No. 2015-16 updating the District's authorized banking signers and associated letter for Heritage Oaks Banking Accounts. (Action Required: Adopt Resolution No. 2015-16 and Sign letter to Heritage Oaks Bank updating authorized signers)
- C. District Financial Audit for Fiscal Year 2014-15
(Action Required: Receive draft report and presentation by Mr. Bob Crosby, CPA, and the District's independent Auditor; provide direction to staff)
- D. Status of Draft Agreement with Port San Luis Harbor District for Wastewater Treatment and Disposal
(Action Required: Receive Report from General Manager and Legal Counsel and provide direction to staff)
- E. Intent to Serve: 264 San Miguel Street Revised Application
(Action Required: Consider approval of Preliminary Intent to Serve)

9. COMMUNICATIONS/ COORESPONDENCE

At this time, any Director or Staff, may ask questions for clarification, make any announcements, or report briefly on any activities or suggest items for future agendas.

10. Adjourn to next regularly scheduled meeting on December 8, 2015

Any writing or document pertaining to an open session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the District Administration Office, 191 San Miguel Street, Avila Beach, CA during normal business hours. Consistent with the Americans with Disabilities Act and California Government Code Section 54954.2 requests for disability related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires the modification or accommodation in order to participate at the above referenced public meeting by contacting the District at 805-595-2664.

**AVILA BEACH COMMUNITY SERVICES DISTRICT
MINUTES OF REGULAR MEETING
October 13th, 2015**

1. CALL TO ORDER

The Board of Directors of the Avila Beach Community Services District, meeting in Regular Session at 7:00 p.m. on the above date, in the Avila Beach Civic Center Meeting Room, was called to order by President, Pete Kelley.

2. ROLL CALL

Board Members Present: Pete Kelley
 John Janowicz
 Shanna Richards
 Lynn Helenius

Board Members Absent: None

Staff Present: Brad Hagemann, General Manager & District Engineer
 Mike Seitz, District Legal Counsel
 Kristi Dibbern, Accounting Clerk

3. PUBLIC COMMENTS

None.

4. INFORMATION AND DISCUSSION ITEMS

A. County Reports

1. SLO Sheriff:

Sheriff Cronin reported 94 calls for service this month in Avila Beach. There were 12 traffic stops, 3 thefts breaking into parked cars. One vacation rental scam was reported and the Department responded to a number of parties at Pirate's Cove.

2. CAL Fire Report:

Battalion Chief Paul Lee from CAL Fire reported 47 calls for service this month. Thirty one of those calls were for medical attention. The Department has ceased brush clearing at this time from the golf course to the fire line above the ridge. This project will resume following a significant rain event. Chief Lee commented that it is important to report to PG&E if you see vegetation near power lines as it can be a fire hazard and make sure your address is visible on the front of the house so emergency personnel can respond as quickly as possible.

B. Reports on Attended Conferences, Meetings and General Communications of District Interest.

No items to report.

5. CONSENT ITEMS

President Kelley introduced the consent items and inquired if any member of the Board or public wished to address any items.

Director Richards requested that Item 5.C General Manager/District Engineer Report be pulled from consent. It was moved by Director Janowicz, seconded by Director Richards and passed unanimously to approve the consent items as submitted with the exception of Item 5.C General Manager's Report for discussion on Policies and Procedures regarding non-payment of water & sewer bills.

- A. Approval of the Minutes for the following meetings: July 29th, 2015 Meeting
- B. Monthly Financial Review
- C. General Manager/District Engineer Report
- D. Water & Wastewater Superintendent Report
- E. Subcommittee Reports
- F. Capital Projects Status Report

6. DISCUSSION OF PULLED CONSENT ITEMS.

Item 5.C General Manager/District Engineer Report – Director Richards had requested information regarding the District's plans and policies for discontinuance of service for non-payment. GM Hagemann included Ordinance 2004-01 and Policy Number 3037 in the agenda packet and quickly summarized the two documents. The Directors discussed the issue and directed staff to work with Director Richards to update and/or develop a revised policy on this issue. The revised policy should include more specificity regarding non-payment, payment arrangements and shut off procedures to ensure the process is implemented consistently. The Board directed staff to work with Director Richards and research procedures from other agencies and develop a revised policy for Board consideration at a future Board meeting.

7. **BUSINESS ITEMS**

A. Intent to Serve: Villa Pacifica Condominiums APN 076-201-021/056.

General Manager Hagemann reminded the Board and the audience that the Avila Beach CSD has surface water entitlements for a total of 168 acre-feet per year (AFY). Of the 168 AFY, 68 AFY are from Lopez Lake (68 AFY) and 100 AFY are from the State

Water Project. For the last several years the District has used approximately 85 AFY. The District's 2010 Water Master Plan noted existing water demand of 88 AFY and estimated build out water demand at 121 AFY. Even with the extreme drought for the past four years, the District's water supply appears to be sufficient to serve the build-out population of the District. At this time it appears the District has sufficient water and sewer capacity to issue Preliminary Will Serve Letters for infill and/or redevelopment within the District.

Project applicant, Mr. Randy Dettmer summarized the proposed project and answered questions regarding the project description, slope of the property and the concern for water runoff in the event of heavy rain.

It was moved by Director Richards, seconded by Director Helenius and passed unanimously to approve a "Preliminary Will Serve" for Villa Pacifica Condominiums APN076-201-021/056.

B. Intent to Serve: Hunter/Dooley Family Trust, Avila Infil Project located at First Street & San Antonia. APN 076-222-005/006

Director Lynn Helenius recused herself from this item since the property is located relatively close to her residence and she may have a conflict.

GM Hagemann introduced the item and provided a brief project description. Project applicant and property owner, Mr. Ken Hunter, briefly addressed the Board and responded to Board member questions. Mr. Hunter noted that the project was just beginning the County Planning Department review process. He anticipated it would take several months to complete that process that would likely include a Planning Commission hearing. The Board was pleased that the project included adequate parking for the new structures.

It was moved by Director Janowicz, and seconded by Director Richards and passed unanimously to approve a "Preliminary Will Serve" request for the Avila Infil Project located at First Street & San Antonia. APN 076-222-005/006.

C. Intent to Serve: 264 San Miguel Street APN 076-201-071 Lots 1, 2, & 3. Director Janowicz recused himself from this item since the property is located relatively close to his residence and he may have a conflict.

GM Hagemann summarized the Staff Report, explaining that this Intent to Serve request was unique in that the property was in escrow and the owners had been paying for the existing minimum water and sewer fees for many years after the structures had been demolished. Laurie Kelsey, a representative for the family, explained they had continued to pay for services on all four lots under the assumption that it would entitle them to continued services and protect them from new capacity fees. Mr. Danny Sullivan the Real Estate Agent for both the buyer and the seller referenced his October 5, 2105, letter which summarized his client's position and wherein he requested a credit in the amount of \$39,000 toward the newly assessed capacity fees.

After Board discussion and questions to the applicant and owner, Legal Counsel Seitz commented that the payment of services for 10 years after the structures were demolished should be considered a "stand-by charge" for water and sewer service. These past payments gave insurance that in the event of water or sewer moratorium was put in to place, these lots would be entitled to water and sewer service. In addition, the Board was concerned about issuing an Intent to Serve Letter to a party that does not own the property.

After more discussion, the Board concluded that it was not appropriate to issue the Preliminary Intent to Serve to a party that does not own the property. The Board recommended the property owners continue to work with staff and bring the request back to the Board when appropriate.

D. Public Hearing for SW Franchise Fee Rate Increase.

General Manager Hagemann summarized the Staff Report explaining that South County Sanitary Services had submitted an application for a rate increase. The proposed increase is needed to support on-going operations and a new Organics Diversion Program. Proposed Resolution No 2015-13 will provide a 3.25% solid waste rate increase effective January 1, 2016, and rate increases effective January 1, 2017 and 2018 based on the Consumer Price Index. South County representative Patrick Fenton and staff were present to answer questions from the Board and public.

PUBLIC HEARING OPENED.

No public comments or protests.

PUBLIC HEARING CLOSED.

A motion was made by Director Kelley and seconded by Director Janowicz, to adopt Resolution 2015-13 adopting SW rates for 2016, 2017, 2018. The Resolution passed unanimously by a roll call vote.

**AYES: Pete Kelley
 Lynn Helenius
AYES: John Janowicz
 Shanna Richards**

NOES: None

ABSENT: None

E. Water Recycling Grant Application

GM Hagemann summarized the Staff Report providing the background and progress of this project. Hagemann reported that the concept of partnering on the study with the San Miguelito Mutual Water Company (SMMW) was presented to the SMMW at their September 16 meeting and that the Directors seemed interested in partnering in the study but needed more time to review the application. They directed their staff to bring the item back for their consideration at the October 21st, 2015 meeting. If approved, GM Hagemann recommended not submitting the application to the State Water Board until after the SMMW's October 21st, meeting.

The motion was made by Director Kelley and seconded by Director Richards to approve Resolution No. 2015-14 authorizing General Manager Hagemann to file Recycled Water Grant Application with the State Board following San Miguelito Mutual Water's approval of the application. The motion passed unanimously with a roll call vote.

**AYES: Pete Kelley
 John Janowicz
 Lynn Helenius
 Shanna Richards**

NOES: None

ABSENT: None

Avila Beach CSD
Board of Directors Meeting
Draft Minutes October 13th, 2015

F. Candidates for Director Vacancy.

The Board received two candidate applications Ken San Filippo & Daniel Jelladian for filling the vacant Board member seat. Ken San Filippo addressed the Board expressing his interest in being chosen for the position as well as briefly listing his qualifications. Daniel Jelladian was not present at the meeting.

President Kelley made the motion to appoint Ken San Filippo to the Board, the motion was seconded by Director Richards and passed on a roll call vote:

AYES: **Pete Kelley**
 John Janowicz
 Shanna Richards
 Lynn Helenius
NOES: **None**
ABSENT: **None**

8. COMMUNICATATIONS:

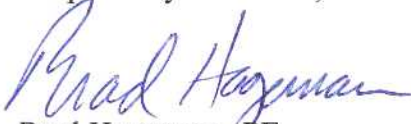
None

ADJOURNMENT: The meeting was adjourned at 8:55p.m.

The next regular meeting of the Avila Beach Community Services District is scheduled for November 10th, 2015 at 7:00 pm. This meeting will be held at the Avila Beach Civic Association 191 San Miguel Street. Avila Beach.

These minutes are not official nor a permanent part of the records until approved by the Board of Directors at their next meeting.

Respectfully submitted,




Brad Hagemann, PE
General Manager

AVILA BEACH
COMMUNITY SERVICES DISTRICT
Post Office Box 309, Avila Beach, CA 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 10, 2015

SUBJECT: Monthly Financial Review for September 2015

Recommendation:

Receive and file report.

Overall Monthly Summary

During September the District made deposits in the amount of \$84,178.69 and experienced \$104,992.54 in expenses (cash basis). The deposits by fund and checks by fund are provided as an attachment to this report. Income in September included \$524.31 in County tax income and \$78,258.58 in monthly water and sewer fees. Monthly operation and maintenance expenses are also within the anticipated range and Capital Improvement Program expenses are all within the approved budget limits.

Detailed financial reports including a Balance Sheet, Deposits by Fund and Checks by Fund Actual are provided for your information.

Utility Service Billing

For the month of September the District billed approximately \$65,200.58 in water and sewer service charges. Customer Rate Assistance amounted in a reduction of billing charges to the District in the amount of \$446.20. Delinquent accounts with payments past due of 60 days or more are still relatively low, but we did issue approximately 3 "door hanger" shut-off notices in September to accounts that were over 90 days late. Customers responded by making payment arrangements with staff.

11:35 AM
10/21/15
Accrual Basis

Avila Beach Community Services District
Balance Sheet
As of September 30, 2015

Sep 30, 15

ASSETS

Current Assets

Checking/Savings

1000 · Cash Summary

1001A · Heritage Oaks General Checking

242,480.39

1001 · B of A - General Checking

977.24

1005 · B of A - Payroll

25,845.09

1007 · B of A - Water Deposits

6,020.00

1008 · LAIF

2,211,678.32

1010 · Petty Cash

80.00

Total 1000 · Cash Summary

2,487,081.04

Total Checking/Savings

2,487,081.04

Accounts Receivable

1200 · *Accounts Receivable

41,746.63

Total Accounts Receivable

41,746.63

Other Current Assets

1100 · Receivables

1110 · Water & Sewer Billings

132,353.77

Total 1100 · Receivables

132,353.77

1250 · Prepaid Summary

1252 · Prepaid State Water

235.37

1251 · Prepaid Insurance

10,735.70

Total 1250 · Prepaid Summary

10,971.07

Total Other Current Assets

143,324.84

Total Current Assets

2,672,152.51

Fixed Assets

1600 · Fixed Assets Summary

1601 · Fixed Asset -Office & Admin.

1601c · Office Furniture cost

12,759.79

1601d · Office Furniture Accum Dep.

-8,094.08

Total 1601 · Fixed Asset -Office & Admin.

4,665.71

1602 · Fixed Assets - Sanitary

1612 · Land

1612.01 · Land - GFAAG

20.00

1612 · Land - Other

60,294.10

Total 1612 · Land

60,314.10

1622 · Collection Assets

1622C · Collection Assets Cost

933,045.33

11:35 AM
10/21/15
Accrual Basis

Avila Beach Community Services District
Balance Sheet
As of September 30, 2015

	<u>Sep 30, 15</u>
1622D · Collect Assets Accum Depr	-281,967.93
Total 1622 · Collection Assets	651,077.40
1632 · Disposal Equipment	
1632C · Disposal Equip Cost	523,122.64
1632D · Disposal Equip Accum Depr	-147,818.68
Total 1632 · Disposal Equipment	375,303.96
1642 · Other Equipment	
1642C · Other Equipment Cost	922.93
1642D · Other Equip Accum Depr	-923.00
Total 1642 · Other Equipment	-0.07
1652 · Construction In Progress Plant	
1652C · Treatment Plant Cost	1,868,782.91
1652D · Treatment Plant Accum Dep	-839,387.72
1652 · Construction In Progress Plant - Ot...	36,084.24
Total 1652 · Construction In Progress Plant	1,065,479.43
1662 · Treatment Equipment	
1662C · Treatment Equip Cost	1,017,143.01
1662D · Treatment Equip Accum Depr	-444,151.88
1662 · Treatment Equipment - Other	205,485.61
Total 1662 · Treatment Equipment	778,476.74
Total 1602 · Fixed Assets - Sanitary	2,930,651.56
1603 · Fixed Assets - Water	
1613 · Equipment	
1613C · Equipment Cost	21,136.28
1613D · Equipment Accum Depr	-21,136.28
Total 1613 · Equipment	0.00
1623 · Distribution Assets	
1623C · Distribution Assets Cost	1,109,466.25
1623D · Dist Assets Accum Depr	-508,510.58
Total 1623 · Distribution Assets	600,955.67
1643 · Other Equipment	
1643C · Other Equipment Cost	1,366.07
1643D · Other Equipment Accum Depr	-1,366.07
Total 1643 · Other Equipment	0.00
Total 1603 · Fixed Assets - Water	600,955.67
1604 · Structures	
1614 · Structures GFAAG	29,810.00

