

**Board of Directors
San Simeon Community Services District**



BOARD PACKET

Wednesday, December 11, 2019
Regular Meeting 5:00 pm

**Cavalier Banquet Room
250 San Simeon Avenue
San Simeon, CA**

Prepared by:



GRACE
ENVIRONMENTAL SERVICES

AGENDA
SAN SIMEON COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
Wednesday, December 11, 2019
5:00 pm

CAVALIER BANQUET ROOM
250 San Simeon Avenue
San Simeon, CA 93452

1. REGULAR SESSION: 5:00 PM

- A. Roll Call

- B. Pledge of Allegiance

2. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA:

Public Comment - Any member of the public may address the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda. Presentations are limited to three (3) minutes or less with additional time at the discretion of the Chair. Your comments should be directed to the Board as a whole and not directed to individual Board members. The Brown Act restricts the Board from taking formal action on matters not published on the agenda.

3. SPECIAL PRESENTATIONS AND REPORTS:

A. STAFF REPORTS:

- i. **Sheriff's Report** – Report for November.
- ii. **Superintendent's Report** – Summary of November activities.
- iii. **General Manager's Report** – Summary of November Activities.
- iv. **District Financial Summary** – Update on Monthly Financial Status.
- v. **District Counsel's Report** – Summary of November Activities.

B. BOARD OF DIRECTORS AND COMMITTEE REPORTS:

C. SPECIAL PRESENTATION:

D. PUBLIC COMMENTS ON SPECIAL PRESENTATIONS AND REPORTS:

Public Comment - This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Agenda Item #3 – Special Presentations and Reports. If a member of the public wishes to speak at this time, Public Comment is limited to three (3) minutes.

4. CONSENT AGENDA ITEMS:

Public Comment - Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public Comment is limited to three (3) minutes.

- A. Review and approval of Disbursements Journal.

5. PUBLIC HEARING:

A. Adoption of Ordinance No. 120 Water and Wastewater Capacity Fee Charges.

6. BUSINESS ITEMS:

Public Comment – Public comment will be allowed for each individual business item. Members of the public wishing to speak on business items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public Comment is limited to three (3) minutes per person for each business item.

A. Election of Chairperson and Vice Chairperson for the 2020 Calendar year.

B. Authorization to respond to letter from Hearst Corporation dated November 20, 2019.

7. BOARD/STAFF GENERAL DISCUSSIONS AND PROPOSED AGENDA ITEMS – Requests from Board members to Staff to receive feedback, prepare information, and/or place an item on a future agenda(s).

8. ADJOURNMENT

All staff reports or other written documentation, including any supplemental material distributed to a majority of the Board within 72 hours of a regular meeting, relating to each item of business on the agenda are available for public inspection during regular business hours in the District office, 111 Pico Avenue, San Simeon. If requested, this agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disabilities Act. To make a request for a disability-related modification or accommodation, contact the District Administrator at 805-927-4778 as soon as possible and at least 48 hours prior to the meeting date. This agenda was prepared and posted pursuant to Government Code Section 54954.2.

3. A. ii. SUPERINTENDENT REPORT
Jerry Copeland
Facilities Update for November 2019



SUPERINTENDENT'S REPORT

Item 3.A.ii

Prepared by: Jerry Copeland

1. Wastewater Treatment Plant

- All sampling, testing and reporting at the Wastewater Treatment Plant and the Recycled Water Facility was performed as required by the RWQCB.
- The exterior of the Blower Building was painted.
- The roof of the tool shed was replaced. The exterior walls were repaired and painted. The entry door was replaced.
- There was a brief power outage at the WWTP on 11/12. There was no interruption in operations due to the startup of the generator.
- Quarterly maintenance on the WWTP and Well site stand-by generators was performed.

2. Water Treatment and Distribution System

- All routine sampling and testing was performed. The monthly report was submitted to the State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW).
- A site survey was performed by the local district engineer's office of the DDW. A report will follow in the next couple of months with recommendations.
- Rainfall began on 11/27. Daily Pico Creek flow monitoring began on 11/29. At the time of the writing of this report there has not been any flow to report.
- Monthly water meter reading was performed.
- Monthly maintenance on the R.O. unit was performed.
- Weed abatement was performed at the well site.

3. District and Equipment Maintenance

- Staff continues with all of the scheduled preventive maintenance for all the equipment at the facilities. We are recording all of these activities.

