

CAMBRIA COMMUNITY SERVICES DISTRICT

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Dear CCSD Customer,

The bill you are receiving with this letter is the first to include charges related to Cambria's Emergency Water Supply (EWS) project on San Simeon Creek Road. With that in mind, I want to give you the latest information on this vital facility, so that you have a clear idea where your dollars are going and what to expect in coming months.

As of this writing, with two weeks to go before the construction deadline, the EWS project is nearly complete. The prime contractor, CDM Constructors Inc. (CCI), is finishing the mechanical piping connections, power and control systems at the Advanced Water Treatment Plant (AWTP) – the processing system that includes microfiltration, reverse osmosis, high-energy ultraviolet light and advanced oxidation. The major equipment and tanks are now in place. Most of the above-grade pipeline is in place between the AWTP and the injection well, from which the treated water will travel through the aquifer to the CCSD's production wells. Similarly, most of the above-grade pipeline is in place for the "mitigation" water, which goes from the AWTP to maintain water levels in the San Simeon Creek lagoon.

Most of the remaining work is on the brine disposal system. This includes installation of the evaporation pond liner system, mechanical evaporators and the pipeline to send brine from the AWTP to the evaporators. CCI is also installing a gopher barrier around the pond along with an upper barrier to prevent frogs from entering the pond area.

The permitting process for the project is also nearing an important milestone. On Friday, November 14, the Central Coast Regional Water Quality Control Board (RWQCB) will meet to consider two permits that the CCSD must have to operate the EWS. One is a Title 22 permit to ensure that the water produced by the EWS is safe to drink. The other is a Title 27 permit governing the brine disposal. Both permits are complex technical documents, and we deeply appreciate the hard work of the RWQCB staff in fast-tracking the process of preparing them.

We at the CCSD are confident that the final permits, when approved and issued, will enable us to begin operating the EWS on time and in a manner that gives Cambria the water-supply stability it so sorely needs.

What happens after that? The answer to that question depends in part on the weather and on policy decisions to be made by the CCSD Board of Directors. The EWS is being built under an emergency Coastal Development Permit that authorizes its operation only in Stage 3 water shortages such as the current situation in Cambria. The amount of rainfall in coming months will help determine how long this Stage 3 status will remain in effect. It is important to remember that we have been in a three-year drought, and that successive dry years have a cumulative effect. A few good storms may initially refill the lower streambed aquifers from which Cambria gets its water, but it may take much longer to replenish upstream springs that help feed these aquifers in the dry season. Whatever the short-term forecast, the CCSD plans to operate the EWS for at least three months to make sure everything is functioning properly.

Here are answers to some other questions that you may have about the EWS:

Will I notice any difference in the water at my home or business when the EWS is operating?

No. The water produced by the EWS will be clean, tasteless and odorless. It will meet all state standards for drinking-water safety. Because it will be injected into the aquifer rather than piped directly into the CCSD supply, it will be mixed with groundwater and won't make a noticeable difference at the tap.

Are there any safety concerns with the EWS treatment process?

The EWS will be treating a mix of freshwater, brackish water and treated wastewater from the CCSD's percolation ponds. The latter is expected to make up just 5% to 10% of the source water. The treatment process uses microfiltration, reverse osmosis, high-energy UV light and oxidation to produce clean potable water. The system will be constantly monitored to make sure the water produced is safe. If a problem is detected, there is a safety backstop in the form of a two-month travel time from injection to production wells. This would provide plenty of time to fix the problem before it poses any risk to Cambria's water supply.

What will happen to our restrictions on water use when the EWS goes online?

As I mentioned above, the decision to lift or alter the Stage 3 water supply restrictions rests with the CCSD Board of Directors. The Board's action will have to take into account all the relevant data, such as rainfall and the condition of the aquifers, as well as its responsibility to manage water supplies prudently.

What is the process for obtaining a regular Coastal Development Permit?

The current *emergency* Coastal Development Permit (CDP) from San Luis Obispo County authorizes the CCSD to operate the EWS plant only during Stage 3 water shortages. It also requires the CCSD to seek a *regular* CDP from the County to cover future operation under a wider range of conditions. This permit, unlike the emergency CDP, falls under the California Environmental Quality Act and is appealable to the California Coastal Commission. The CCSD will soon be preparing an environmental impact report to meet CEQA requirements. It is not known at this time when the permit will finally be issued.

If the EWS operates for only part of a two-month billing period, do we need to pay the operating charges for the whole period?

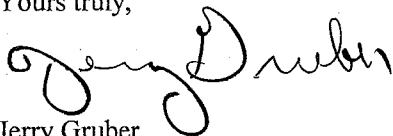
No. Charges related specifically to the construction of the EWS are billed for an entire two-month period. But for the added charge to cover operating costs, the CCSD's billing software has the ability to bill only when the plant is operational.

Does the CCSD still have a chance of receiving a state grant for the EWS? If it does, can we expect a reduction in water rates?

The CCSD anticipates getting grant funding as part of the Proposition 84 process. Future rates are based on multiple variables and the ultimate decision would be the decision of the CCSD Board.

Finally, I want say a few words of gratitude to all of you. Since the Stage 3 emergency was declared, Cambria has held its water consumption in most months to less than 60% of 2013 levels. I would challenge any other community in California to claim a better conservation record than that. Because of your frugality, we have been able to keep wells above critical levels and avert threats such as saltwater intrusion and subsidence. With completion of the EWS project nearing, we're confident that the worst of the drought emergency will soon be behind us. Had it not been for your incredible conservation efforts and support during this exceptional drought, it is questionable whether we would have made it this far into the fall season. So I thank you, and, with your help, I am confident that we can achieve a more secure water future.

Yours truly,



Jerry Gruber
General Manager
Cambria Community Services District