11:35 AM
10/21/15
Accrual Basis

Avila Beach Community Services District
Balance Sheet
As of September 30, 2015

	Sep 30, 15
1614D · Gen / Fire Accum Dep	-29,810.00
Total 1604 · Structures	0.00
Total 1600 · Fixed Assets Summary	3,536,272.94
Total Fixed Assets	3,536,272.94
Other Assets	
1099 · Due To / Due From General	-244,223.05
Total Other Assets	-244,223.05
TOTAL ASSETS	5,964,202.40
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100 · Payroll Liabilities	
2108 · PERS Liability	644.24
Total 2100 · Payroll Liabilities	644.24
210 · vacation payable	1,137.15
2300 · Deposits Held	
2303 · Water Deposits Held	6,020.00
2304 · Fire Station Deposit	2,000.00
2305 · Will Serve Deposits Held	185,184.60
Total 2300 · Deposits Held	193,204.60
Total Other Current Liabilities	194,985.99
Total Current Liabilities	194,985.99
Total Liabilities	194,985.99
Equity	
3900 · Retained Earnings	5,973,535.41
Net Income	-204,319.00
Total Equity	5,769,216.41
TOTAL LIABILITIES & EQUITY	5,964,202.40

10/21/15

**Avila Beach Community Services District
Deposits by Fund
September 2015**

Type	Date	Memo	Split	Amount	Balance
General					
Deposit	09/10/2015	Visdom	1001A · Heritage Oaks Gen...	-2,956.00	-2,956.00
Deposit	09/14/2015	SLO County Taxes	1001A · Heritage Oaks Gen...	-259.17	-3,215.17
Total General				-3,215.17	-3,215.17
Sanitary					
Deposit	09/04/2015	Sani Rec	1001A · Heritage Oaks Gen...	-3,168.89	-3,168.89
Deposit	09/08/2015	Sani Rec	1001A · Heritage Oaks Gen...	-797.89	-3,966.78
Deposit	09/09/2015	Sani Rec	1001A · Heritage Oaks Gen...	-2,262.18	-6,228.96
Deposit	09/10/2015	Sani Rec	1001A · Heritage Oaks Gen...	-1,668.70	-7,897.66
Deposit	09/11/2015	Sani Rec	1001A · Heritage Oaks Gen...	-2,684.87	-10,582.53
Deposit	09/14/2015	SLO County Taxes	1001A · Heritage Oaks Gen...	-265.14	-10,847.67
Deposit	09/14/2015	Sani Rec	1001A · Heritage Oaks Gen...	-11,469.14	-22,316.81
Deposit	09/15/2015	Sani Rec	1001A · Heritage Oaks Gen...	-5,935.41	-28,252.22
Deposit	09/16/2015	Sept Billing Rec Sani	1001A · Heritage Oaks Gen...	-949.44	-29,201.66
Deposit	09/16/2015	Sept Billing Sani Rec	1001A · Heritage Oaks Gen...	-248.22	-29,449.88
Deposit	09/16/2015	Cherie Annette Garcia	1001A · Heritage Oaks Gen...	-125.70	-29,575.58
Deposit	09/18/2015	Sept Billing Rec Sani	1001A · Heritage Oaks Gen...	-5,433.62	-35,009.20
Deposit	09/18/2015	Sept Billing Sani Rec	1001A · Heritage Oaks Gen...	-931.24	-35,940.44
Deposit	09/22/2015	Sept Billing Sani Rec	1001A · Heritage Oaks Gen...	-309.58	-36,250.02
Deposit	09/22/2015	Sept Billing Rec Sani	1001A · Heritage Oaks Gen...	-40.02	-36,290.04
Deposit	09/22/2015	Sept Billing Rec Sani	1001A · Heritage Oaks Gen...	-427.80	-36,717.84
Deposit	09/25/2015	Sept Billing Rec Sani	1001A · Heritage Oaks Gen...	-256.48	-36,974.32
Deposit	09/25/2015	Sept. Sani Billing Rec	1001A · Heritage Oaks Gen...	-222.14	-37,196.46
Deposit	09/28/2015	Sept Billing Sani Rec	1001A · Heritage Oaks Gen...	-855.24	-38,051.70
Total Sanitary				-38,051.70	-38,051.70
Solid Waste					
Deposit	09/04/2015	Solid Waste Franchise Fee, S. Co.	1001A · Heritage Oaks Gen...	-946.79	-946.79
Deposit	09/23/2015	Sept Franchise Fee	1001A · Heritage Oaks Gen...	-1,493.01	-2,439.80
Total Solid Waste				-2,439.80	-2,439.80
Water					
Deposit	09/04/2015	Water Rec	1001A · Heritage Oaks Gen...	-1,653.15	-1,653.15
Deposit	09/08/2015	Water Rec	1001A · Heritage Oaks Gen...	-772.65	-2,425.80
Deposit	09/09/2015	Water Rec	1001A · Heritage Oaks Gen...	-1,859.38	-4,285.18
Deposit	09/10/2015	Water Rec	1001A · Heritage Oaks Gen...	-1,755.21	-6,040.39
Deposit	09/11/2015	Water Rec	1001A · Heritage Oaks Gen...	-6,314.37	-12,354.76
Deposit	09/14/2015	Water Rec	1001A · Heritage Oaks Gen...	-11,772.41	-24,127.17
Deposit	09/15/2015	Water Rec	1001A · Heritage Oaks Gen...	-6,388.07	-30,515.24
Deposit	09/15/2015	water - adj underpd ck # 657 Ager, Marni Ly...	1001A · Heritage Oaks Gen...	0.30	-30,514.94
Deposit	09/16/2015	Sept Billing Rec Water	1001A · Heritage Oaks Gen...	-1,091.63	-31,606.57
Deposit	09/16/2015	Sept Billing Water Rec	1001A · Heritage Oaks Gen...	-243.47	-31,850.04
Deposit	09/16/2015	Cherie Annette Garcia	1001A · Heritage Oaks Gen...	-143.25	-31,993.29
Deposit	09/18/2015	Sept Billing Rec Water	1001A · Heritage Oaks Gen...	-5,500.84	-37,494.13
Deposit	09/18/2015	Sept Billing Water Rec	1001A · Heritage Oaks Gen...	-1,420.11	-38,914.24
Deposit	09/22/2015	Sept Billing Water Rec	1001A · Heritage Oaks Gen...	-305.35	-39,219.59
Deposit	09/22/2015	Sept Billing Rec Water	1001A · Heritage Oaks Gen...	-40.01	-39,259.60
Deposit	09/22/2015	Sept Billing Rec Water	1001A · Heritage Oaks Gen...	-475.46	-39,735.06
Deposit	09/22/2015	\$ 80.03 deposited separately.NE	1001A · Heritage Oaks Gen...	40.01	-39,695.05
Deposit	09/25/2015	Sept Billing Rec Water	1001A · Heritage Oaks Gen...	-193.52	-39,888.57
Deposit	09/25/2015	Sept. Water Billing Rec	1001A · Heritage Oaks Gen...	-226.55	-40,115.12
Deposit	09/28/2015	Sept Billing Water Rec	1001A · Heritage Oaks Gen...	-356.90	-40,472.02
Total Water				-40,472.02	-40,472.02
TOTAL				-84,178.69	-84,178.69

10/21/15

Avila Beach Community Services District
Checks by Fund
September 2015

Type	Date	Num	Name	Amount	Balance
Administrative					
Check	09/03/2015	1522	Avila Beach Civic Association	741.03	741.03
Check	09/03/2015	1523	Business Card Visa	149.65	890.68
Check	09/03/2015	1523	Business Card Visa	51.49	942.17
Check	09/03/2015	1525	Charter	169.94	1,112.11
Check	09/03/2015	1527	Nikki Engle Bookkeeping & Teaching	233.75	1,345.86
Check	09/03/2015	1530	Staples	49.71	1,395.57
Check	09/03/2015	1532	Avila Beach Community Service District	25,000.00	26,395.57
Check	09/03/2015	1533	Hagemann & Associates	5,500.00	31,895.57
Check	09/11/2015	1535	Petty Cash	58.59	31,954.16
Check	09/11/2015	1538	Cal Tec	165.00	32,119.16
Check	09/11/2015	1539	Nikki Engle Bookkeeping & Teaching	178.75	32,297.91
Check	09/11/2015	1540	Shipsey & Seitz	422.40	32,720.31
Check	09/15/2015		Acct Analysis Fee	59.61	32,779.92
Check	09/16/2015	1542	Hagemann & Associates	5,500.00	38,279.92
Check	09/16/2015	1546	Public Employees Retirement System	993.00	39,272.92
Check	09/16/2015	1547	Public Employees Retirement System	300.95	39,573.87
Check	09/16/2015	1549	Nikki Engle Bookkeeping & Teaching	220.00	39,793.87
Check	09/29/2015	1565	Hagemann & Associates	5,500.00	45,293.87
Check	09/30/2015	1567	Business Card Visa	291.69	45,585.56
Total Administrative				45,585.56	45,585.56
General					
Check	09/11/2015	1540	Shipsey & Seitz	80.00	80.00
Total General				80.00	80.00
Lights					
Check	09/16/2015	1551	PG&E	385.90	385.90
Check	09/16/2015	1551	PG&E		385.90
Check	09/16/2015	1551	PG&E		385.90
Total Lights				385.90	385.90
Sanitary					
Check	09/03/2015	1520	Avila Beach CSD	69.00	69.00
Check	09/03/2015	1520	Avila Beach CSD	55.20	124.20
Check	09/03/2015	15750	Abalone Coast Analytical, Inc.	2,889.20	3,013.40
Check	09/03/2015	1521	Abalone Coast Analytical, Inc.	2,111.60	5,125.00
Check	09/03/2015	1523	Business Card Visa	157.75	5,282.75
Check	09/03/2015	1524	Brenntag Pacific, Inc.	1,437.40	6,720.15
Check	09/03/2015	1524	Brenntag Pacific, Inc.	1,346.79	8,066.94
Check	09/03/2015	1526	Great Western Alarm	30.00	8,096.94
Check	09/03/2015	1528	Miners Ace Hardware	216.45	8,313.39
Check	09/03/2015	1529	Speed's	1,525.50	9,838.89
Check	09/03/2015	1531	USA Bluebook	218.86	10,057.75
Check	09/11/2015	1534	Wallace Group	3,901.42	13,959.17
Check	09/11/2015	1534	Wallace Group	139.25	14,098.42
Check	09/11/2015	1534	Wallace Group	270.00	14,368.42
Check	09/11/2015	1534	Wallace Group	1,132.50	15,500.92
Check	09/11/2015	1536	Fluid Resource Management	10,962.00	26,462.92
Check	09/11/2015	1536	Fluid Resource Management	221.84	26,684.76
Check	09/11/2015	1536	Fluid Resource Management	4,412.59	31,097.35
Check	09/11/2015	1536	Fluid Resource Management	2,013.80	33,111.15
Check	09/11/2015	1536	Fluid Resource Management	2,010.96	35,122.11
Check	09/11/2015	1536	Fluid Resource Management	759.60	35,881.71
Check	09/11/2015	1536	Fluid Resource Management	137.50	36,019.21

10/21/15


Avila Beach Community Services District
Checks by Fund
September 2015

Type	Date	Num	Name	Amount	Balance
Check	09/11/2015	1536	Fluid Resource Management	3,515.12	39,534.33
Check	09/11/2015	1537	AT&T	172.10	39,706.43
Check	09/11/2015	1540	Shipsey & Seitz	880.00	40,586.43
Check	09/11/2015	1540	Shipsey & Seitz	616.00	41,202.43
Check	09/16/2015	1541	South County Sanitary Service	53.86	41,256.29
Check	09/16/2015	1543	Wallace Group	2,574.24	43,830.53
Check	09/16/2015	1543	Wallace Group	171.00	44,001.53
Check	09/16/2015	1544	Water Systems Consulting, Inc.	900.00	44,901.53
Check	09/16/2015	1545	USA Bluebook	134.24	45,035.77
Check	09/16/2015	1548	Brenntag Pacific, Inc.	1,326.58	46,362.35
Check	09/16/2015	1548	Brenntag Pacific, Inc.	1,097.88	47,460.23
Check	09/16/2015	1550	California Electric Supply	567.05	48,027.28
Check	09/16/2015	1551	PG&E	1,629.82	49,657.10
Check	09/16/2015	1551	PG&E	62.75	49,719.85
Check	09/16/2015		NSF Check- From Customer	125.70	49,845.55
Check	09/21/2015		NSF Check- From Customer	125.70	49,971.25
Check	09/29/2015	1552	Avila Beach CSD	69.00	50,040.25
Check	09/29/2015	1552	Avila Beach CSD	55.20	50,095.45
Check	09/29/2015	1553	Brenntag Pacific, Inc.	623.50	50,718.95
Check	09/29/2015	1553	Brenntag Pacific, Inc.	580.00	51,298.95
Check	09/29/2015		NSF Check- From Customer	116.74	51,415.69
Check	09/30/2015	1566	Home Depot	634.67	52,050.36
Total Sanitary				52,050.36	52,050.36
Water					
Check	09/03/2015	1520	Avila Beach CSD	49.25	49.25
Check	09/03/2015	1520	Avila Beach CSD	39.40	88.65
Check	09/11/2015	1536	Fluid Resource Management	5,288.00	5,376.65
Check	09/11/2015	1536	Fluid Resource Management	295.86	5,672.51
Check	09/11/2015	1540	Shipsey & Seitz	158.40	5,830.91
Check	09/11/2015	1540	Shipsey & Seitz	475.20	6,306.11
Check	09/16/2015		NSF Check- From Customer	143.25	6,449.36
Check	09/21/2015		NSF Check- From Customer	143.25	6,592.61
Check	09/29/2015	1552	Avila Beach CSD	49.25	6,641.86
Check	09/29/2015	1552	Avila Beach CSD	39.40	6,681.26
Check	09/29/2015		NSF Check- From Customer	83.26	6,764.52
Check	09/30/2015	1568	SLO Co Health	126.20	6,890.72
Total Water				6,890.72	6,890.72
TOTAL				104,992.54	104,992.54

**AVILA BEACH
COMMUNITY SERVICES DISTRICT
Post Office Box 309, Avila Beach, CA. 93424**

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 10, 2015

SUBJECT: General Manager/District Engineer Report

Winter Preparation

District staff has been taking steps to prepare for the upcoming winter season. Operations staff has been conducting post-summer routine maintenance at the WWTP and we are ensuring the back-up power generator is tested and ready to operate. In addition, we are raising the concrete collar on the First Street wet well to avoid having rainwater overflow in to the wet well during large storm events. With the assistance of San Luis Obispo County Public Works, staff is having ten cubic yards of sand delivered to the District for filling sand bags. The District has purchased 300 empty sand bags and will make them available at no cost to District customers.

Fire Hydrant Curb Marking

Several Community members have expressed concern regarding private vehicles parking in front of or near fire hydrants that could limit easy access for emergency response. On October 30, 2015, staff met with Cal Fire Chief Lee and California Highway Patrol Officer, Mike Brown to discuss the issue, the regulations, enforcement and specifics of painting the curbs adjacent to fire hydrants. Officer Brown stated that the CHP conducted a focused effort on parking enforcement this past summer and they will continue to enforce parking regulations within the District. Staff is reviewing options for painting the curbing near fire hydrants and will report back to the Board on the project.

Procedures and Policies for Discontinuance of Water and Sewer Service

At the October 13 Board meeting staff provided the District's written policies and procedures for discontinuance of water and sewer service for non-payment. At the conclusion of the discussion, the Board directed staff to research other CSD and City policies and work with Director Richards to develop updated policy for the District. Staff has downloaded information from the City of Paso Robles, City of Arroyo Grande and the City of Stacy and is currently reviewing the information and developing draft revised policies. The draft revised Policies should be available for review by the December or January Board meeting.

Recycled Water Grant Application

At their October 21, 2015, Board meeting, the San Miguelito Mutual Water Company Board directed their staff to participate with the District on the Recycled Water Grant Application. Staff updated the application to reflect SMMWC full participation, signed the application and submitted it to the State Board on November 3, 2015. Staff anticipates the State Board application review/approval process will take approximately 3 months. We will provide the Board periodic updates as part of the General Manager's Report.