San Simeon Community Services District Superintendent's Report November 2019

MONTHLY DATA REPORT

Date	Day	Wastewater Inflow	Wastewater Effluent	Well 1 Total Daily Produced	Well 2 Total Daily Produced	Total Daily Water Produced	R.O. Daily Inflow	R.O. Daily Effluent	R.O. Daily Brine Flow	Distribution Chloride	Chloride Wells 1	Chloride Wells 2	Recycled Water Distributed	Water Level Well 1	Water Level Well 2	Rainfall In Inches	State Flows
11/01/19	Fri	56,734	53,540	67,021	0	67,021	0	0	0	-	-	-	0	12.1	12.0	0.00	7,201
11/02/19	Sat	76,862	74,610	84,075	0	84,075	0	0	0	-	-	-	0	12.1	12.0	0.00	9,036
11/03/19	Sun	76,710	74,020	77,867	0	77,867	0	0	0	-	-	-	0	12.2	12.1	0.00	8,705
11/04/19	Mon	76,471	70,660	62,608	0	62,608	0	0	0	-	-	-	0	12.2	12.1	0.00	7,729
11/05/19	Tue	60,758	59,010	68,218	0	68,218	0	0	0	-	-	-	0	12.2	12.1	0.00	7,045
11/06/19	Wed	53,647	52,830	66,497	0	66,497	0	0	0	-	-	-	0	12.3	12.2	0.00	7,738
11/07/19	Thu	57,631	56,130	71,509	0	71,509	0	0	0	-	-	-	0	12.3	12.2	0.00	9,724
11/08/19	Fri	73,848	69,370	91,406	0	91,406	0	0	0	-	-	-	0	12.3	12.2	0.00	8,360
11/09/19	Sat	84,259	80,840	86,918	0	86,918	0	0	0	-	-	-	0	12.3	12.2	0.00	9,160
11/10/19	Sun	94,484	90,230	104,944	0	104,944	0	0	0	-	-	-	0	12.3	12.2	0.00	12,720
11/11/19	Mon	90,697	82,730	36,428	0	36,428	0	0	0	-	-	-	0	12.4	12.3	0.00	10,756
11/12/19	Tue	56,368	52,390	68,367	0	68,367	0	0	0	-	-	-	0	12.5	12.4	0.00	9,330
11/13/19	Wed	56,682	55,280	62,757	0	62,757	0	0	0	-	-	-	0	12.4	12.3	0.00	7,787
11/14/19	Thu	52,809	50,080	65,749	0	65,749	0	0	0	-	-	-	0	12.4	12.3	0.00	7,319
11/15/19	Fri	54,914	52,280	59,391	0	59,391	0	0	0	-	-	-	0	12.5	12.4	0.00	7,119
11/16/19	Sat	66,820	62,850	64,178	0	64,178	0	0	0	-	-	-	0	12.5	12.4	0.00	7,398
11/17/19	Sun	63,375	60,480	61,336	0	61,336	0	0	0	-	-	-	0	12.6	12.5	0.00	9,800
11/18/19	Mon	56,632	52,890	62,533	0	62,533	0	0	0	-	-	-	0	12.6	12.5	0.00	8,119
11/19/19	Tue	46,800	45,090	1,421	1,496	2,917	0	0	0	-	-	-	0	12.6	12.5	0.00	6,007
11/20/19	Wed	49,813	50,750	62,533	0	62,533	0	0	0	-	-	-	0	12.4	12.3	0.00	6,636
11/21/19	Thu	45,787	45,580	64,627	0	64,627	0	0	0	-	-	-	0	12.4	12.3	0.00	6,167
11/22/19	Fri	46,412	46,560	59,316	0	59,316	0	0	0	-	-	-	0	12.5	12.4	0.00	6,303
11/23/19	Sat	67,461	64,270	62,982	0	62,982	0	0	0	-	-	-	0	12.5	12.4	0.00	7,021
11/24/19	Sun	79,287	79,940	68,143	0	68,143	0	0	0	-	-	-	0	12.5	12.4	0.00	10,452
11/25/19	Mon	77,175	72,530	66,722	0	66,722	0	0	0	-	-	-	0	12.6	12.5	0.00	11,405
11/26/19	Tue	80,470	76,130	67,245	0	67,245	4084	2511	1573	-	32	32	0	12.1	12.0	0.51	11,883
11/27/19	Wed	95,632	90,110	68,367	0	68,367	0	0	0	-	-	-	0	11.6	11.5	0.44	12,955
11/28/19	Thu	71,710	71,870	70,088	0	70,088	0	0	0	-	44	44	0	11.4	11.3	0.11	9,741
11/29/19	Fri	89,180	87,190	72,556	0	72,556	0	0	0	-	38	38	0	11.1	11.0	0.12	5,304
11/30/19	Sat	108,387	104,640	68,442	0	68,442	0	0	0	-	-	-	0	11.2	11.1	0.51	16,013
TOTALS		2,067,815	1,984,940	1,994,243	1,496	1,995,739	4084	2511	1573				0			1.69	264,933
Average		68,927	66,165	66,475	50	66,525	136	84	52	0	32	32	0	12.2	12.1	0.06	8,831
Minimum		45,787	45,090	1,421	0	2,917	0	0	0	0	32	32	0	11.1	11.0	0.00	5,304
Maximum		108,387	104,640	104,944	1,496	104,944	4084	2511	1573	0	32	32	0	12.6	12.5	0.51	16,013

DATA SUMMARY SHEET

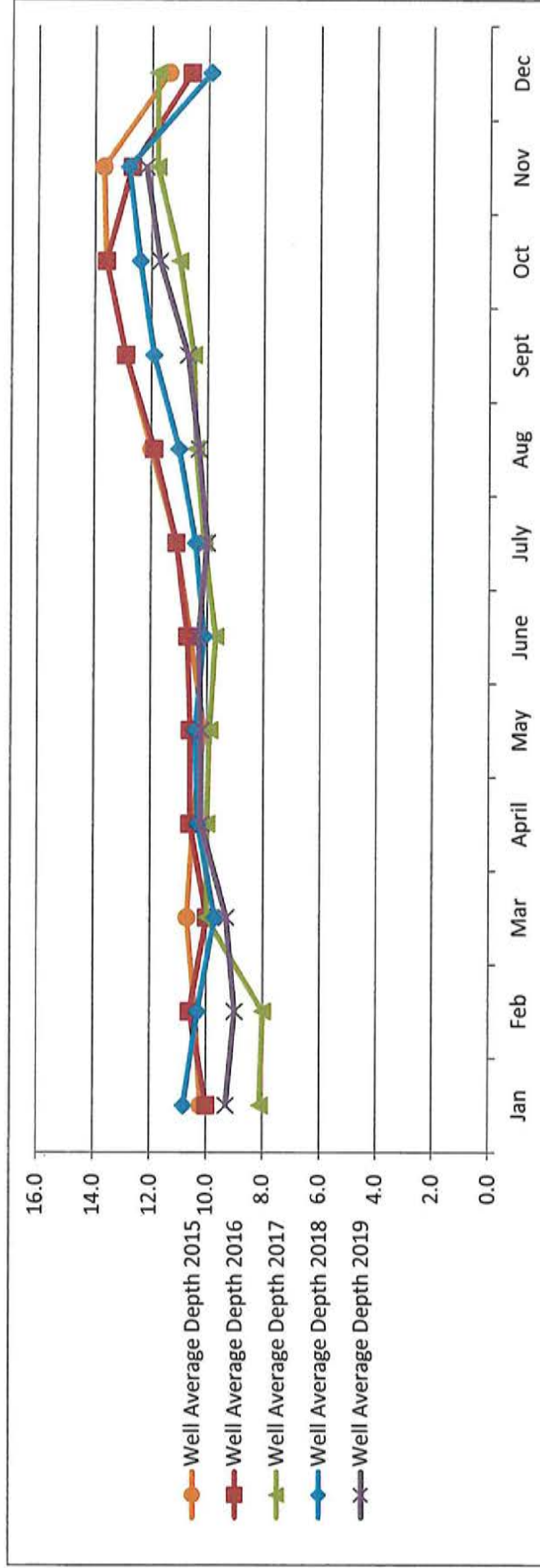
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total for 2019
Wastewater Influent	2,974,678	2,978,722	3,279,598	2,517,042	2,622,942	2,407,688	2,798,408	2,948,183	2,466,442	2,409,305	2,067,815		29,470,823
Wastewater Final Effluent (Month Cycle)	2,921,320	2,950,740	3,186,710	2,456,140	2,464,900	2,553,710	3,022,860	2,737,320	2,323,010	2,323,340	1,984,940		28,924,990
Adjusted Wastewater Influent (- State Flow)	2,599,672	2,540,371	2,840,773	2,267,805	2,227,432	2,089,028	2,339,678	2,543,256	2,152,297	2,116,543	1,802,882		25,519,737
Water Produced (month cycle)	1,849,654	1,643,730	2,013,823	2,212,060	2,175,858	2,456,058	2,832,302	2,609,472	2,373,404	2,390,682	2,001,947		24,558,991
Sewer Influent/Water Produced Ratio	1.61	1.81	1.63	1.14	1.24	0.98	1.09	1.13	1.04	1.01	1.03		N/A
Adjusted Sewer/Water Produced Ratio	1.41	1.55	1.41	1.03	1.06	0.85	0.91	0.98	0.91	0.86	0.90		N/A
Well 1 Water Production	103,897	59,616	60,663	1,010,024	2,108,538	2,162,169	2,574,242	2,604,610	2,265,542	2,388,513	2,000,451		17,338,265
Well 2 Water Production	1,745,757	1,584,114	1,953,160	1,202,036	67,320	293,889	258,060	4,862	107,862	2,169	1,496		7,220,726
Total Well Production	1,849,654	1,643,730	2,013,823	2,212,060	2,175,858	2,456,058	2,832,302	2,609,472	2,373,404	2,390,682	2,001,947		24,558,991
Water Well 1 Avg Depth to Water	9.0	8.7	9.0	10.0	10.2	10.4	10.0	10.3	10.7	11.7	12.2		N/A
Water Well 2 Avg Depth to Water	9.5	9.2	9.5	10.3	10.2	10.2	10.0	10.2	10.6	11.6	12.1		N/A
Average Depth to Water of Both Wells	9.3	9.0	9.3	10.2	10.2	10.3	10.0	10.3	10.7	11.7	12.2		N/A
Change in Average Depth to Water from 2018	-1.5	-1.3	-0.4	-0.1	-0.2	+0.2	-0.4	-0.8	-1.3	-0.7	-0.6		N/A
Average Chloride mg/L at the Wells	55	44	44	46	46	38	38	38	38	32	32		N/A
State Wastewater Treated	375,006	438,351	438,825	294,237	395,510	318,660	458,730	404,927	314,145	292,762	264,933		3,996,086
State % of Total WW Flow	13%	15%	13%	12%	15%	13%	16%	14%	13%	12%	13%		N/A
Recycled Water Sold (Gallons)	0	0	0	0	0	0	0	0	0	0	0		0
Biosolids Removal (Gallons)	4,500	0	9,000	9,000	4,500	9,000	9,000	4,500	4,500	4,500	0		58,500
WW Permit Limitation Exceeded	0	0	0	0	0	0	0	0	0	0	0		N/A
RW Permit Limitation Exceeded	0	0	0	0	0	0	0	0	0	0	0		N/A
Constituent Exceeded	None	None	None	None	None	None	None	None	None	None	None		N/A
Sample Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A
Sample Result	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A

