



Press Release

For Immediate Release

August 25, 2015

Cambria CSD Updates Fiscal Outlook

District Points to Improvement in Cash Projections and Progress Toward Release of Prop. 84 Grant Funds

CAMBRIA, CA – In response to news reports, the Cambria Community Services District (CCSD) today issued an update on its fiscal outlook and on its progress toward receiving state grant funds. The following are key developments of the past week:

- **Improved operating cash outlook:** Recent articles in news outlets such as The Cambrian have described the CCSD's operating cash situation on the basis of a Aug. 11, 2015 General Manager's report included in the agenda for the CCSD Board of Directors' Aug. 19 meeting. The CCSD's cash position has improved since then, and the outlook has been changed accordingly. The Aug. 11 report projected available cash of \$1.38 million on Sept. 1, 2015, and a potential cash shortfall of \$516,844 in November 2015. An updated report, presented at the Aug. 19 meeting, showed available cash of \$1.54 million at the beginning of September, and a potential November shortfall of \$238,305. Also, as was noted in both reports, the cash projections do not include a state grant award of \$248,000 to reimburse the CCSD for refurbishing a well and filtration equipment in the Santa Rosa Creek aquifer. The CCSD expects to receive these funds within 30 days.
- **Nearly \$1 million in soft cost grant funds to be released:** Earlier this year, San Luis Obispo County awarded the CCSD \$4.38 million in state Proposition 84 grant funds to partially cover costs of Cambria's Emergency Water Supply (EWS) project. The County had raised concerns over its potential liability due to a lawsuit challenging the validity of the emergency Coastal Development Permit granted by the County to allow construction and operation of the EWS. However, a sizable part of the grant is directed to non-construction costs of the EWS project, and this is not subject to potential repayment risk if the lawsuit succeeds. The County has invoiced the state Department of Water Resources for this portion of the grant funds, which totals \$994,265.
- **Action taken to indemnify the County, with release of remaining grant funds to follow:** The CCSD strongly believes that the lawsuit is without merit and is confident that it will prevail when the case comes to trial. Accordingly, the CCSD Board on Aug. 19 authorized General Manager Jerry Gruber to execute an agreement to indemnify the County against risks related to the lawsuit. Gruber met with County officials on Friday, Aug. 21, and a framework for such an agreement is now being formulated.
- **Groundwater management plan issue resolved:** News articles have also cited the lack of an updated groundwater management plan as another factor holding up the release of grant funds. The CCSD has an approved groundwater management plan that it is now updating in order to meet state DWR requirements. It expects this work to be done within the next two weeks. It does not expect this issue to lead to any further delays in the grant award.

“Taken together, these new developments have significantly improved the CCSD's fiscal outlook from what has been reported in recent days,” Gruber said. “There is no escaping the fiscal impact of the drought, which is costing the CCSD nearly \$500,000 a year in lost revenue from water and sewer usage fees. So we will continue to be challenged fiscally until the drought ends. But with

the progress we have made in the past week, I am confident that we will soon receive our expected funds and will quickly regain a stable and substantial cash position.”

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Media contact:

Tom Gray, Public Information Officer

805-750-1257; tsgray@sbcglobal.net