CSDA Annual Meeting

The local CSDA chapter has once again asked if the Avila Beach CSD is willing and able to host the Annual Meeting. ABCSD has historically hosted the Annual Meeting in late January or early February. This year the meeting is scheduled for the evening of Friday, February 5, in the Civic Center meeting room. If the Board has no objections, staff will notify the local CSDA chapter President that the ABCSD will host the event.

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 10, 2015

SUBJECT: Capital Projects Status Report

Recommendation:
Receive and File

Discussion:

The District has taken on an aggressive, but manageable Capital Improvement Program this fiscal year with the major project being the San Luis Street/Avila Beach Drive Sewer Replacement Project. For ease of review, we have included a notation in brackets as to whether there has been significant progress to warrant a project summary update. If there have been no reportable changes we will indicate so in brackets.

WATER SYSTEM CIP'S

W-1 Water tank storage improvements – Budget \$30,000 [No changes]

Project will be implemented if operational techniques (frequent nitrate monitoring and ensuring frequent tank volume change out) are not adequate to control nitrification. Staff intends to talk with PG&E regarding the cost of getting A/C power at the tank site in order to open more options for mixing systems. Having power at the tank site will also help provide a more reliable signal for the SCADA system.

W-2- Water System Valve Replacement – Budget \$75,000 [No Changes]

Water line valves are being evaluated for replacement as we identify them during our routine valve exercising program and/or as we conduct normal operations in the system. The valve exercising program identifies valves that are reaching their useful life. This year's budget should allow for the replacement of 3 – 5 valves depending on the depth of valve and if they are in close proximity to each other. Our initial highest priority valve replacement project is the emergency supply connection project discussed below.

In January 2015, we identified a project to replace the valves that allow an emergency supply connection between San Miguelito Mutual, Port San Luis and the Avila Beach CSD. The District has retained Water Systems Consults Inc. to review the existing valve/meter configuration and provide a recommended design. WSC's prepared a Draft Technical Memo and staff is coordinating the design recommendations with San Miguelito Mutual and the Port. With their input/concurrence staff will implement installation of the new valves.

WW- 6 Pump Room Improvements – Budget \$15,000 [No changes]

This project was initially scoped in FY 2013/14 to include minor improvements to the restroom and hand washing facilities located within the pump room that were installed in the early 1970s. Upon further investigation staff is proposing to better utilize the limited space at the Plant by: making improvements to the restroom and hand washing facilities; installing a shower unit to allow staff to quickly clean-up in the event they are exposed to raw or partially treated wastewater; and adding a work space that will allow moving the process control lab facilities from upstairs to the downstairs pump room area. The proposed project scope includes demolition of the existing wall, toilet and sink facilities and re-alignment of the wall and installation of sanitation facilities that will also allow for a small process control lab work space area that will include the appropriate sink and plumbing and lighting fixtures.

WW-7 Miscellaneous Waste Water Projects – Budget \$25,000 [Updated]

This project provides funding for un-anticipated minor improvements at the WWTP. At the September Board meeting, staff recommended funding the new influent wet well pump (cost of approximately \$12,000) out of this budget line item. The new influent “chopper pump” has been delivered and was installed by FRM staff in late October. The chopper pump taken out of service will be inspected and rebuilt as needed and then placed in the sea train as the back-up pump.

WW- 8 San Luis Street & Avila Beach Drive Sewer Line Replacements – Budget \$350,000 (project budget will be updated to \$475,000 at mid-year budget review) [Updated]

This project will replace approximately 460 feet of 8 inch sewer line on San Luis Street between First and Second Street and 325 feet of sewer line along Avila Beach drive near the intersection of Avila Beach Drive and San Miguel Street. This project will be one of the most extensive and expensive projects conducted by the District in many years. The District retained Wallace Group to prepare the design and bid documents and awarded the contract to D-Kal Engineering Inc. of San Luis Obispo on July 29, 2015 and the Pre-construction meeting was held on September 2.

D-Kal initiated Construction on September 21 by installing the new sewer manhole at the intersection of First Street and San Luis Street. The contractor has completed installation and testing of the new line in San Luis Street and has tied in all the existing sewer laterals. As of this writing, the only remaining item is for the contractor to grind and re-pave the construction area on San Luis Street. Staff is optimistic the San Luis Street project will be completed by the Board meeting date. Staff is reviewing project submittals for the Avila Beach Drive portion of the project and anticipates construction will begin on this section by mid-November.

WW-9 Replace Stairway and Repair Decking at WWTP – Budget \$25,000 [No changes]

The District retained Matrix Consulting Engineers to prepare plans and specifications for fabrication and installation of the new stairway that connects the exterior of ground floor of the Primary Clarifier building to the first floor office space. The next step for this project is for staff to obtain bids from metal fabricators to build and/or install the new stairs at the WWTP site. Installation of the new stairway will need to be done quickly and in careful coordination with operations staff since all of the SCADA computer equipment is located upstairs and there is only one access point. The project schedule will be organized such that access to the SCADA computers will be available at all times, with a temporary access stairway or man lift as needed. Staff anticipates this project will be completed by the end of the calendar year.

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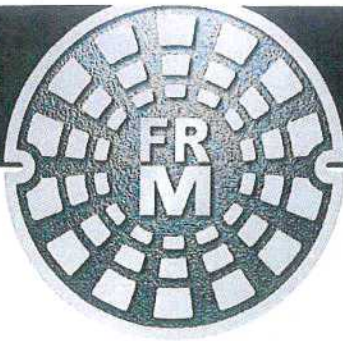
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Date: November 2, 2015
To: Brad Hagemann, ABCSD District Manager
From: Carinna Butler, FRM Operations Manager
RE: Monthly Facility Report for the November 2015 Board Meeting

WASTEWATER

The facility continues to meet discharge limitations despite high heavy influent BOD and TSS loading. The average influent BOD for the 4 samples collected was 456 mg/L (Plant Design – 270 mg/L) with a high of 563 mg/L on October 12th. The average influent TSS for the month was 258 mg/L with a high of 332 mg/L on October 12th. The average effluent BOD for the 4 samples collected this month was 30 mg/L (Permit Limit – 40 mg/L Monthly Average) with a high of 35 mg/L on October 12th. The average effluent TSS for the month was 19 mg/L (permit limit – 40 mg/L Monthly Average) with a high of 31 mg/L on October 12th. The monthly influent Port San Luis BOD sample collected on October 6th was 261 mg/L. The monthly influent flow reported by Port San Luis was 152,300 gallons. The results for the samples collected on October 30, 2015 were not yet available for this report.

Areas within the wastewater plant that are known to accumulate solids continue to be manually cleaned on a regular basis. The Chlorine Contact Chamber floor is vacuumed out on a weekly basis. These solids, if left to decompose, can have a negative effect on the effluent quality leaving the facility.

Operations Staff had approximately 9,600 gallons of sludge hauled out of the Digester during the month of October. The Digester has approximately 4,500 gallons of sludge removed every 3 weeks.

Great Western Alarm (GWA) had to make an onsite visit at the wastewater treatment plant to troubleshoot one of the alarm panel downstairs. The panel was giving an error code and would not let Operations Staff set the alarm. The alarm system was repaired and put back into service.

Staff met with the District to perform the first Critical Spare Parts Inventory for ABCSD. The list will be updated by the District and FRM will work with the District to expand the critical spare parts inventory. FRM would like to note that having spare parts available has already proven to be a valuable asset in keeping the systems running and reducing costs on emergencies and unscheduled repairs.

The wastewater treatment plants effluent line was potholed using a hydro excavation method to prevent damage to the multiple utilities buried in the area. With the line exposed the District can finalize the design and routing of the effluent line around the clarifier. The Fixed Film Reactors (FFR) isolation valves were exposed and are anticipated to be replaced at the same time as the effluent line project.

The First Street Lift Station valve vault riser has been ordered; the existing lid has been exposed and is ready for the riser to be installed. The riser will help to prevent the vault from flooding during heavy rain storms.

The new influent chopper pump was delivered, installed and put into service. The influent chopper pumps are used to grind up solid material in the raw sewage as it pumps the liquid into the plants Primary Clarifier. The backup influent pump was removed from service and will be inspected and serviced before it is placed back on the shelf.

The Secondary Sedimentation Pump #2 failed due to a locked bearing. The pump was removed from service and replaced temporarily with the spare utility pump. The failed pump was delivered to Perry's Electric for troubleshooting; the pump was disassembled and a cost for repair was given. Due to the high cost to repair the pump the District decided to order a new pump instead. The new pump should arrive in 4 to 6 weeks.

WATER

The small water storage tank continues to be used as standby, with staff monitoring the water quality in the tank and flushing as needed. Operations staff continues to monitor the chlorine residuals and shock the system with additional chlorine as needed.

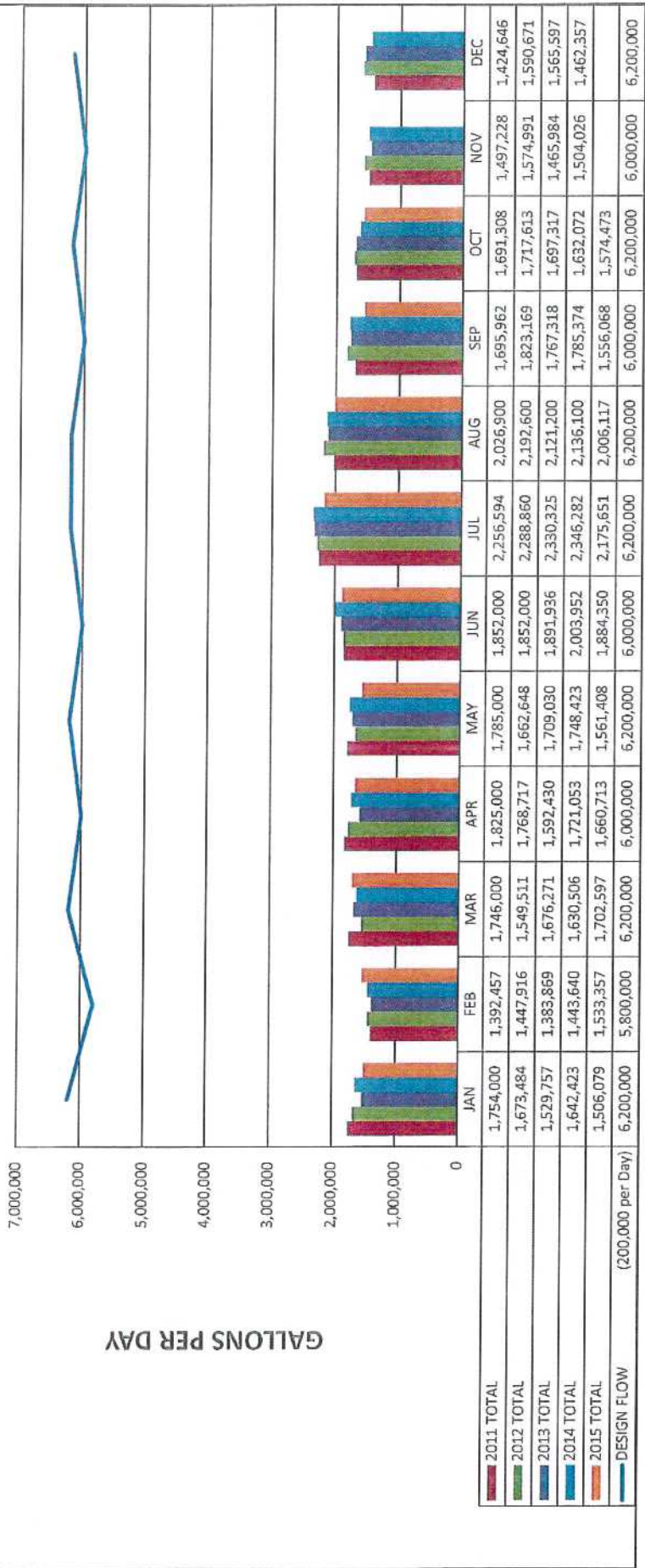
Operations and District staff attended the State Water Inspection and all went well. Staff is awaiting the final report for any recommendations or needed repairs (if any).

The Water Quality Emergency Notification Plan (ENP) was updated and sent to the state Water Resource Control Board (WRCB). This form lets the WRCB know what the Districts plans to do in the event of a Water Quality Emergency and who to contact during the event.

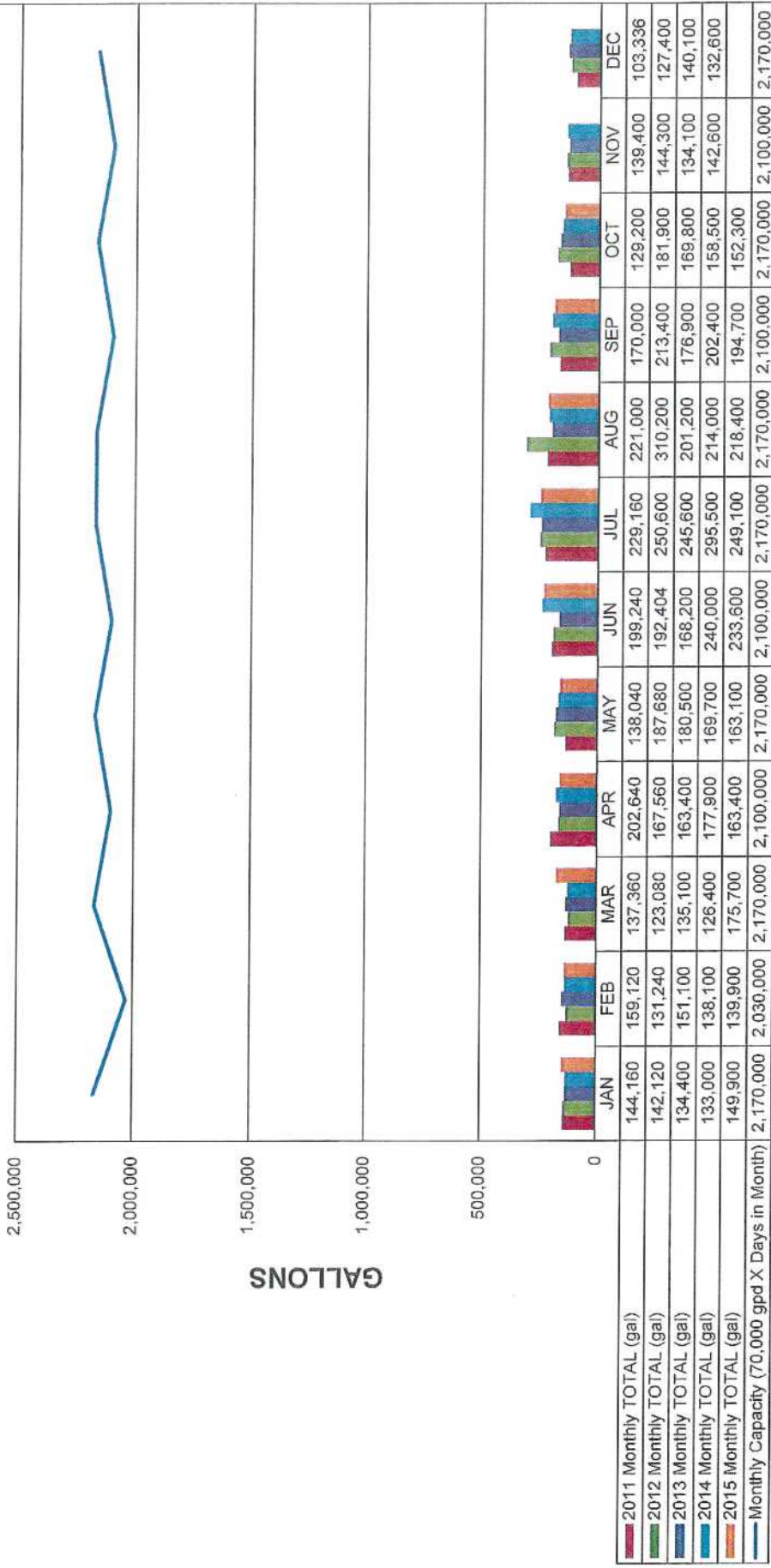
The Bacteriological Sample Siting Plan (BSSP) was also updated and sent to the WRCB. This form lets the WRCB know what sample site locations the District will re-test in the event of a positive bacteria result.