2018

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total for 2018
Wastewater Influent	1,762,514	1,707,154	2,752,139	2,188,423	2,254,636	2,475,142	3,200,941	3,139,374	2,539,174	2,339,012	2,096,790	2,227,833	28,683,132
Wastewater Final Effluent (Month Cycle)	1,718,650	1,748,894	2,796,460	2,287,640	2,303,330	2,485,760	3,156,580	3,158,998	2,479,999	2,286,320	2,004,920	2,144,640	28,572,191
Adjusted Wastewater Influent(- State Flow) *	1,516,601	1,459,319	2,320,828	1,819,468	1,901,248	2,082,826	2,641,403	2,500,033	2,107,514	1,951,269	1,800,530	1,941,526	24,042,565
Water Produced (month cycle)	1,464,210	1,578,354	1,677,091	1,845,614	2,252,051	2,539,202	2,954,183	2,975,092	2,423,071	2,187,526	1,858,930	1,887,877	25,643,203
Sewer Influent/Water Produced Ratio	1.20	1.08	1.64	1.19	1.00	0.99	1.08	1.05	1.05	1.07	1.13	1.18	N/A
Adjusted Sewer/Water Ratio	1.04	0.92	1.38	0.99	0.84	0.82	0.89	0.84	0.87	0.89	0.97	1.03	N/A
Average Depth of Both Wells	10.8	10.3	9.7	10.3	10.4	10.1	10.4	11.0	11.9	12.4	12.8	9.9	N/A
Change in Average Depth to Water from 2017	+2.7	+2.3	-0.3	+0.3	+0.5	+0.4	+0.3	+0.6	+1.4	+1.4	+1.0	-1.9	N/A
Average Chloride mg/L at the Wells	34.5	35.5	32	35.5	35.5	32	32	32	32	34.5	45	65	N/A
State Wastewater Treated	245,913	247,835	431,311	368,955	353,388	392,298	559,538	639,341	431,660	387,743	269,260	286,307	4,613,549
State % of Total WW Flow	14%	15%	16%	17%	16%	16%	18%	20%	17%	17%	13%	13%	N/A
Recycled Water Sold (Gallons)	0	0	0	0	0	0	0	0	0	0	0	0	0
Biosolids Removal (Gallons)	9,600	0	4,800	9,600	4,800	4,800	13,500	13,500	9,000	4,500	4,500	4,500	83,100
WW Permit Limitation Exceeded	0	0	0	0	0	0	0	0	0	0	0	0	N/A
RW Permit Limitation Exceeded	0	0	0	0	0	0	0	0	0	0	0	0	N/A
Constituent Exceeded	None	None	None	None	None	None	None	None	None	None	None	None	N/A
Sample Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sample Result	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

San Simeon Community Services District Superintendent's Report November 2019

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Well Average Depth 2015	10.2	10.4	10.7	10.5	10.1	10.6	11.1	12.0	12.9	13.6	13.7	11.4
Well Average Depth 2016	10.0	10.6	10.0	10.6	10.6	10.7	11.1	11.9	12.9	13.6	12.7	10.6
Well Average Depth 2017	8.1	8.0	10.0	10.0	9.9	9.7	10.1	10.4	10.5	11.0	11.8	11.8
Well Average Depth 2018	10.8	10.3	9.7	10.3	10.4	10.1	10.4	11.0	11.9	12.4	12.8	9.9
Well Average Depth 2019	9.3	9.0	9.3	10.2	10.2	10.3	10.0	10.3	10.7	11.7	12.2	



3. A. iii GENERAL MANAGER'S REPORT
Charles Grace
Update for November 2019



GENERAL MANAGER'S REPORT

Item 3.A.iii

Staff Activity – Report on Staff activities for the month of November. Regular activities performed by District staff include:

Processing of utility payments, customer service duties, answering phone calls, mailing of the regular monthly utility bills. Prepared and distributed the agenda and Board packet.

Staff also attended to the following items:

- Responded to seven (7) public records requests.
- Mailed the Notice of Board Vacancy to members of the public.
- Assisted Julia Stanert with exiting office paperwork requirements.

County Wide Hazardous Mitigation Plan – As of November 26, 2019 the San Luis Obispo Multi-Jurisdictional LHMP 2019 update had been successfully submitted to CalOES (California Office of Emergency Services).

Coastal Development Permit (CDP) Special Conditions Update – Oliveria Consulting continues to perform Special Condition tasks such as; submitting the previously performed integrity test for the WWTP ocean outfall line.