The District and FRM met with Greg Notley of Power Communications Engineering. Greg has been selected to work with PG&E on a design for securing power to the Potable tank site. The intention is to install a Recirculation pump to assist with THM/HAA's.

MONTHLY EFFLUENT FLOW TOTAL COMPARISON (2011-2015)

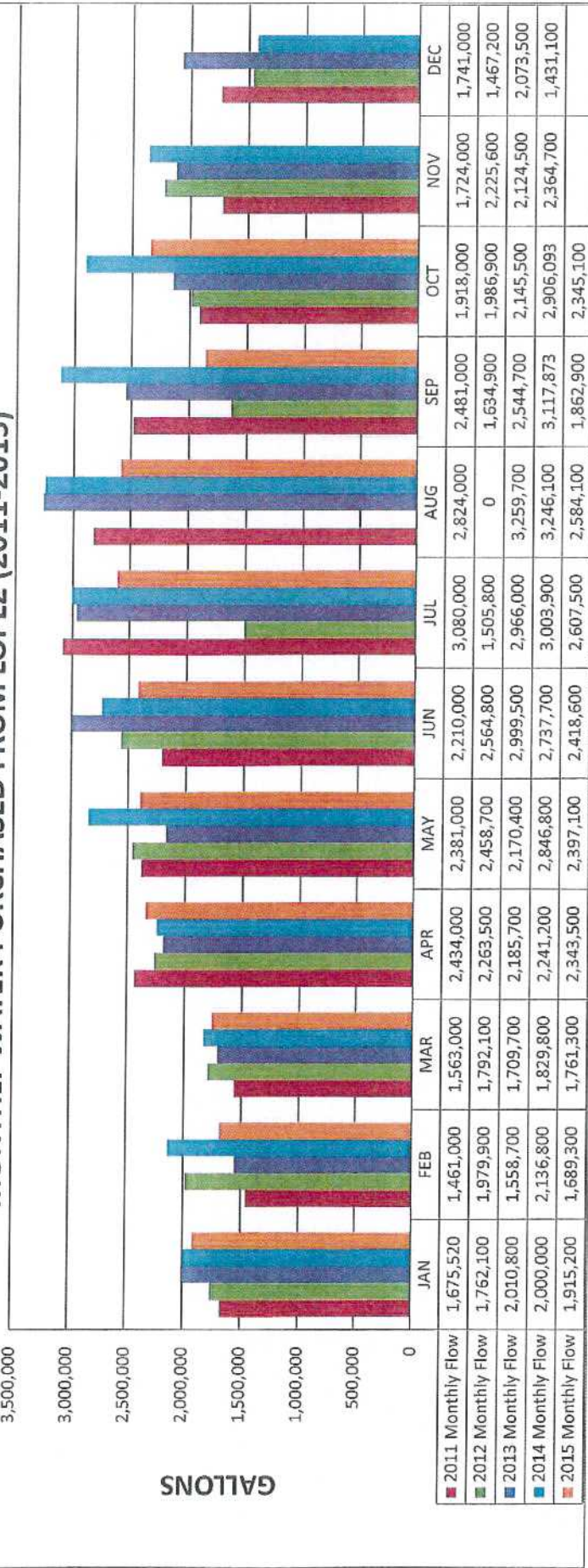


MONTHLY PORT SAN LUIS FLOW TOTAL COMPARISON (2011-2015)

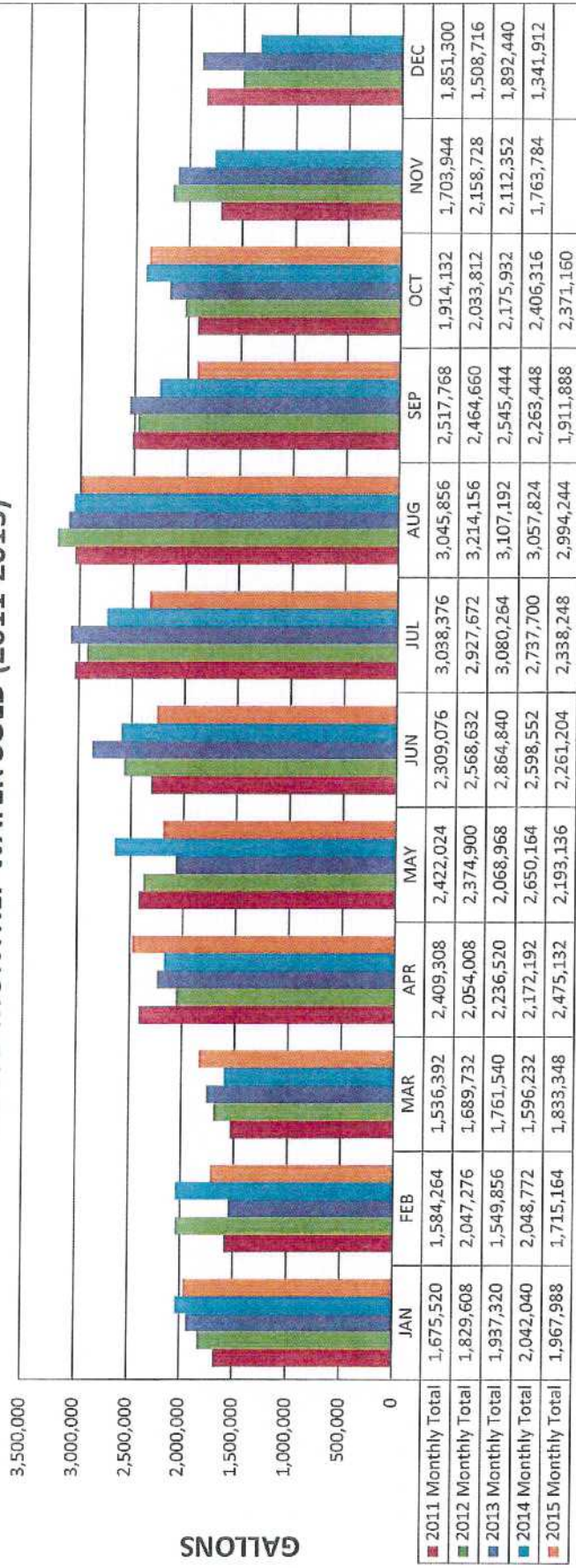


GALLONS

MONTHLY WATER PURCHASED FROM LOPEZ (2011-2015)



ABCSD MONTHLY WATER SOLD (2011-2015)




AVILA BEACH
COMMUNITY SERVICES DISTRICT

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 10, 2015

SUBJECT: District Interest in Zone 3 Emergency Water Supply Project

Recommendation:

Staff recommends the Board direct staff to send a response to the County expressing the Avila Beach Community Services District's interest in participating in the emergency water supply project feasibility study.

Funding:

Specific funding levels are unknown at this point and will depend on how many Zone 3 Agencies decide to participate in the project. The County Public Works Department is currently funding the preliminary costs of evaluating the project feasibility and interest.

Discussion:

The Board may recall that Pacific Gas & Electric Company's desalination facility at the Diablo Canyon Power Plant has historically been operating well under its current permitted capacity. The San Luis Obispo County Board of Supervisors directed the Public Works Department to work with PG&E on evaluating the feasibility of developing an emergency water supply project to address drought impacts in the Zone 3 service area. The emergency supply project could deliver up to an estimated 1,000 AFY of water to the Zone 3 distribution system. The closest and most economical connection to the distribution system is in Port San Luis.

On October 15, 2015, the County Public Works Department (Department) sent out the attached letter to all Zone 3 service area agencies and participants (Agencies). The purpose of the letter is to get a preliminary endorsement of interest from the Agencies prior to Department staff presenting a project feasibility review to the Board of Supervisors in January 2016. The Department anticipates that if the project moves forward, the Agencies will need to formally commit to project participation by mid-2016 in order for the bidding and construction process to be completed and emergency water deliveries to begin in late 2016.

The District's current water supply entitlement portfolio of 168 AFY includes only surface water sources. They include 68 AFY of Lopez Water and 100 AFY of State Water. Due to aggressive water conservation measures, District's annual water demand has been relatively steady (and declining on a per capita basis) over the last five years at approximately 85 AFY. During the historic four year drought, the District has had sufficient water supply to meet District needs. However, should the drought continue for another two or three years, the District (and all Zone 3 Agencies) would likely be facing a water supply shortage.

Most of the other Zone 3 Agencies have ground water supply as a backup to their surface water supplies. The Avila Beach Community Services District does not. The emergency desalination project would provide a "drought proof" water source to the District's water portfolio in the unlikely event the drought continues. Staff believes it is prudent for the District to send a formal endorsement of interest in the emergency supply project. Providing an endorsement is not a commitment to actively participate and fund the project, but rather let the Board of Supervisors know that the District is interested in further studying the feasibility.



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Wade Horton, Director

County Government Center, Room 206 • San Luis Obispo CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us



October 15, 2015

Avila Beach Community Services District
Brad Hagemann, PE
PO Box 309
Avila Beach, CA 93424
hagemann.associates@gmail.com

Subject: Request for Confirmation of Interest in Zone 3 Emergency Water Supply Project

Dear Mr. Hagemann;

The San Luis Obispo County Flood Control and Water Conservation District (District) is evaluating the feasibility of developing an emergency water supply project to address drought impacts in the District Zone 3 service area. The project would deliver up to an estimated 1,000 acre-feet per year of desalinated sea water from PG&E's treatment facility, located next to the Diablo Canyon power plant, to the existing Zone 3 water distribution system in Port San Luis. Project financing and other factors, including the severity of the ongoing drought, must be considered prior to moving forward; therefore it is important to note that implementation of an emergency project is not certain at this time.

In late January 2016, District staff intends to present a project feasibility review, along with the latest drought projections, to the Board of Supervisors with recommendations on whether to proceed to the design phase of the emergency project. **A formal endorsement of interest in the emergency project from your governing body will be an important factor in the Board of Supervisors' decision making, and is requested by December 15, 2015.** Developing this emergency project will require a significant commitment of resources by the District and will ultimately require funding commitments by the Zone 3 agencies.

At this time, the District is in the early stages of evaluating the proposed project. Discussions with PG&E and other project partners, including the Zone 3 agencies, are in progress, and will help define the emergency project scope, schedule, and budget. Pending a decision to proceed with the design phase, project cost estimates and financing options will be further refined. It is anticipated that Zone 3 agencies will need to formally commit to project participation by mid-2016 in order for the bidding and construction process to be completed and emergency water deliveries to begin in late-2016.

I am looking forward working with your agency as it evaluates its level of interest in the project. If you have any questions, please contact our Project Manager, John Waddell at (805) 788-2713 or myself.

Sincerely,

A handwritten signature in blue ink, appearing to read "Wade Horton", written over a horizontal line.

WADE HORTON
Director of Public Works

File: WBS 300564

L:\Water Resources\OCT15\Desal Interest Letter.docx WH:jb

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager



DATE: November 10, 2015

SUBJECT: District Banking Services

Recommendation:

Adopt Resolution No. 2015-15 and sign the attached letter to Heritage Oaks Bank updating the District's checking account banking activity authorization.

Discussion:

In July 2015, the District opened a checking account with Heritage Oaks Bank. Since that time we have had a change in Board members and we need to update our Authorized Signors on the account. In order to accomplish this the Board needs to adopt an updated Resolution and sign the attached letter. Staff will forward the updated Resolution and letter to Heritage Oaks.

RESOLUTION NO. 2015 - 15

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
AVILA BEACH COMMUNITY SERVICES DISTRICT
AUTHORIZING SIGNATORS FOR HERITAGE OAKS BANKING ACCOUNTS**

WHEREAS, the Avila Beach Community Services District (herein "District") is a Special District with active powers that include Water, Sewer, Solid Waste, Street Lighting and Fire Protection; and

WHEREAS, the District has established District banking accounts with Heritage Oaks Bank; and

WHEREAS, the purpose of this Resolution is to update authorized signers for the District's bank accounts at Heritage Oaks Bank.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Avila Beach Community Services District as follows:

1. The following District Officers and staff are authorized signers who may sign and transact on the District bank accounts at Heritage Oaks Bank:

<u>Title</u>	<u>Name</u>
President	Peter Kelley
Director	John Janowicz
Director	Lynn Helenius
Director	Shanna Richards
Director	Ken San Filippo
General Manager	Brad Hagemann

PASSED AND ADOPTED by the Board of Directors of the Avila Beach Community Services District this 10th day of November, 2015 on the following roll call vote:

ON MOTION of Director _____, seconded by Director _____ and on the following roll call vote to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

The foregoing resolution is hereby adopted this 10th day of November, 2015.

Peter Kelley, President

ATTEST:

Secretary to the Board of Directors



AVILA BEACH COMMUNITY SERVICES DISTRICT

Post Office Box 309, Avila Beach, CA 93424
Office and Meeting Room - 191 San Miguel Street, Avila Beach
Telephone (805) 595-2664 FAX (805) 595-7623
E-Mail Avilacsd@gmail.com

November 10, 2015

Ms. Liz Summers
Heritage Oaks Bank
1530 E. Grand Avenue
Arroyo Grande, CA 93420

Dear Ms. Summers,

The Avila Beach Community Services District opened a checking account with Heritage Oaks Bank in July 2015. We have had some changes on our Board of Directors and the purpose of this letter is to update the District's authorized signers. The following persons are authorized signers, who may sign and transact on the account subject to restrictions outlined in this letter

Authorized Signers:

Name	Title	Signature
Peter Kelley	President	_____
Ken San Filippo	Director	_____
Lynn Helenius	Director	_____
John Janowicz	Director	_____
Shanna Richards	Director	_____
Brad Hagemann	General Manager	_____

The above signers may sign checks, make transfers, conduct transactions and inquiries over the phone, and establish online accounts.

Authorized individuals to make deposits, inquiries and other administrative matters:

Kristina Dibbern Accounting Clerk

Sincerely,

Pete Kelley
President


Lynn Helenius
Director

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 10, 2015

SUBJECT: Presentation of Fiscal Year 2014-15 Draft Financial Audit

Recommendation:

Receive draft report and presentation by Auditor; Mr. Bob Crosby, CPA of Crosby and Company, CPA's; the District's outside, independent auditor.

Discussion:

Each year, the District is required by state law to provide an Independent Auditor's Report of the District's financial records. Attached for your review is the District's draft audit for FY 2014-15. The Management Discussion and Analysis was not complete at publication time, but we will have that available at the Board meeting.

Mr. Crosby will attend the November 10, 2015 Board of Directors meeting to present the report and answer any questions the Board may have. The audit will be finalized following presentation to the Board. Any corrections or amendments required by the Board will be incorporated into the final report. Following finalization, staff will provide copies to both the County and State Auditor Controller offices as required.