Prop.1 Grant Update – The California Department of Water Resources Financial Assistance Branch has agreed that San Simeon meets DAC status requirements with regard to the proposition 1 current grant application. Existing efforts to update the DAC status by gathering current data needs to continue for future grant efforts.

2000 series policy and procedures manual – There are no updates to this item.

PG&E potential power outages and emergency measures update – A list of equipment that is necessary to operate the filter system(s) has been forwarded to the electrical engineer for review.

District website – The new District website was launched on November 26, 2019. Staff has been working on grammatical edits to the site. There are numerous items that are being addressed. Staff has created District email addresses for each of the Board members. The public will be able to click on a Board member profile and send emails directly to that Board member. This new function will address several issues that the old website had; one being the limit of characters that could be sent when creating an email to the Board member. Incomplete links are also being addressed.

3. A. iv. DISTRICT FINANCIALS
Cortney Murguia
November 30, 2019

SAN SIMEON COMMUNITY SERVICES DISTRICT



3.A.iv FINANCIAL SUMMARY

Billing November 30, 2019

October Billing Revenue	\$	96,430.15
November Billing Revenue	\$	74,366.38
Past Due (31 to 60 days)	\$	734.93
Past Due (60 days)	\$	-

ENDING BANK BALANCES

November 30, 2019

PACIFIC PREMIER BANK:

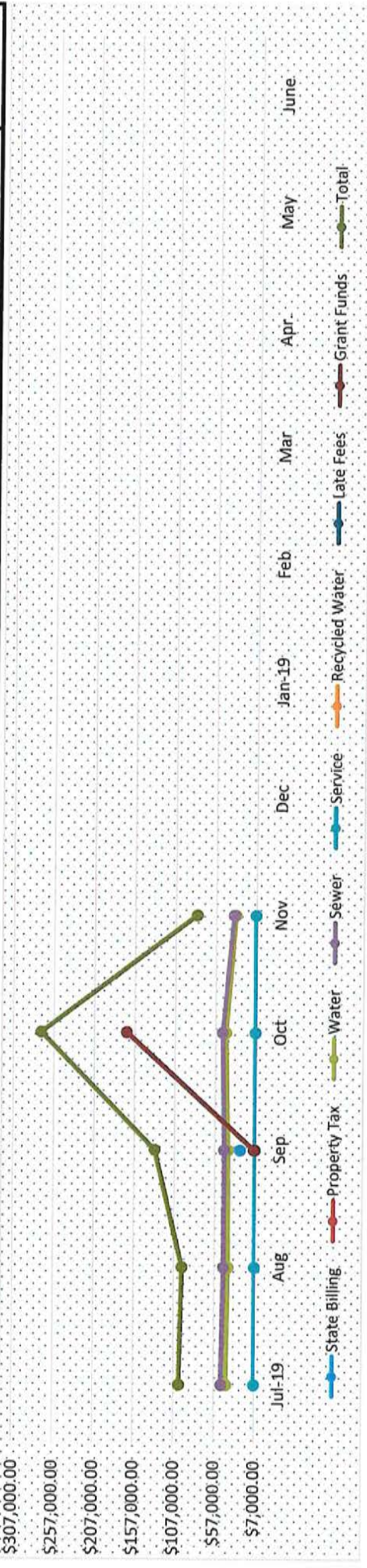
Money Market Account Closing Balance October 31, 2019	\$	1,117,114.62
Interest for November	\$	2,029.11
Money Market Account Closing Balance October 31, 2019	\$	1,119,143.73
Reserve Fund	(250,000.00)	
Wait-list Deposits	(69,750.00)	
Customer Deposits	(9,100.00)	
Available Funds	\$	<u>790,293.73</u>
General Checking Account November 30, 2019	\$	110,380.33
LAIF Closing Balance November 30, 2019	\$	549.86
Interest Money Market Account 2018	\$	5,473.10
Interest Money Market Account Year to Date	\$	20,520.45

SAN SIMEON COMMUNITY SERVICES DISTRICT
Balance Sheet
As of November 30, 2019

	Nov 30, 19
ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty cash	150.00
1015 · Pacific Prem - General Checking	99,760.55
1017 · Pacific Premier-Money Market	1,119,143.73
1040 · Cash in county treasury	108.33
1050 · LAIF - non-restricted cash	546.49
Total Checking/Savings	1,219,709.10
Other Current Assets	
1200 · Accounts receivable	74,153.82
1300 · Prepaid expenses	5,928.31
Total Other Current Assets	80,082.13
Total Current Assets	1,299,791.23
Fixed Assets	
1400 · Fixed assets	
1420 · Building and structures	395,874.73
1500 · Equipment	316,747.53
1540 · Major Water Projects	190,360.90
1560 · Pipe bridge	28,075.58
1580 · Sewer plant	1,488,555.08
1600 · Water system	550,390.00
1620 · WWTP expansion	299,565.92
1630 · Tertiary Project	262,932.67
1640 · Wellhead Rehab Project	450,827.53
1650 · Walkway access projects	21,511.00
1660 · RO Unit	931,966.97
1670 · Reservoir / Water Tanks	196,865.63
1680 · Generator	29,101.14
Total 1400 · Fixed assets	5,162,774.68
1690 · Accumulated depreciation	(2,484,330.17)
Total Fixed Assets	2,678,444.51
TOTAL ASSETS	3,978,235.74
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2500 · Customer security deposits	9,200.00
2510 · Connect hookup wait list	70,890.00
2520 · USDA Loan	447,403.07
Total Other Current Liabilities	527,493.07
Total Current Liabilities	527,493.07
Total Liabilities	527,493.07
Equity	
3200 · Fund balance	3,275,440.52
3900 · Suspense	(31,426.11)
Net Income	206,728.26
Total Equity	3,450,742.67
TOTAL LIABILITIES & EQUITY	3,978,235.74

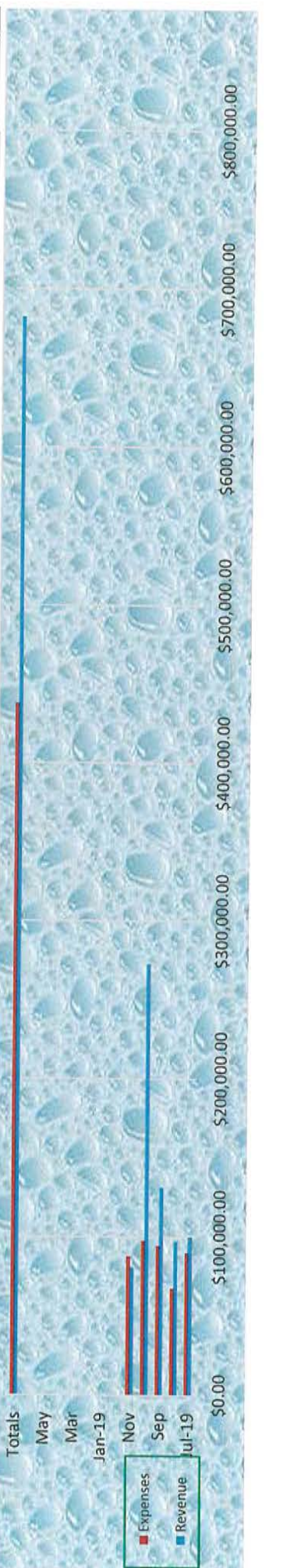
DISTRICT REVENUE FY 2019/2020

	Jul-19	Aug	Sep	Oct	Nov	Dec	Jan-19	Feb	Mar	Apr.	May	June	Totals
State Billing			\$25,528.71										\$25,528.71
Property Tax	\$1,218.61	\$2,752.21	\$3,126.48	\$5,305.64	\$6,019.52								\$18,422.46
Water	\$41,718.97	\$39,623.52	\$40,324.01	\$43,808.36	\$32,208.00								\$197,682.86
Sewer	\$48,137.21	\$45,503.27	\$45,161.69	\$48,244.57	\$34,916.02								\$221,962.76
Service	\$7,113.60	\$7,045.20	\$7,079.40	\$7,451.10	\$7,489.26								\$36,178.56
Recycled Water													\$0.00
Late Fees	\$1,957.04	\$2,399.24	\$1,407.87	\$468.45	\$316.84								\$6,549.44
Grant Funds			\$8,750.00	\$167,376.61									\$176,126.61
Total	\$100,145.43	\$97,323.44	\$131,378.16	\$272,654.73	\$80,949.64								\$682,451.40
Water Sold Cu Ft	336845	319458	323518	329822	242893								1552536
Water Sold Acre ft	7.73	7.33	7.43	7.57	5.58								35.64



REVENUE VS EXPENSES

	Jul-19	Aug	Sep	Oct	Nov	Dec	Jan-19	Feb	Mar	Apr.	May	June	Totals
Revenue	\$100,145.43	\$97,323.44	\$131,378.16	\$272,654.73	\$80,949.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$682,451.40
Expenses	\$90,205.84	\$67,705.50	\$94,401.58	\$97,595.50	\$87,822.01								\$437,730.43
Balance	\$9,939.59	\$29,617.94	\$36,976.58	\$175,059.23	(\$6,872.37)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$244,720.97



**SAN SIMEON COMMUNITY SERVICES
HISTORICAL FISCAL REVIEW**

FY 2016/2017

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fiscal Total
State Billing			\$12,485.00			\$13,996.07			\$29,440.40			\$23,960.29	\$79,881.76
Property Tax	\$1,161.69		\$1,184.42	\$6,789.01	\$6,970.82	\$28,878.98	\$2,456.74	\$2,986.66	\$2,421.97	\$23,540.38	\$415.92	\$1,111.78	\$77,898.37
Water	\$36,292.1	\$36,746.52	\$31,241.74	\$29,953.03	\$22,549.49	\$19,445.8	\$25,600.5	\$22,112.36	\$19,816.90	\$27,563.35	\$27,763.55	\$31,331.40	\$330,416.71
Sewer	\$41,862.8	\$43,190.60	\$36,386.89	\$35,106.74	\$25,574.57	\$21,817.9	\$29,037.7	\$24,590.36	\$22,440.87	\$31,022.32	\$31,228.75	\$34,851.59	\$377,111.12
Service	\$6,559.5	\$6,472.20	\$6,472.20	\$6,472.20	\$6,626.30	\$6,533.8	\$6,503.0	\$6,503.02	\$6,503.02	\$6,503.02	\$6,564.66	\$6,626.30	\$78,339.28
State Fees	\$485.7	\$97.52	\$595.71	\$316.72	\$353.70	\$1,587.7	\$366.8	\$1,387.73	\$735.52	\$202.87	\$187.94	\$804.03	\$7,121.95
Grant Funds						\$20,000.00							
Revenue	\$86,361.78	\$86,506.84	\$88,365.96	\$78,637.70	\$62,074.88	\$92,260.26	\$63,964.81	\$57,560.13	\$81,358.68	\$88,831.94	\$66,160.82	\$98,685.39	\$950,769.19
Expense	\$127,105.89	\$72,035.48	\$114,268.09	\$71,273.31	\$75,340.87	\$66,017.87	\$71,441.43	\$72,822.48	\$152,049.21	\$62,994.78	\$77,525.44	\$71,667.28	\$1,034,532.13
Balance	(\$40,744.11)	\$14,471.36	(\$25,902.13)	\$7,364.39	(\$13,265.99)	\$26,242.39	(\$7,476.62)	(\$15,262.35)	(\$70,690.53)	\$25,837.16	(\$11,364.62)	\$27,028.11	(\$83,762.94)
Water Sold Cu Ft	324654	324654	281207	269907	203338	175391	232048	200704	179990	249876	249279	282352	2,973,400
Water Sold Acre ft	7.45	7.45	6.46	6.20	4.67	4.03	5.33	4.61	4.13	5.74	5.72	6.48	68.26

FY 2017/2018

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fiscal Total
State Billing			\$24,606.31			\$21,914.14			\$21,542.66			\$23,690.87	\$91,753.98
Property Tax	\$1,282.43		\$121.78	\$3,983.38	\$11,222.22	\$31,099.09	\$7,506.90	\$2,750.02	\$640.94	\$22,168.20	\$1,686.05	\$771.97	\$83,232.98
Water	\$34,880.43	\$36,192.33	\$31,137.52	\$27,999.25	\$26,930.07	\$19,762.53	\$22,551.64	\$25,457.70	\$16,741.07	\$28,408.76	\$27,795.23	\$36,075.95	\$333,932.48
Sewer	\$38,495.46	\$39,770.86	\$33,836.96	\$30,919.58	\$29,421.68	\$21,164.32	\$25,021.12	\$28,652.26	\$19,108.33	\$32,900.73	\$31,492.38	\$40,773.70	\$371,557.38
Service	\$6,820.12	\$6,950.95	\$6,821.63	\$6,659.98	\$6,886.29	\$6,886.29	\$6,789.30	\$6,853.96	\$6,724.64	\$6,724.64	\$6,724.64	\$6,724.64	\$81,567.08
State Fees	\$628.24	\$379.06	\$292.61	\$241.85	\$221.14	\$159.01	\$113.69	\$197.92	\$487.09	\$284.43	\$202.63	\$179.47	\$3,387.14
Grant Funds	\$332,310.87					\$42,858.00							
Revenue	\$82,106.68	\$83,293.20	\$96,816.81	\$69,804.04	\$74,681.40	\$100,985.38	\$61,982.65	\$63,911.86	\$65,244.73	\$90,486.76	\$67,900.93	\$108,216.60	\$965,431.04
Expense	\$94,660.34	\$87,503.06	\$104,489.98	\$71,763.52	\$62,490.35	\$85,613.60	\$88,196.48	\$73,251.65	\$109,510.66	\$70,856.21	\$80,363.24	\$80,743.66	\$1,009,442.75
Balance	(\$12,553.66)	(\$4,209.86)	(\$7,673.17)	(\$1,959.48)	(\$12,191.05)	\$15,371.78	(\$26,213.83)	(\$9,339.79)	(\$44,265.93)	\$19,630.55	(\$12,462.31)	\$27,472.94	(\$44,011.71)
Water Sold Cu Ft	299369	310960	266284	241692	232942	169355	194345	217741	144425	244412	237414	308832	2,867,771
Water Sold Acre	6.87	7.14	6.11	5.55	5.35	3.89	4.46	5.00	3.32	5.61	5.45	7.09	65.84