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Independent Auditor's Report
and
Financial Statements

For the Year Ended
June 30, 2015

AVILA BEACH COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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AVILA BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
June 30, 2015

BOARD OF DIRECTORS

<u>NAME</u>	<u>TERM EXPIRES</u>
Pete Kelley, President	December, 2018
Stephen Waldron, Vice President	December, 2018
Shanna Richards, Director	December, 2018 2016
Lynn Helenius, Director	December, 2018
John Janowicz, Director	December, 2016

Independent Auditor's Report

To the Management of
Avila Beach Community Services District
Avila Beach, California 93424

Report on the Financial Statements

I have audited the accompanying financial statements of the Avila Beach Community Services District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Emphasis of Matter

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the District was unable to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Other Matters

Required Supplementary Information – Management Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Avila Beach Community Services District basic financial statements. The combining financial statement schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CROSBY COMPANY

Certified Public Accountant

San Luis Obispo, California

October 8, 2015

Draft #1

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2015	2014
Cash and cash equivalents	\$ 2,531,826	\$ 158,668	\$ 2,690,494	\$ 2,510,261
Taxes receivable	7,471	1,316	8,787	10,754
Accounts receivable		63,183	63,183	74,736
Interest receivable	1,563		1,563	1,217
Due from other funds		1,167,320	1,167,320	1,060,897
Capital assets:				
Land and construction in progress	20	148,606	148,626	96,399
Buildings and equipment	42,570	5,680,470	5,723,040	5,723,040
Less accumulated depreciation	(39,551)	(2,450,606)	(2,490,157)	(2,283,166)
Total capital assets, net of depreciation	3,039	3,378,470	3,381,509	3,536,273
Total assets	\$ 2,543,899	\$ 4,768,957	\$ 7,312,856	\$ 7,194,138
LIABILITIES				
Accounts payable	\$ 2,450	\$ 1,885	\$ 4,335	\$ 30,046
Accrued vacations payable	1,137		1,137	6,949
Due to other funds	380,324	786,996	1,167,320	1,060,897
Deposits	2,000	104,611	106,611	13,164
Deferred revenue			-	19,322
Total liabilities	\$ 385,911	\$ 893,492	\$ 1,279,403	\$ 1,130,378
NET POSITION				
Net investment in capital assets	\$ 3,039	\$ 3,378,470	\$ 3,381,509	\$ 3,536,273
Unrestricted	2,154,949	496,995	2,651,944	2,527,487
Total net position	\$ 2,157,988	\$ 3,875,465	\$ 6,033,453	\$ 6,063,760

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Position - Primary Government</u>	
	2015	2014	2015	2014
Functions/Programs				
Primary government:				
Governmental activities:				
General government - administration and lighting	\$ 814	\$ -	(22,708)	\$ (14,354)
Public safety - fire	40,290	-	(113,782)	(141,606)
Total governmental activities	41,104	-	(136,490)	(155,960)
Business-type activities:				
Sanitary	361,775	22,163	(408,945)	(341,081)
Water	407,714	-	(20,793)	17,029
Refuse	16,490	-	3,890	3,428
Total business-type activities	785,979	22,163	(425,848)	(320,624)
Total primary government	\$ 827,083	\$ 22,163	(562,338)	(476,584)
Capital Grants and Contributions	-	-	-	-
Charges for Services	-	-	-	-
Expenses	\$ 23,522	\$ 154,072	284,707	485,486
	177,594	-	4,178	91,999
	792,883	-	288,885	5,059
	428,507	-	152,395	582,544
	12,600	-	2,005,593	105,960
	1,233,990	-	2,157,988	5,957,800
	\$ 1,411,584	-	\$ 2,157,988	\$ 6,063,760
General revenues:				
Taxes:				
Property taxes, levied for general purposes			217,324	485,486
Assessments and connection fees			25,822	91,999
Investment income			4,178	5,059
Total general revenues, investment and transfers			243,146	582,544
Change in net position			(182,702)	105,960
Net position - beginning			6,063,760	5,957,800
Net position - ending			\$ 6,033,453	\$ 6,063,760

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

BALANCE SHEET
Governmental Funds

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS

Cash and cash equivalents
Taxes receivable
Interest receivable

Total assets

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable
Accrued vacations payable
Due to other funds
Deposits

Total liabilities

Fund balances:

Assigned

Total fund balances

Total liabilities and fund balances

General	
<u>2015</u>	<u>2014</u>
\$ 2,531,826	\$ 2,351,514
7,471	6,193
1,563	1,217
\$ 2,540,860	\$ 2,358,924
\$ 2,450	\$ 4,040
1,137	6,949
380,324	345,028
2,000	2,000
385,911	358,017
2,154,949	2,000,907
2,154,949	2,000,907
\$ 2,540,860	\$ 2,358,924

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

Total fund balances - government funds

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land
 Property, plant & equipment
 Less: accumulated depreciation

 Total capital assets, net of depreciation

Net position of governmental activities

Totals	
<u>2015</u>	<u>2014</u>
\$ 2,154,949	\$ 2,000,907
20	20
42,570	42,570
(39,551)	(37,904)
3,039	4,686
\$ 2,157,988	\$ 2,005,593

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Governmental Funds

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	General	
	<u>2015</u>	<u>2014</u>
Revenues:		
Property taxes	\$ 284,707	\$ 282,927
Intergovernmental	814	975
Investment income	4,178	5,059
Rental income	34,626	32,970
Contract services	4,383	3,701
Miscellaneous income	1,281	915
Total revenues	329,989	326,547
Expenditures:		
Administration	25,200	17,030
Street lighting	23,522	22,923
Fire department	127,225	152,922
Total expenditures	175,947	192,875
Excess of revenue over expenditures	154,042	133,672
Fund balance at beginning of year	2,000,907	1,867,235
Fund balance at end of year	\$ 2,154,949	\$ 2,000,907

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Totals	
	<u>2015</u>	<u>2014</u>
Net Change in Governmental Fund Balances	\$ 154,042	\$ 133,672
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and expensed as depreciation expense.	\$ (1,647)	\$ (1,646)
Change in Net Position of Governmental Activities	<u>\$ 152,395</u>	<u>\$ 132,026</u>

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

Proprietary Funds

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS

Current assets:

Cash and cash equivalents
Taxes receivable
Accounts receivable
Due from other funds

Total current assets

Noncurrent assets:

Capital assets:

Land and construction in progress
Building and equipment,
Less: accumulated depreciation

Total noncurrent assets

Total assets

Enterprise Funds	
2015	2014
\$ 158,668	\$ 158,747
1,316	4,561
63,183	74,736
1,167,320	1,060,897
1,390,487	1,298,941
148,606	96,379
5,680,470	5,680,470
(2,450,606)	(2,245,262)
3,378,470	3,531,587
\$ 4,768,957	\$ 4,830,528

LIABILITIES

Current liabilities:

Accounts payable
Due to other funds
Deposits
Deferred revenue

Total liabilities

\$ 1,885	\$ 26,006
786,996	715,869
104,611	11,164
	19,322
893,492	772,361
\$ 3,378,470	\$ 3,531,587
496,995	526,580
\$ 3,875,465	\$ 4,058,167

NET POSITION

Invested in capital assets - net of related debt
Unrestricted

Total net position

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Enterprise Funds	
	2015	2014
Operating revenues:		
Utility sales	\$ 728,021	\$ 684,009
Harbor charges	55,612	36,447
Other income and fees	2,346	11,628
Total revenues	785,979	732,084
Operating expenses:		
Insurance	9,606	9,196
Lab tests	33,806	35,584
Maintenance and repairs	73,534	29,689
Office supplies and expense	2,176	1,993
Professional services	290,926	286,678
Operating supplies	147,354	74,328
Permits and fees	14,011	13,145
Communications	3,925	2,886
Utilities	20,342	20,688
Water purchases - Lopez Lake	94,646	97,409
Water purchases - State Water Project	124,122	81,827
General and administrative overhead	214,198	209,856
Depreciation	205,344	212,660
Total expenses	1,233,990	1,075,939
Net operating loss	(448,011)	(343,855)
Non-operating revenue:		
Property taxes	217,324	202,559
Harbor capital contribution	22,163	23,231
Assessments and connection fees	25,822	91,999
Total non-operating revenues	265,309	317,789
Change in net position	(182,702)	(26,066)
Net position at beginning of year	4,058,167	4,084,233
Net position at end of year	\$ 3,875,465	\$ 4,058,167

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	Enterprise Funds	
	2015	2014
Cash flows from operating activities:		
Cash received from operating revenue	\$ 734,258	\$ 734,258
Other payments	(947,419)	(1,015,962)
Net cash used by operating activities	(213,161)	(281,704)
Cash flows from non-capital financing activities:		
Property taxes	217,324	202,559
Harbor capital contribution	22,163	23,231
Assessments and connection fees	25,822	91,999
Net cash provided by non-capital financing activities	265,309	317,789
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(52,227)	(36,085)
Net cash used by investing activities	(52,227)	(36,085)
Net change in cash	(79)	-
Cash and cash equivalents-beginning	158,747	158,747
Cash and cash equivalents-end	\$ 158,668	\$ 158,747
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (448,011)	\$ (343,855)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	205,344	212,660
Net changes in assets and liabilities:		
Taxes receivable	3,245	(1,095)
Accounts receivable	11,553	3,269
Due from other funds	(106,423)	(120,735)
Accounts payable	(24,121)	(6,333)
Due to other funds	71,127	(23,354)
Deposits	93,447	
Deferred revenue	(19,322)	(2,261)
Net cash used by operating activities	\$ (213,161)	\$ (281,704)

The accompanying notes are an integral part of the financial statements

AVILA BEACH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: ORGANIZATION

The Avila Beach Community Services District (District) is a multi-purpose special district established on February 11, 1997, formerly the Avila Beach County Water District which was established December 4, 1972.

The District is a political subdivision of the State of California and operates under a Board of Directors form of government and provides fire protection, sanitary and water services, refuse/solid waste, street lighting, and general administrative services.

Management was unable to implement the required GASB Statement No. 68 during the fiscal year 2015. The pension information was not timely received by the District to make the required adjustments.

The District complies with U.S. Generally Accepted Accounting Principles (GAAP). With the exception of the required implementation of GASB No. 68, the District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the District's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information is presented for comparative purposes only. Additional detailed information is presented in the prior year financial statements from which the summarized information was derived.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

Funds Accounting

The accounts of the District are organized into funds and account groups, each of which is considered to be a separate accounting entity. The major fund categories are:

Governmental Fund Types

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

Proprietary Fund Types

Proprietary funds use the economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on the balance sheet.

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Interest income and various intergovernmental revenues comprise the significant revenues susceptible to accrual.

The accrual basis of accounting is utilized by the proprietary fund financial statements, where revenues are recognized when earned and expenses recognized when incurred.

Restricted Assets

These assets consist of cash and cash equivalents for water customer deposits and for administration, capital projects funds and parks and recreation deposits related to future services and capital projects.

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as operating transfers and are reported as "Other Financing Sources and Uses" in governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net assets.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used for the General Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are no longer reported as a separate fund balance category on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward until liquidated.

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments including money market accounts to be cash and cash equivalents.

Accounts Receivable

District water and sewer charges are billed monthly. Management has determined that an allowance for doubtful accounts is zero because of the District's credit policies and prior collection experience.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid expenses.

Property, Plant and Equipment

General capital assets generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost, if actual costs are not available. Donated fixed assets are stated at their fair market value on the date donated. The District currently maintains a capitalization threshold of \$5,000. Improvements are capitalized and the cost of normal maintenance and repairs that do not add to the value of the net asset or materially extend the asset's life are not. Depreciation recorded over the useful life of the asset using the straight-line method. The estimated useful lives are as follows:

Sewage disposal system	75 years
Sewage treatment / collection system	10 - 50 years
Water supply / distribution system	20 - 50 years
General plant and equipment	5 - 10 years

Compensated Absences

The accrual for vacation time earned but not taken by staff employees was calculated based on actual vacation days and applied to the individual employees' hourly rate.

Property Taxes

The County of San Luis Obispo bills and collects property taxes for the District. The County charges the District for these services. Tax revenues are recognized by the District in the year levied.

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations

The District will provide water services to customers located in the County of San Luis Obispo. Consequently, its ability to collect amounts due from customers may be affected by economic fluctuations, within this region and within the State of California as a whole.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

Operating and Non-Operating Revenue

Revenue is considered operating revenue if it is related to providing services that are for sanitary, water or refuse. All other income is non-operating revenue.

Fund Balances

Fund balance can now be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that have no specific restrictions, commitments or assignments.

If restricted and unrestricted assets are available for the same purpose, the restricted assets will be used before unrestricted assets.

Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws or regulations of other governments.

AVILA BEACH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 3: FUND BUDGETS

The District requires that all funds be budgeted. The annual budget is prepared by the District Manager and submitted to the District Board for adoption. A budget has been prepared for both governmental funds and proprietary funds.

A budget analysis for governmental funds is included as supplementary information in the financial statements (page 24). All unencumbered appropriations in the budget lapse at the end of the fiscal year. The following has been prepared to report operations and ending fund balance:

	<u>Enterprise Funds</u>			
	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>With Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Operating revenues	\$ 804,388	\$ 804,388	\$ 785,979	\$ (18,409)
Operating expenses	(1,022,682)	(1,022,682)	(1,028,646)	(5,964)
Depreciation expense	(130,154)	(130,154)	(205,344)	(75,190)
Operating income	<u>(348,448)</u>	<u>(348,448)</u>	<u>(448,011)</u>	<u>(99,563)</u>
Non-operating revenues	<u>284,711</u>	<u>284,711</u>	<u>265,309</u>	<u>(19,402)</u>
Net income	<u>\$ (63,737)</u>	<u>\$ (63,737)</u>	<u>(182,702)</u>	<u>\$ (118,965)</u>
Net assets at the beginning of year			<u>4,058,167</u>	
Net assets at end of year			<u>\$ 3,875,465</u>	

AVILA BEACH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

NOTE 4: CASH AND INVESTMENTS

The values of cash and investments at June 30, 2015 are summarized as follows:

Petty cash	\$	80
Demand deposits		474,279
Cash and investments with:		
Local Agency Investment Fund		2,210,115
Subtotal		2,684,474
Restricted cash:		
Demand deposits		6,020
Total cash and investments	\$	2,690,494

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure district deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Credit Risk, Carrying Amount, and Market Value

Cash is classified in three categories of credit risk as follows:

- Category 1 - insured or collateralized with securities held by the entity or by its agent in the entity's name;
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- Category 3 - uncollateralized.

Investments in pools managed by other governments (LAIF) or in mutual funds are not required to be categorized.

At June 30, 2015, the carrying amount of the District's cash deposits was \$480,299. The bank balances were \$413,314. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2015, are as follows:

		<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>		<u>Balance</u>	<u>Amount</u>
Bank accounts	\$ <u>290,203</u>	\$ <u>-0-</u>	\$ <u>123,111</u>	\$	<u>413,314</u>	\$ <u>480,299</u>

Effective October 3, 2008, the Federal Deposit Insurance Corp. (FDIC) insured limit was increased to \$250,000.

AVILA BEACH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

A summary of governmental fixed assets by major classifications at June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 20	\$ -	\$ -	\$ 20
General plant and equipment	42,570			42,570
Subtotals	42,590			42,590
Less: Accumulated depreciation	(37,904)	(1,647)	-	(39,551)
Governmental capital asset totals	\$ 4,686	\$ (1,647)	\$ -	\$ 3,039

A summary of proprietary fund type property, plant and equipment at June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions/ Capitalize	Balance June 30, 2015
Land	\$ 60,294	\$ -	\$ -	\$ 60,294
Construction in progress	36,085	52,227		88,312
Subtotals	96,379	52,227		148,606
General plant and equipment:				
Sewer	4,548,502			4,548,502
Water	1,131,968			1,131,968
Subtotals	5,680,470			5,680,470
Less: Accumulated depreciation	(2,245,262)	(205,344)		(2,450,606)
Subtotals	\$ 3,435,208	\$ (205,344)	\$ -	\$ 3,229,864
Proprietary capital asset totals	\$ 3,531,587	\$ (153,117)	\$ -	\$ 3,378,470

AVILA BEACH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 6: JOINT VENTURE

On March 1, 1992 the District approved participation in the State Water Project (SWP) and joined in the formation of the Central Coast Water Authority (CCWA). The Purpose of the CCWA is to provide for the financing, construction, operation, and maintenance of certain local (non-state owned) facilities required to deliver water from the SWP to certain water purveyors and users in San Luis Obispo and Santa Barbara Counties.