FY 2018/2019

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fiscal Total
State Billing			\$26,723.91			\$20,971.00			\$19,858.71			\$19,390.52	\$86,944.14
Property Tax	\$1,288.59		\$169.19	\$7,205.82	\$8,542.19	\$33,187.58	\$1,319.32	\$4,888.55	\$2,227.01	\$22,928.34	\$3,062.24	\$1,057.02	\$85,875.85
Water	\$41,336.59	\$45,279.14	\$41,178.74	\$34,050.67	\$30,760.16	\$24,353.21	\$29,009.60	\$27,745.06	\$24,146.67	\$35,445.24	\$29,158.01	\$38,455.33	\$400,918.42
Sewer	\$47,258.33	\$53,156.35	\$47,379.43	\$39,628.31	\$35,491.84	\$28,149.21	\$34,169.78	\$32,181.86	\$27,850.19	\$41,666.62	\$33,854.74	\$44,856.07	\$465,642.73
Service	\$7,111.73	\$7,113.60	\$7,113.60	\$7,113.60	\$7,079.40	\$7,079.40	\$7,147.80	\$7,079.40	\$7,079.40	\$7,079.40	\$7,045.20	\$7,079.40	\$85,121.93
State Fees	\$461.43	\$201.49	\$290.08	\$168.71	\$600.53	\$135.60	\$178.43	\$146.51	\$126.87	\$177.46	\$111.54	\$272.66	\$2,871.31
Grant Funds				\$11,367.00		\$18,753.05							
Revenue	\$97,456.67	\$105,750.58	\$122,854.95	\$88,167.11	\$82,474.12	\$113,876.00	\$71,824.93	\$72,041.38	\$81,288.85	\$107,297.06	\$73,231.73	\$111,111.00	\$1,127,374.38
Expense	\$81,495.91	\$74,250.58	\$102,279.81	\$104,990.12	\$111,554.79	\$92,037.25	\$94,850.91	\$94,625.06	\$71,744.58	\$105,016.25	\$89,244.32	\$98,066.81	\$1,120,156.39
Balance	\$15,960.76	\$31,500.00	\$20,575.14	(\$16,823.01)	(\$29,080.67)	\$21,838.75	(\$23,025.98)	(\$22,583.68)	\$9,544.27	\$2,280.81	(\$16,012.59)	\$13,044.19	\$7,217.99
Water Sold Cu Ft	334631	367360	332914	275609	243491	195107	236456	227602	197397	288979	236030	311046	3,246,622
Water Sold Acre	7.68	8.43	7.64	6.33	5.59	4.48	5.43	5.23	4.53	6.63	5.42	7.14	74.53

4. CONSENT AGENDA

- A. Consideration of approval of Disbursements Journal**

The Meeting Minutes for the November 13, 2019 Board meeting will be on the agenda for next month's meeting.

SAN SIMEON COMMUNITY SERVICES DISTRICT Disbursements Journal

November 13 through December 25, 2019

Type	Date	Num	Name	Memo	Paid Amount
Warrants issued in November 2019 after November Disbursements Journal published					
Bill Pmt -Check	11/13/2019	1920	CDTEFA - CA Dpt Tax & Fee Admin	Annual Water Rights Fee for Acct WR-STF-94-006560. Inv #0002-8694-052 dated 11/5/19.	-311.05
Bill Pmt -Check	11/13/2019	1921	Regents of the University of Calif	California Coastal Commission Special Condition #8 CDP Rip Rap - Ocean outfall mitigation fee	-3,141.43
Bill Pmt -Check	11/21/2019	1922	SWRCB-State Water Res Ctrl Bd	Annual Permit Fee 7/1/19 to 6/30/20; Facility ID 3SSO10322. Dated 11/6/19.	-2,625.00
Bill Pmt -Check	11/21/2019	1923	SWRCB-State Water Res Ctrl Bd	Annual Permit Fee WWTP 7/1/19 to 6/30/20; Facility ID 340011001. Dated 11/06/19.	-4,619.00
Bill Pmt -Check	11/26/2019	1924	Slagter, Fred & Colleen	Customer security deposit refund Acct #176. 11/1/19.	-50.00
Warrants issued in December 2019					
Paycheck	12/01/2019	1925	GWEN KELLAS	Board Service Nov 2 through Dec 1, 2019.	-92.35
Paycheck	12/01/2019	1926	JOHN K RUSSELL	Board Service Nov 2 through Dec 1, 2019.	-92.35
Paycheck	12/01/2019	1927	MARY M MCGUIRE	Board Service Nov 2 through Dec 1, 2019.	-92.35
Paycheck	12/01/2019	1928	WILLIAM J CARSON	Board Service Nov 2 through Dec 1, 2019.	-92.35
Bill Pmt -Check	12/11/2019	1929	Adamski Moroski Madden Cumberland & Green	Legal services related to FPPC communication through Oct 31, 2019. Inv #48734 dated 11/14/19.	-451.50
Bill Pmt -Check	12/11/2019	1930	Adamski Moroski Madden Cumberland & Green	Legal services on Policy Manuals performed through Oct 31, 2019. Inv #48736 dated 11/14/19.	-1,161.00
Bill Pmt -Check	12/11/2019	1931	Adamski Moroski Madden Cumberland & Green	Regular monthly legal services performed through Oct 31, 2019. Inv #48735 dated 11/14/19.	-3,553.02
Bill Pmt -Check	12/11/2019	1932	Jerardo De Alba dba De Alba Construction	Pressure wash and paint building by entrance to WWTP. Based on Estimate dated 9/18/19.	-2,400.00
Bill Pmt -Check	12/11/2019	1933	Jerardo De Alba dba De Alba Construction	Shed repairs at WWTP including removing damaged wood and dispose all trash. Inv 276 dated 12/2/2019.	-2,760.00
Bill Pmt -Check	12/11/2019	1934	Jerardo De Alba dba De Alba Construction	Remove and dispose of old roof, install new roof. Install plywood inside shed. Based on estimate dated 09/18/2019.	-2,950.00
Bill Pmt -Check	12/11/2019	1935	Kathleen Fry Bookkeeping Services	Bookkeeping Services Nov 2019. Inv 2019-11 dated 11/30/19.	-1,200.00
Bill Pmt -Check	12/11/2019	1936	Moss, Levy & Hartzheim, LLP	Audit to Date for FYE 6/30/2019. Inv 20737 dated 10/31/19.	-2,000.00
Bill Pmt -Check	12/11/2019	1937	New Times	Posting public notice regarding bids for water tank project. Inv 305504 dated 11/7/19.	-157.00
Bill Pmt -Check	12/11/2019	1938	Phoenix Civil Engineering, Inc	Prof Svcs on Reservoir Project through Nov 21, 2019. Inv 19-261 dated 11/21/19.	-4,520.00
Bill Pmt -Check	12/11/2019	1939	SLO County - Environmental Health	Annual fee 01/01/2020 - 12/31/2020 Hazmat Disclosure Fee and Surcharge. Facility ID FA0012591. Dated 10/31/2019.	-435.00
Bill Pmt -Check	12/11/2019	1940	Grace Environmental	Operations Management and Maintenance Fees Dec 2019. Inv # 1333 dated 12/01/2019.	-53,495.12
Check	12/25/2019	Elec Pymt	CalPERS Fiscal Services Division	Retiree Health monthly premium for January 2020.	-362.36
Check	12/25/2019	Elec Pymt	CalPERS Fiscal Services Division	Unfunded Accrued Liability only - prepaid for January 2020. Cust. ID # 7226734344.	-1,199.93
Liability Check	12/25/2019	Elec Pymt	United States Treasury (US Treasury)	Payroll tax payment for paychecks dated 12/1/2019.	-61.20
TOTAL					-87,822.01

5. A. Public Hearing



PUBLIC HEARING ITEM STAFF REPORT

Item 5.A. Adoption of Ordinance No. 120 Water and Wastewater Capacity Fee Charges.

Staff is recommending that the Board of Directors approve Ordinance No. 120.

Enc: Ordinance 120

ORDINANCE NO. 120

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT AMENDING WATER AND WASTEWATER CAPACITY FEE CHARGES

WHEREAS, the San Simeon Community Services District ("District") is a community services district duly formed under Government Code Section 61000 et seq. to provide community services within the District's service area; and

WHEREAS, on April 14, 1993, the District adopted Ordinance No. 81 establishing service charges and connection fees for water and sewer service within the District; and

WHEREAS, on June 14, 1995, the District adopted Ordinance No. 89 establishing service charges and connection fees for water and sewer service within the District which amended service charges but made no amendments to connection fees for water and sewer service; and

WHEREAS, on March 13, 2019 and June 12, 2019, the District held a properly noticed public hearings to amend water and wastewater capacity fee charges; and

WHEREAS, Government Code Sections 66013 and 66016 provide the District the authority to amend its capacity fee charges and the District has complied with all requirements of the Government Code; and

WHEREAS, the District therefore adopts the revised water and wastewater connection fees as provided in Exhibit "A" attached hereto and incorporated herein by this reference.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN SIMEON COMMUNITY SERVICES DISTRICT ORDAINS AS FOLLOWS:

SECTION 1. Authority, Intent and Purpose.

A. This Ordinance is adopted pursuant to Government Code sections 66013 and 66016 for the purpose of amending the District's method of calculating water and wastewater capacity charges. The District last revised its water and wastewater capacity charges on April 14, 1993 in District Ordinance No. 81.

B. The District recently completed a study to review its water and wastewater capacity charges and propose revisions to reflect the cost of providing water and wastewater capacity for needed infrastructure projects (the "Study.") The Study reviewed and analyzed the District's water and wastewater fixed assets, capital improvement plans, existing and future water and wastewater system demands and existing or planned financing.

C. Based on the Study, the District's water and wastewater capacity charges as described in Exhibit A shall not exceed the estimated reasonable cost of providing the service for which the charges are imposed. The water and wastewater capacity charges collected under this Ordinance shall be used solely for the purposes for which the charges were collected and will not be used for general spending purposes.

D. The Study and related materials are on file at the District office and have been made available for public review and inspection for more than fourteen days prior to the public hearing on the proposed amendments to the water and wastewater capacity charges. The Study and the proposed amendments to the water and wastewater capacity charges were the subject of a properly noticed public hearings of the District Board of Directors on March 14, 2019 and June 12, 2019.

SECTION 2. Legal Authority.

This Ordinance is being adopted under the authority found in Government Code section 61100(a), 61115(a), 61060(b), 66013, 66016 and other applicable law.

SECTION 3. Water and Wastewater Capacity Charges

Water and wastewater capacity charges shall be imposed in connection with applications for water and wastewater will serve commitments as set forth in the schedule of charges in Exhibit A as follows: (1) for residential units based on the equivalent dwelling units needed to serve the subject premises as determined by the District in accordance with such applications and (2) for non-residential units based on water meter size as determined by the District in accordance with such applications. As described more fully in Exhibit A, the water and wastewater capacity charges shall be increased annually pursuant to the Engineering News Records - Construction Cost Index.

SECTION 4. CEQA Findings

The Board of Directors find that this Ordinance is exempt from the requirements of the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3) in that it is not a project which has the potential for causing a significant effect on the environment.

SECTION 5. Inconsistent Provisions.

This Ordinance amends portions of Ordinance 81 and Ordinance 89. To the extent that the provisions of this Ordinance may be inconsistent or in conflict with the terms and conditions of any prior district ordinance, resolution, rule or regulation governing the same subject, the provisions of this Ordinance shall prevail with respect to the subject matter thereof, and such inconsistent or conflicting terms or conditions of prior ordinances, resolutions, rules or regulations are hereby repealed.

SECTION 6. Severability.

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The District Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

SECTION 7. Effective Date and Publication.

This Ordinance shall take effect thirty days after its adoption. A summary of this Ordinance shall be published in a newspaper of general circulation and a certified copy of the full text of the proposed Ordinance shall be posted in the office of the District at least five days prior to the meeting at which the proposed Ordinance is to be adopted. Within fifteen days after adoption of the Ordinance, the governing body shall publish a summary of the Ordinance with the names of those members voting for and against the ordinance and shall post in the office of the district a certified copy of the full text of the adopted Ordinance along with the names of those members voting for and against the Ordinance.