Each participant, including the Avila Beach Community Services District, has entered into a water supply agreement in order to provide for the development, financing, construction, operation and maintenance of the CCWA project. The purpose of the water supply agreements is to assist in carrying out the purposes of CCWA with respect to the CCWA project by: (1) requiring CCWA to sell, and the Project participants to buy, a specified amount of water from CCWA; and (2) assigning the Project participant's entitlement rights in the SWP to CCWA. Although the District does have an ongoing financial obligation to the water supply agreement with CCWA, it has been determined that the District does not own an equity interest in the project.

Each project participant is required to pay to CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the water supply agreement. This includes the project participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power and replacement costs of the DWR facilities), debt service on CCWA bonds and all CCWA operating and administrative costs.

Each project participant is required to make payments under its water supply agreement solely from the revenues of its water system. Each participant has agreed in its water supply agreement to fix, prescribe, and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payment required pursuant to the water supply agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

CCWA is composed of eight members, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Voters on the Board are apportioned between the entities based upon each entity's pro rata share of the water provided by the project. The District's share of the project, based upon number of acre feet of water, is 0.215%. Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

On October 1, 1992, CCWA sold \$177,120,000 in revenue bonds at a true interest cost of 6.64% to enable CCWA to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users, and certain local improvements to the water systems of some of the participating purveyors.

In November 1996, CCWA sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease CCWA's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. The Series B bonds are subject to mandatory redemption from amounts transferred from the Construction Fund and the Reserve Fund upon completion of the construction of the CCWA facilities.

AVILA BEACH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 7: JOINT POWERS AUTHORITY

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et.seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program period July 1, 2014 through June 30, 2015.

General Liability: S.R.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence.

Auto Liability: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence.

Auto Physical Damage: S.D.R.M.A. Policy No. LCA-SDRMA-201415. This coverage is on file with S.D.R.M.A.

Uninsured/Underinsured Motorists: S.D.R.M.A. Policy No. UMI-SDRMA-201415, \$750,000 each accident.

Boiler and Machinery: S.D.R.M.A. Policy No. BMC-SDRMA-201415 for scheduled locations only for repair/replacement cost with \$100,000,000 limit. The deductible is on file with S.D.R.M.A.

Personal Liability Coverage for Board Members/Directors: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$500,000 per member per year with \$500,000 general aggregate.

Employee Dishonesty Coverage: S.D.R.M.A. Policy No. EDC-SDRMA-201415, \$400,000 limit.

Employee Benefits Liability: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence/general aggregate.

Employment Practices Liability: S.D.R.M.A. Policy No. LCA-SDRMA-201415, \$5,000,000 per occurrence/general aggregate.

Property Coverage: S.D.R.M.A. Policy No. PPC-SDRMA-201415, replacement cost for property on file, \$1,000,000,000 limit per occurrence. The deductible is on file with S.D.R.M.A.

Public Officials Errors and Omissions: S.D.R.M.A. No. LCA-SDRMA-201415, total risk financing limits of \$5,000,000 per occurrence/annual aggregate.

Workers Compensation: S.D.R.M.A. Policy No. WCP-SDRMA-201415, statutory workers' compensation and up to \$5,000,000 each occurrence for employers' liability coverage.

Total insurance expense for the year ended June 30, 2015 was \$14,410. Members are subject to dividends and/or assessments, in accordance with Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

AVILA BEACH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 8: PENSION PLAN

The Avila Beach Community Services District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustment, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and District resolutions. Copies of CalPERS' annual financial report may be obtained from their Executive Office (400 P Street, Sacramento, CA 95814).

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The District is required to contribute at an actuarially determined rate of 23.752% for District participants of their annual covered salary, for the current fiscal year. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

The annual CalPERS employer pension cost, for the year ended June 30, 2015 was \$15,266, and was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service from 3.3% to 14.2%, and (c) 3.0% payroll growth. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Actuarial information concerning this pension plan is now combined with several other local districts and individual district information and three year trend information is no longer made available to the Avila Beach Community Services District.

NOTE 9: COMMITMENTS

Port San Luis Harbor District

On March 5, 1968, the District entered into an agreement granting 70,000 gallons per day average flow capacity rights in the sewer treatment and disposal system to Port San Luis Harbor District in exchange for the Harbor District paying a portion of the cost of the treatment and disposal system. For any system expansion required, the Harbor District capacity rights will be recalculated based on the portion of total cost of expansion paid by the Harbor District.

California Department of Forestry (CDF)

On November 18, 1999, the District signed an agreement with the California Department of Forestry (CDF) consolidating fire and emergency services between the two agencies. On July 1, 2013, the District Board agreed to extend this agreement for one year, without changing the level of fire protection services that are provided in the original agreement. Payment for these services is based on standard fees outlined in the agreement service cost calculation.

**OTHER REQUIRED
SUPPLEMENTAL INFORMATION**

AVILA BEACH COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

Budget and Actual - Governmental Funds

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 219,600	\$ 219,600	\$ 284,707	\$ 65,107
Intergovernmental	1,200	1,200	814	(386)
Investment income	3,000	3,000	4,178	1,178
Rental income	31,663	31,663	34,626	2,963
Contract services	2,700	2,700	4,383	1,683
Miscellaneous income	500	500	1,281	781
Total revenues	258,663	258,663	329,989	71,326
Expenditures:				
Administration	20,774	20,774	25,200	(4,426)
Street lighting	23,887	23,887	23,522	365
Fire department	157,784	157,784	127,225	30,559
Total expenditures	202,445	202,445	175,947	26,498
Excess of revenues over expenditures	\$ 56,218	\$ 56,218	154,042	\$ 97,824
Fund balance at beginning of year			2,000,907	
Fund balance at end of year			\$ 2,154,949	

OTHER SUPPLEMENTAL INFORMATION

AVILA BEACH COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
General Fund

For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Administration	General/Fire Department	Street Lighting	Total General Funds	
				2015	2014
Revenues:					
Property taxes	\$ -	\$ 284,707	\$ -	\$ 284,707	\$ 282,927
Intergovernmental			814	814	975
Investment income		4,178		4,178	5,059
Rental income		34,626		34,626	32,970
Contract services		4,383		4,383	3,701
Miscellaneous income		1,281		1,281	915
Total revenues		329,175	814	329,989	326,547
Expenditures:					
Salaries and wages	90,652			90,652	77,566
Payroll taxes and benefits	40,271			40,271	27,447
Insurance		4,803		4,803	4,598
Maintenance and repairs	1,317			1,317	5,023
Office supplies and expense	6,201			6,201	3,967
Professional services	66,447	154,089		220,536	254,647
Public notices	654			654	961
Permits and fees	7,602			7,602	6,627
Communications	2,459			2,459	1,398
Employee travel and training	300			300	130
Occupancy	8,800			8,800	8,451
Utilities	781		10,922	11,703	11,916
Rate assistance		2,849			
Administrative overhead		25,200	12,600	37,800	36,608
Less: Administrative overhead allocated to other funds	(260,000)			(260,000)	(246,464)
Total expenditures	(34,516)	186,941	23,522	175,947	192,875
Excess of revenues over (under) expenditures	34,516	142,234	(22,708)	154,042	133,672
Fund balance (deficit) at beginning of year	(3,324)	2,196,340	(192,109)	2,000,907	1,867,235
Fund balance (deficit) at end of year	\$ 31,192	\$ 2,338,574	\$ (214,817)	\$ 2,154,949	\$ 2,000,907

See Auditor's Report

AVILA BEACH COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF NET POSITION

Enterprise Funds

June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS	Sanitary Fund	Water Fund	Refuse Fund	Total Enterprise Funds	
				2015	2014
Current assets:					
Cash and cash equivalents	\$ 127,889	\$ 27,531	\$ 3,248	\$ 158,668	\$ 158,747
Taxes receivable	1,316			1,316	4,561
Accounts receivable	27,504	35,679		63,183	74,736
Due from other funds		1,164,697	2,623	1,167,320	1,060,897
Total current assets	156,709	1,227,907	5,871	1,390,487	1,298,941
Noncurrent assets:					
Capital assets:					
Land and construction in progress	148,606			148,606	96,379
Building and equipment,	4,548,502	1,131,968		5,680,470	5,680,470
Less: accumulated depreciation	(1,892,716)	(557,890)		(2,450,606)	(2,245,262)
Total noncurrent assets	2,804,392	574,078		3,378,470	3,531,587
Total assets	\$2,961,101	\$ 1,801,985	\$ 5,871	\$ 4,768,957	\$ 4,830,528
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable	\$ 942	\$ 943	\$ -	\$ 1,885	\$ 26,006
Due to other funds	786,996			786,996	715,869
Deposits		104,611		104,611	11,164
Deferred revenue				-	19,322
Total liabilities	787,938	105,554	-	893,492	772,361
Net position:					
Invested in capital assets - net of related debt	2,804,392	574,078		3,378,470	3,531,587
Unrestricted	(631,229)	1,122,353	5,871	496,995	526,580
Total net position	2,173,163	1,696,431	5,871	3,875,465	4,058,167
Total liabilities and net position	\$2,961,101	\$ 1,801,985	\$ 5,871	\$ 4,768,957	\$ 4,830,528

See Auditor's Report

AVILA BEACH COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Enterprise Funds

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	Sanitary Fund	Water Fund	Refuse Fund	Total Enterprise Funds	
				2015	2014
Operating revenues:					
Utility sales	\$ 305,388	\$ 406,143	\$ 16,490	\$ 728,021	684,009
Harbor charges	55,612			55,612	36,447
Other income and fees	775	1,571		2,346	11,628
Total revenues	361,775	407,714	16,490	785,979	732,084
Operating expenses:					
Insurance	4,803	4,803		9,606	9,196
Lab tests	33,806			33,806	35,584
Maintenance and repairs	66,080	7,454		73,534	29,689
Office supplies and expense	1,196	980		2,176	1,993
Professional services	225,090	65,836		290,926	286,678
Operating supplies	138,495	8,859		147,354	74,328
Permits and fees	8,532	5,479		14,011	13,145
Communications	3,925			3,925	2,886
Utilities	19,090	1,252		20,342	20,688
Water - Lopez Lake		94,646		94,646	97,409
Water - State Water Project		124,122		124,122	81,827
General and administrative overhead	113,399	88,199	12,600	214,198	209,856
Depreciation	178,467	26,877		205,344	212,660
Total expenses	792,883	428,507	12,600	1,233,990	1,075,939
Operating income (loss)	(431,108)	(20,793)	3,890	(448,011)	(343,855)
Non-operating revenues:					
Property taxes	217,324			217,324	202,559
Harbor capital contribution	22,163			22,163	23,231
Assessments and connection fees	4,414	21,408		25,822	91,999
Total non-operating revenues	243,901	21,408		265,309	317,789
Net income (loss)	(187,207)	615	3,890	(182,702)	(26,066)
Net position at beginning of year	2,360,370	1,695,816	1,981	4,058,167	4,084,233
Net position at end of year	\$2,173,163	\$ 1,696,431	\$ 5,871	\$ 3,875,465	\$ 4,058,167

See Auditor's Report

AVILA BEACH COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF CASH FLOWS

Enterprise Funds

For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	Sanitary Fund	Water Fund	Refuse Fund	Totals	
				2015	2014
Cash flows from operating activities:					
Cash received from operating revenue	\$ 375,412	\$ 408,875	\$ 16,490	\$ 800,777	\$ 734,258
Other payments	(567,086)	(430,362)	(16,490)	(1,013,938)	(1,015,962)
Net cash used by operating activities	(191,674)	(21,487)	-	(213,161)	(281,704)
Cash flows from non-capital financing activities:					
Property taxes	217,324			217,324	202,559
Harbor capital contribution	22,163			22,163	23,231
Assessments and connection fees	4,414	21,408		25,822	91,999
Net cash provided by non-capital financing activities	243,901	21,408	-	265,309	317,789
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(52,227)			(52,227)	(36,085)
Net cash used by investing activities	(52,227)	-	-	(52,227)	(36,085)
Net change in cash	-	(79)	-	(79)	-
Cash and cash equivalents-beginning	127,889	27,610	3,248	158,747	158,747
Cash and cash equivalents-end	\$ 127,889	\$ 27,531	\$ 3,248	\$ 158,668	\$ 158,747
Reconciliation of operating income (loss) to net cash used by operating activities:					
Net operating income (loss)	\$ (431,108)	\$ (20,793)	\$ 3,890	\$ (448,011)	\$ (343,855)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation	178,467	26,877		205,344	212,660
Net changes in assets and liabilities:					
Taxes receivable	3,245			3,245	(1,095)
Accounts receivable	10,392	1,161		11,553	3,269
Due from other funds		(103,800)		(103,800)	(120,735)
Accounts payable	(25,064)	943		(24,121)	(6,333)
Due to other funds	72,394		(3,890)	68,504	(23,354)
Deposits		93,447		93,447	
Deferred revenue		(19,322)		(19,322)	(2,261)
Net cash used by operating activities	\$ (191,674)	\$ (21,487)	\$ -	\$ (213,161)	\$ (281,704)


See Auditor's Report

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 10, 2015

SUBJECT: Status of Draft Agreement with Port San Luis Harbor District (Harbor) for Wastewater Treatment and Disposal Services

Recommendation:

Receive Report and provide direction to staff.

Discussion:

In March 1968, the Avila Beach Community Services District (District) and the Harbor initially entered in to an Agreement for the District to provide wastewater treatment and disposal services to the Harbor. The District and the Harbor agreed that it would be appropriate to update the Agreement and the two agencies have been working on a new Agreement for over 12 months. At the March 10, 2015, Board meeting, District Legal Counsel provided a revised draft Agreement. The Staff Report from the March 10, 2015 meeting is attached for your reference.

Legal Counsel for the Harbor reviewed the March draft Agreement and provided comments to the District's Legal Counsel in April/May. Since that time, the Harbor's Legal Counsel has changed and they have submitted some additional comments that District staff is reviewing.

Since this issue has gone on for so long and we now have one new Board member, District staff was requested to will present a summary of the draft agreement elements and any major areas of contention with the Harbor. Staff will provide a presentation at the November meeting; respond to Board comments; and seek direction from the Board in addressing areas of contention with the Harbor.

**AVILA BEACH
COMMUNITY SERVICES DISTRICT**
Post Office Box 309, Avila Beach, CA 93424

TO: Board of Directors

FROM: Michael W. Seitz, District Legal Counsel

DATE: March 5, 2015

SUBJECT: Draft Port Agreement

It has sometimes been said that too many chefs will spoil the broth. The last draft of the Port Agreement, which was originally authored by the District, has gone through at least five (5) revisions by other authors. This made the Agreement overly long, overly complicated, and in some ways, contradictory.

Attached to this Staff Report is a revised draft Port Agreement. This has been reduced to an agreement that simply sells capacity in the Plant to the Port. That was the intent of the original Agreement and that intent is carried forth in this Agreement.

As the Board will recall, the reason and the need for this new Agreement is the biological loading on the Plant has increased dramatically. This has resulted from the conservation of water, including the use of low flow toilets, which provides much less water as a part of the waste stream making the stream more concentrated. As a result, while the capacity of the Plant per gallon remains the same, its ability to treat the per gallon has reduced the total capacity of the Plant at times. This Agreement is intended to recognize that fact and how that issue will be dealt with.

At the same time that this Staff Report was prepared, a copy of the Staff Report and Agreement was forwarded to the Port's lawyer. We have not received any response from them as of the time of the drafting of this Staff Report. However, any communications that occur after this Staff Report will be communicated to the Board at the meeting.

Recommendation

It is recommended that the Board review this draft Agreement and ask Staff any questions you might have in regards to it and authorize the forwarding of the Agreement to the Port for their approval.


END

AVILA BEACH
COMMUNITY SERVICES DISTRICT

Post Office Box 309, Avila Beach, CA. 93424

MEMORANDUM

TO: Board of Directors

FROM: Brad Hagemann, General Manager 

DATE: November 10, 2015

SUBJECT: Preliminary Intent to Serve Request:, 264 San Miguel Street, APN: 076-201-071
Lots 1, 2 and 3

Recommendation:

Receive Staff Report, Consider the Applicants request and approve the Preliminary Intent to Serve Request

Funding:

The applicant's agent has provided a \$1,000 application processing fee and deposit for the proposed project. The application fee will be used for applicable charges as described in Resolution No. 97-2 for processing an "Intent to Serve" letter review.

Background/Discussion:

The Board members will recall that this project was initially considered at the October 13, 2015, Board meeting. The Board did not act on the request but instead referred the application back to the applicant for further work. Attached for Board consideration is a revised request from the agent for Three Sylvester Sisters, owners of the subject property. Staff received the request as we were finalizing the agenda packet so we did not have time to provide any staff analysis of the request. The applicants and their agent stated that they would be present at the Board meeting to further explain their request and answer questions.

The project Preliminary Intent to Serve application remains the same as submitted for the October 13 Board meeting and are attached. The owners are proposing to build three single family residences to be located on four existing lots at 264 San Miguel Street (at the intersection of San Miguel Street and Avila Beach Drive). After demolishing the homes in approximately 2005, the owners chose to continue to pay the monthly minimum sewer and water fees in order to maintain the water and sewer connection entitlement. The applicant now proposes to build three SFR homes on the lots, two - four bedroom and one - four bedroom, plus a studio.

District Staff has calculated the preliminary Capacity Fees and associated credits for the project based on the capacity fee schedule adopted by the Board in December 2013. The capacity fee estimate is provided as an attachment.

After issuance of an "Intent to Serve" letter the applicant will need to provide the District with a final set of plans detailing the entire project. Staff will review the plans and advise the developer if the proposed water/sewer improvements are consistent with District standards.



Bradley Hagemann <hagemann.associates@gmail.com>

Re: Will Serve for 264 San Miguel

1 message

Danny Sullivan <slcoasthomes@gmail.com>

Wed, Nov 4, 2015 at 1:13 PM

To: Bradley Hagemann <hagemann.associates@gmail.com>

Cc: Laurie Kelsey <laurie@kelseywine.com>, Kristi Dibbern <avilacsd@gmail.com>

Hi Brad,

Acting as agent on behalf of the Three Sylvester Sisters for the property at 264 San Miguel, I would like to request a water will serve letter that omits language conditioning future water on the "ability of the water district to provide water." At our last meeting when we were seeking a 39k credit for funds paid over the last 10+ years, your attorney stated that we were essentially paying a "Standby fee" in case of a water moratorium. Since the other will serve letters are conditional, and the Three Sylvester Sisters have been paying a standby fee, the language in this particular will serve letter should reflect that and thereby omit the "conditional" nature of that water. Thanks for putting us on the agenda and I really appreciate your help.

Best,

Danny Sullivan
Agent on behalf of
Three Sylvester Sisters

Sent from my iPhone

On Nov 4, 2015, at 9:24 AM, Bradley Hagemann <hagemann.associates@gmail.com> wrote:

Hi Danny,

I am writing as a follow-up to our telephone conversation on Monday in which you indicated the subject property owners would be sending a request to have the project on the Board's November agenda. I have not received anything and we are finishing the agenda packet this morning.

If you get us your request in writing by noon today we can include it on the November Agenda, otherwise it will have to go on the December 8 meeting agenda.

-

Thank you.

Brad Hagemann, PE
Hagemann & Associates
9372 Carmel Road
Atascadero, CA 93422
(805) 835-3163

AVILA BEACH COMMUNITY SERVICES DISTRICT
APPLICATION FOR
INTENT-TO SERVE LETTER

COURTESY
KELSEY.

1. Owner Name: DANNY SULLIVAN (BUYER)
2. Business Address: 956 WALNUT ST SUITE 200A, SLO CA 93401
3. Mailing Address: 956 WALNUT ST SUITE 200A
4. Phone Number: 805 704-3335
5. Agent's Name (Architect or Engineer): ROBERT GANTZENBEIN
6. Mailing Address: 160 FASTER STREET, WOOD BAY, CA 93442
7. Phone Number: 805-471-9522
8. Assessor's Parcel Number (APN) of lot(s) to be served: 076-201-071 Lot 1
9. Project's Location: 264 SAN MIGUEL
AVILA BEACH CA
10. San Luis Obispo County Planning Department/Tract Development No.: _____
11. Total Number of Residential Units: 1
12. Type of Use:
 - Single Family Residence Duplex Triplex Multi-Family
 - Subdivision
 - Commercial
 - Multi-use (Project Description) _____
Type _____
 - Remodel: (Project Description) _____
13. Applications for multi-use projects, commercial projects, projects that exceed two (2) residential units, or multi-family projects will not be approved until the following have been submitted to the District for its review:
 - a. Two (2) separate sets of site plans that show the approximate square footage of each unit, the site topography and an estimate of the number of water fixtures to serve each unit in the project; and
 - b. An engineer or architect's estimate of monthly water and sewer and demand (in gallons per month) for the project.
14. The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of

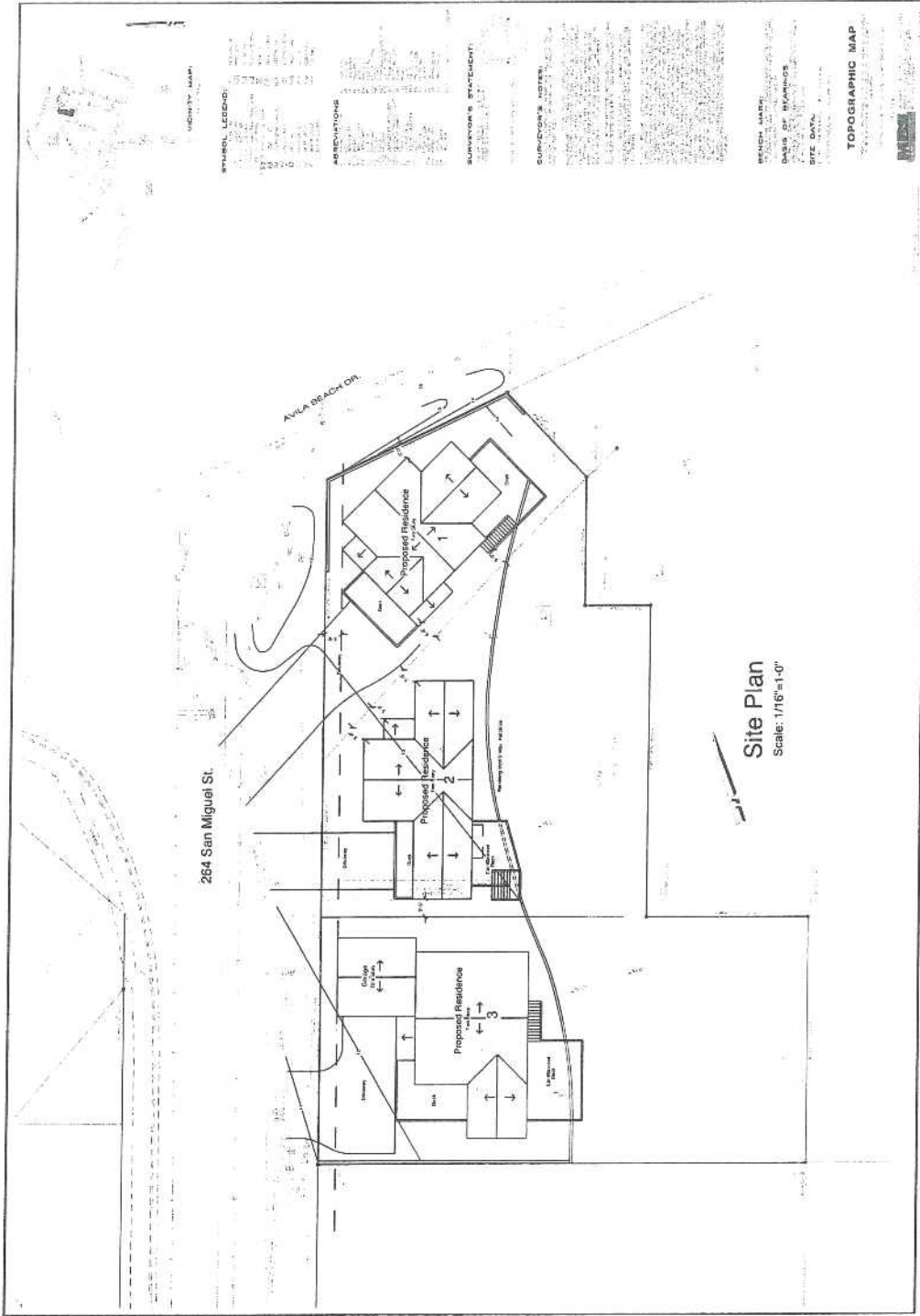
San Miguel Residence

Site Address/Owner:
 John Rourke
 2807 Johnson Ave.
 San Luis Obispo, CA 93401
 Phone: (805) 949-4979

Legal Description:
 A.P.N. Pending
 264 San Miguel St.
 Avila Beach, CA

Drawn By: J. B. S.
 Date: _____
 As Noted
 Revisions: _____

Sheet: **C-1** of:



Site Plan
 Scale: 1/16"=1'-0"

MATERIAL LEGEND:
 [Symbol] [Material Name]

ABBREVIATIONS:
 [Symbol] [Abbreviation]

SURVIVOR'S STATEMENT:
 [Text]

SURVIVOR'S NOTES:
 [Text]

TOPOGRAPHIC MAP:
 [Symbol] [Topographic Feature]

Site Address/Owner:
 GVAF Development Goup
 264 San Miguel St.
 San Miguel, CA 95053
 Phone: (805) 471-9522

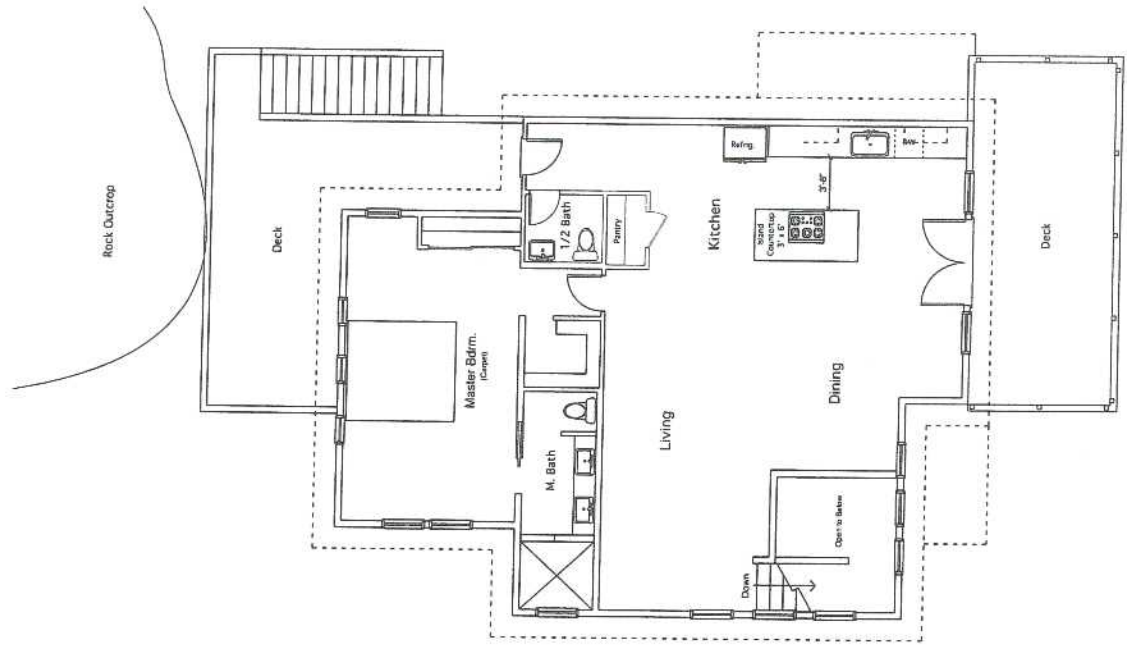
Legal Description:
 A.P.N. Pending
 County Of San Luis Obispo,
 CA

Drawn By: R.G.
 Date: 4-16-15
 Scale: As Shown
 Revisions:

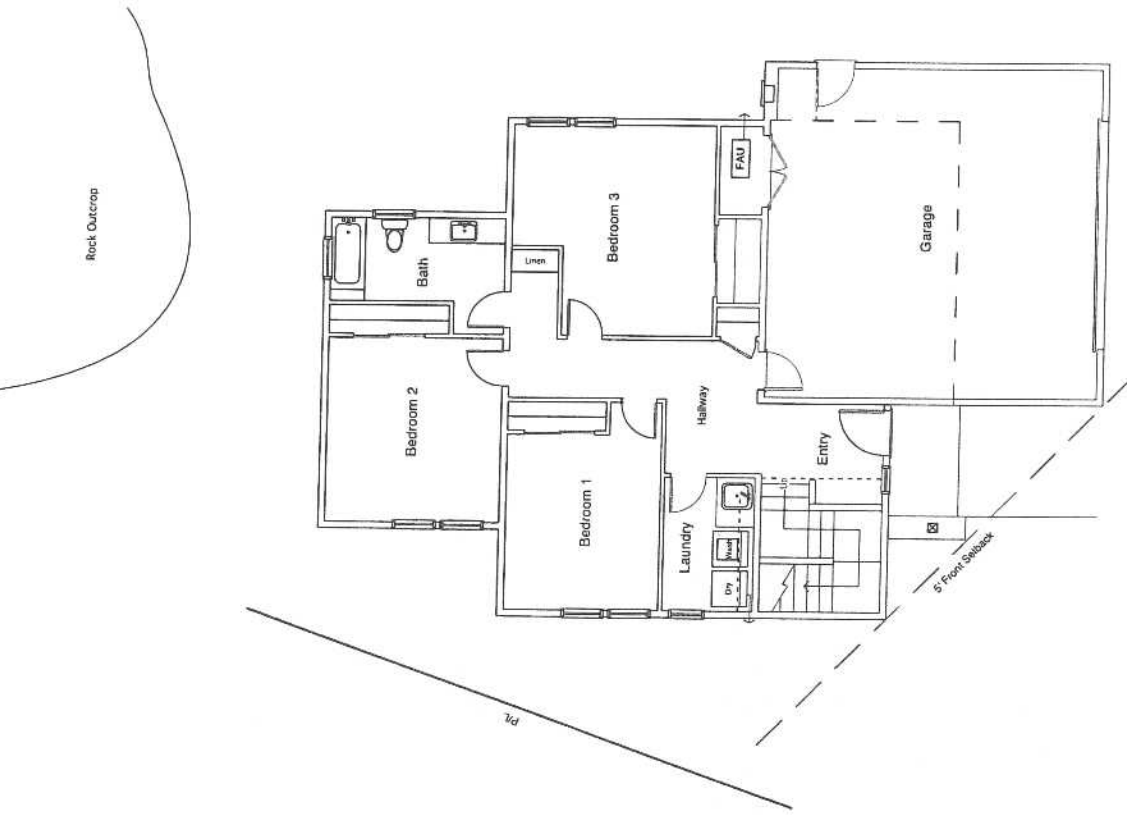
Sheet:

A-1 of:

Floor Plan
 Scale: 1/4" = 1'-0"



2nd Floor



1st Floor

AVILA BEACH COMMUNITY SERVICES DISTRICT
APPLICATION FOR
INTENT-TO SERVE LETTER

- CORRECTLY
KELLEY*
1. Owner Name: DANNY SULLIVAN (BUYER)
 2. Business Address: 956 WALNUT ST SUITE 200A, SLO CA 93401
 3. Mailing Address: 956 WALNUT ST SUITE 200A
 4. Phone Number: 805 704-3333
 5. Agent's Name (Architect or Engineer): ROBERT GANTZENBEIN
 6. Mailing Address: 160 FASTER STREET, MIDDLETOWN, CA 93442
 7. Phone Number: 805-471-9522
 8. Assessor's Parcel Number (APN) of lot(s) to be served: 076-201-071 Lot 2
 9. Project's Location: 264 SAN MATEO
AVILA BEACH CA
 10. San Luis Obispo County Planning Department/Tract Development No.: _____
 11. Total Number of Residential Units: 1
 12. Type of Use:
 - Single Family Residence Duplex Triplex Multi-Family
 - Subdivision
 - Commercial
 - Multi-use (Project Description) _____
Type _____
 - Remodel: (Project Description) _____
 13. Applications for multi-use projects, commercial projects, projects that exceed two (2) residential units, or multi-family projects will not be approved until the following have been submitted to the District for its review:
 - a. Two (2) separate sets of site plans that show the approximate square footage of each unit, the site topography and an estimate of the number of water fixtures to serve each unit in the project; and
 - b. An engineer or architect's estimate of monthly water and sewer and demand (in gallons per month) for the project.
 14. The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of

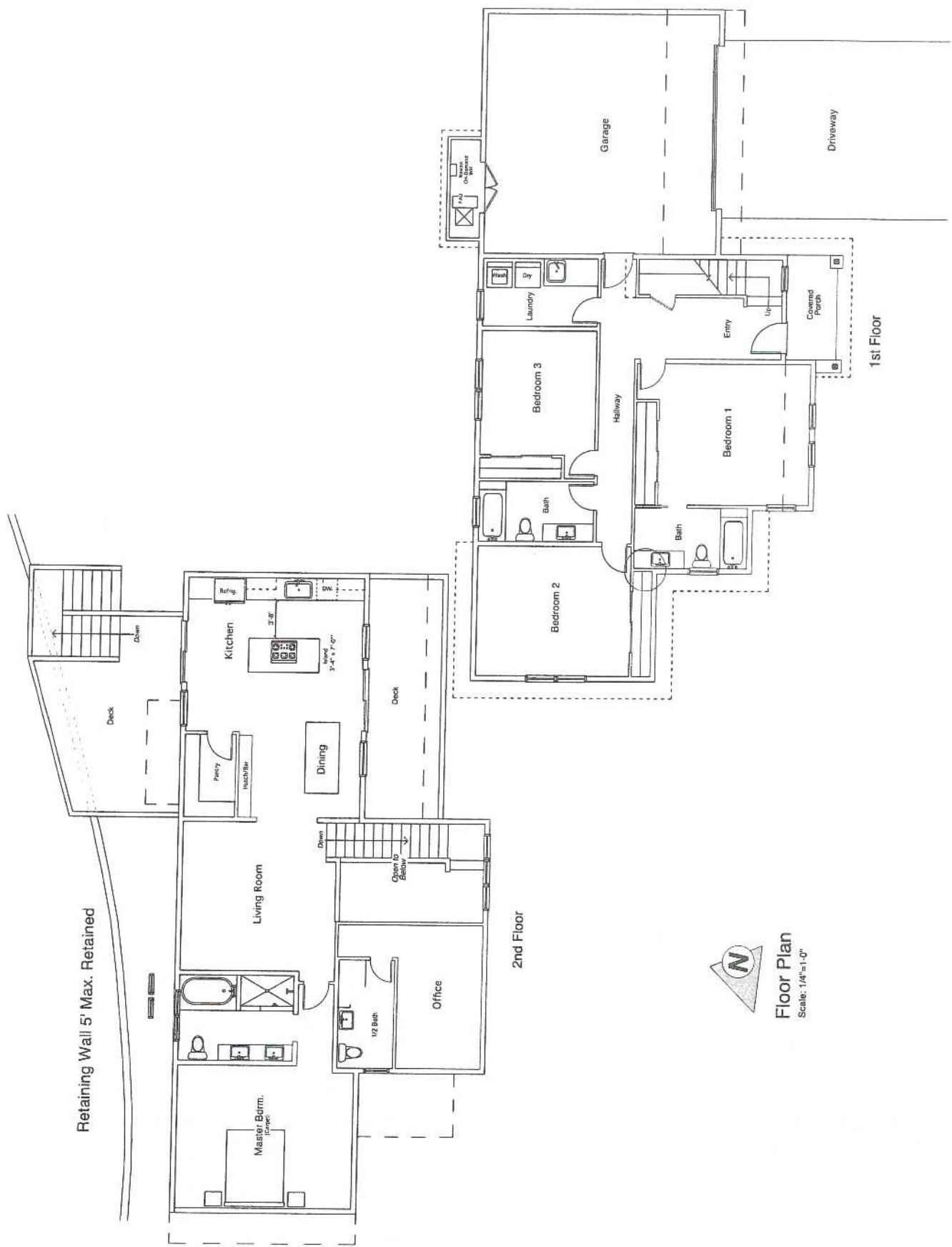
San Miguel Residence

Site Address/Owner:
 John Rouka
 2607 Johnson Ave.
 San Juan Capistrano, CA 92675
 Phone: (805) 444-4973

Legal Description:
 A.P.N. Pending
 264 San Miguel St.
 Avila Beach, CA

Drawn By: R.G.
 Date: 2/28/13
 Case: As Shown
 Revisions:

Sheet: **A-2** Of:



Floor Plan
 Scale: 1/4"=1'-0"

AVILA BEACH COMMUNITY SERVICES DISTRICT
APPLICATION FOR
INTENT-TO SERVE LETTER

C. REGAN
KELSEY.

1. Owner Name: DANNY SULLIVAN (BUYER)
2. Business Address: 956 WALNUT ST SUITE 200A, SLO CA 92401
3. Mailing Address: 956 WALNUT ST SUITE 200A
4. Phone Number: 805 704-3335
5. Agent's Name (Architect or Engineer): ROBERT GANTENBEIN
6. Mailing Address: 160 FASTER STREET, MODO BAY, CA 93442
7. Phone Number: 805-471-9522
8. Assessor's Parcel Number (APN) of lot(s) to be served: 076-201-071 LOT 3
9. Project's Location: 264 SAN MILUSH
AVILA BEACH CA
10. San Luis Obispo County Planning Department/Tract Development No.: _____
11. Total Number of Residential Units: 1
12. Type of Use:
 - Single Family Residence Duplex Triplex Multi-Family
 - Subdivision
 - Commercial
 - Multi-use (Project Description) _____
Type _____
 - Remodel: (Project Description) _____
13. Applications for multi-use projects, commercial projects, projects that exceed two (2) residential units, or multi-family projects will not be approved until the following have been submitted to the District for its review:
 - a. Two (2) separate sets of site plans that show the approximate square footage of each unit, the site topography and an estimate of the number of water fixtures to serve each unit in the project; and
 - b. An engineer or architect's estimate of monthly water and sewer and demand (in gallons per month) for the project.
14. The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of

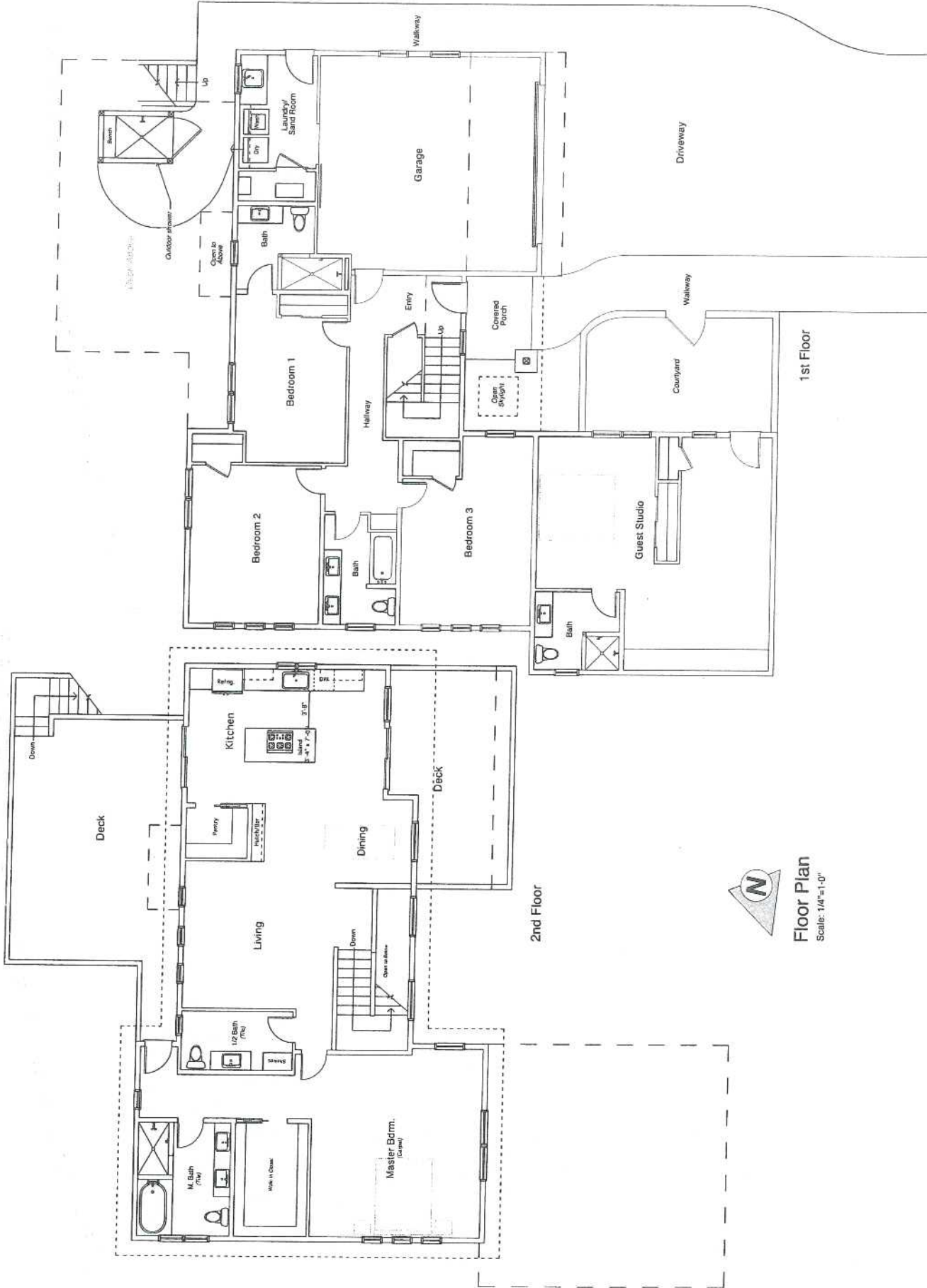
San Miguel Residence #3

Site Address/Owner:
 John Rourke
 2607 Johnson Ave.
 San Luis Obispo, CA 93401
 Phone: (805)446-4973

Legal Description:
 A.P.N. Pending
 254 San Miguel St.
 Avila Beach, CA

Drawn By:	R.G.
Date:	01.12.13
Revisions:	As Noted

Sheet: **A-3** Of:



Floor Plan
 Scale: 1/4"=1'-0"

**AVILA BEACH COMMUNITY SERVICES DISTRICT
WATER AND SEWER DEVELOPMENT FEES ("WILL SERVE" LETTER)**

Project Title and classification

1 OF 2

264 San Miguel (New Construction on Previously Served Lot with Structures Removed Over Five Years Ago.

Rates Adoped Reso No. 2013-08, December 2013)

Applicant:	<u>Three Sylvester Sisters</u>	A.P.N.	<u>076-201-071</u>
Mailing Address:	<u>956 Walnut St, Suite 200A</u>		
	<u>San Luis Obispo, CA 93401</u>		
Project Address:	<u>264 San Miguel</u>		
	<u>Avila Beach, CA</u>		
Phone Number:	<u>(805) 704-3335</u>		
Estimated By:	<u>B Hagemann</u>	Date:	<u>November 4, 2015</u>
Co. Building Permit # :	<u></u>		
Land Use	<u></u>		
Architect:	<u></u>		
Project Description:	<u></u>		
	<u></u>		
	<u></u>		

PRELIMINARY WILL SERVE ISSUED	DATE	<u></u>
PRELIMINARY WILL SERVE EXTENSION ISSUED	DATE	<u></u>
FIRE DEPARTMENT APPROVAL RECEIVED	DATE	<u></u>
FINAL WILL SERVE APPROVED	DATE	<u></u>
FINAL WILL SERVE FEES PAID 50% Due at issue of Final Will Serve Letter	DATE	<u></u>
FINAL WILL SERVE FEES PAID Remainder due prior to occupancy	DATE	<u></u>
METER SET	DATE	<u></u>
SERVICE INITIATED	DATE	<u></u>
FINAL COST ACCOUNTING COMPLETED	DATE	<u></u>
REFUND / BILLING COMPLETED	DATE	<u></u>
NOTES:		<u></u>
		<u></u>
		<u></u>
		<u></u>

Preliminary ASSESSMENT SUMMARY

\$91,746.00

TOTAL ASSESSMENTS DUE

\$91,746.00

November 4, 2015

Project Name:

264 San Miguel St

2 of 2

WATER ASSESSMENTS

A. Assessment	<i>2 each 4 Bed Room SFR at \$10,753 each</i>	\$21,506.00
	<i>1 - 5 BedRoom SFR at \$12,900</i>	\$12,903.00
B. Hook-up Fee	<i>3 - 3/4" x 5/8" (Set New Meter and Box Only) at \$400 each</i>	\$1,200.00
C. Past Use Credit		(\$9,398.00)
SUBTOTAL	\$	\$26,211.00

WASTEWATER ASSESSMENTS

A. Assessment	<i>2 each 4 Bed Room SFR at \$20,801 each</i>	\$41,602.00
	<i>1 - 5 BedRoom SFR at \$24,961</i>	\$24,961.00
B. Hook-up Fee:	<i>3 Standard Connections @ \$300 each</i>	\$900.00
C. Past Use Credit		(\$1,928.00)
SUBTOTAL	\$	\$65,535.00

Total Assessments **\$91,746.00**

Credits for Past Water Use

Proposed Project: 264 San Miguel, Avila Beach, CA

Owners have been paying minimum amount on four separately metered, previously served lots with structures removed over five years ago. Board policy is to credit a minimum of five units of water for each meter.

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	last 5 year use Ave
Credit for each lot	5	5	5	5	5	5

Credit for all four lots: 20 units

Last 5 years		
Ave Water use in ccf		Water Credit
	20	
average monthly water use in cubic ft		2000
multiply by 12 to get yearly ave		24000
divide by cubic feet in acre foot(43,560)		0.551
multiply by cost of service (17,057.09)		\$9,397.85
		Sewer Credit
average monthly water use in cubic ft		2000
multiply by 12 to get yearly ave		24000
divide by cubic feet in acre foot(43,560)		0.551
multiply by cost of service (3500 hybrid C)		\$1,928.37
		Total
		\$11,326.22

Date prepared: 9/23/15

Gallons to Acre Feet	
7.48 gals to cubic foot	
43,560 cubic feet in acre foot	
Project Use in Gallons	
	157.787
Project Use in Acre Feet	
	0.003622