This Ordinance was introduced by the Board of Directors on April 10, 2019. This Ordinance was passed and adopted at a meeting of the Board of Directors of the San Simeon Community Services District on _____, 2019; Upon motion by Director _____ and seconded by Director _____, by the following roll call vote:

Chairperson Kellas:
Vice-Chair McGuire:
Director Russell:
Director Carson:

Gwen Kellas, Chairperson

ATTEST:

Charles Grace
Secretary/General Manager

APPROVED AS TO FORM:

Natalie F. Laacke
District Counsel

Exhibit "A"

Capacity Fee Charges Schedule

	Capacity Ratio	Proposed	Proposed	Wastewater Information Based [2]			
	EDU Ratio	Water	Wastewater	Flow (gpd)	BOD (mg/l)	SS (mg/l)	Customers
1 Single-family Residential [1]	1.00	\$5,030	\$590	18	327	283	1
2 Multifamily Residential [1]	1.00	\$5,030	\$590	18	327	283	1
3 Mobile Home [1]	1.00	\$5,030	\$590	18	327	283	1
4 RV Space [1]	1.00	\$5,030	\$590	18	327	283	1
5 Motels (per unit)	0.70	\$3,521	\$381	12	310	120	1
6 Motels (Manager Apartment)	1.00	\$5,030	\$590	18	327	283	1
7 Restaurants (per square foot)			\$36.00	0.167	1,000	600	1
8 Service Stations (with 2 restrooms)			\$40,747	1,000	1,000	600	1
9 Retail Shops (each)			\$5,646	200	150	150	1
10 Public Restrooms (each)			\$5,478	175	327	283	1
11 Commercial Laundries (each machine)			\$5,561	200	150	110	1
Non-Residential							
	Water Valve Size	Capacity Ratio					
12	5/8"	1.00	\$5,030				
13	3/4"	1.00	\$5,030				
14	1"	1.67	\$8,400				
15	1 1/2"	3.33	\$16,749				
16	2"	5.33	\$26,809				
17	3"	10.67	\$53,670				
18	4"	16.67	\$83,850				
19	6"	40.00	\$201,200				
20	8"	66.67	\$335,350				
Unspecified [3]							
21	Charge for Each Component			Flow (\$/gpd)	BOD (\$/lb)	SS (\$/lb)	Customer (\$/Unit)
				\$75.10	\$1,105.86	\$1,277.79	\$30.15

[1] Per dwelling unit.

[2] Strength information from State Water Resources Control Board.

[3] Capacity Charge calculated based on Non-residential customer flow and strength.

The water and wastewater capacity charges shall be increased annually pursuant to the Engineering News Records (ENR) Construction Cost Index (CCI) to capture future construction cost inflation. This capacity charge adjustment shall be made on the change in the index from the date of adoption of the proposed charges.

6.A. BUSINESS ITEMS



BUSINESS ACTION ITEM STAFF REPORT

Item 6.A. Election of Chairperson and Vice Chairperson for the 2020 Calendar year.

As of January 1, 2020 the Chairperson and Vice Chairperson terms will have expired. Staff is requesting nominations and acceptance from the SSCSD Board for the position of Chairperson and Vice-Chairperson for the 2020 calendar year.

6.B. BUSINESS ITEMS



BUSINESS ACTION ITEM STAFF REPORT

Item 6.B. Authorization to respond to letter from Hearst Corporation dated November 20, 2019.

Attached is a copy of correspondence from the Hearst Corporation. Given the date of the letter and request for immediate response, Staff is asking that the Board grant the Chair and Vice-Chair authority to prepare a letter and submit a response on behalf of the Board.

Enc: Hearst Letter dated November 20, 2019

H E A R S T *corporation*

November 20, 2019

Board of Directors
San Simeon Community District
111 Pico Avenue
San Simeon, CA 93452

*Kerry O'Toole
Land & Resource Manager
Western Properties*

Re: Status of Letter of Intent Between Hearst and SSCSD for Expansion of Reservoir Easement

Dear Board of Directors:

In March 2015, Hearst and the San Simeon Community Services District (“SSCSD”) entered into a non-binding Letter of Intent (“LOI”) which allows, subject to restrictions, SSCSD to pursue entitlements for an expansion of its reservoir easement (the “Project”) on Hearst owned property (the “Property”). This LOI has been renewed and remains in effect until December 31, 2019.

While the LOI allows SSCSD the right to pursue entitlements, the process is subject to restrictions. One of these restrictions is stated in Section 4 of the LOI:

“Distric shall provide Hearst the opportunity to review and approve (such approval not to be unreasonably conditioned, withheld or delayed) all documentation required to complete the Entitlement prior to finalizing and/or filing such documentation with the applicable agencies”.

The LOI also clearly states that the Project must be approved by California Rangeland Trust (“CRT”), the holder of the Conservation Easement that encumbers the Property. To be clear, the LOI does not grant SSCSD an easement expansion right nor approvals for the Project construction.

Hearst was made aware in 2018 that SSCSD had conducted several investigations on the Property including a Cultural Resources Report and a Botanical Survey. These reports were provided to Hearst for review. Hearst did not give any approvals to release these reports, and no approval to do so was sought by SSCSD.

Subsequent to receiving such reports, Hearst received little communication from SSCSD pertaining to the reservoir project throughout 2019. Unbeknownst to Hearst, SSCSD was working with Oliveira Consulting to prepare a “Community Water Tank Project Initial Study and Mitigated Negative Declaration” (the “MND”). Without Hearst’s knowledge or approval, the MND was made public in September. Hearst was only made aware of the MND on October 30, 2019, the first Hearst had seen or heard of the MND, and two months after its public release.

The public release of this document without Hearst’s knowledge or approval was not authorized under the LOI. Equally concerning, the MND contains materially incorrect statements pertaining to the LOI, and

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suggests incorrectly that Hearst has approved of the construction of the project and that it complies with the Conservation Easement.

Hearst has submitted public comments to correct the MND and we have been assured by Oliveira Consulting that the requested corrections will be made. Hearst has also provided the MND to CRT and has requested that CRT conduct a review of the Project and provide Hearst with an assessment at this juncture of the likelihood of its approval of the proposed easement expansion and Project construction.

We now understand that SSCSD is ready to submit a land use permit application to the County of San Luis Obispo pertaining to this project. As previously noted, Hearst must approve this application prior to submission. Hearst will not consider this approval until CRT has completed their review of the MND and made their preliminary assessment (at the cost of SSCSD pursuant to the LOI). Until such time, Hearst hereby notifies SSCSD that it should take no further action on the project until given written approval from Hearst to proceed.

Finally, as noted above, the LOI expires at the end of December 2019. Despite SSCSD's failures to comply with the processes and requirements set forth in the LOI, Hearst may consider a restatement and renewal of the LOI. However, any such reinstatement or renewal of the LOI must expressly state that Hearst will immediately terminate the LOI if there are any additional failures by SSCSD to comply with the requirements of the LOI.

We look forward to your immediate response.

Thank you,

A handwritten signature in cursive script that reads "Kerry O'Toole".

Kerry O'Toole

cc: Marty Cepkauskas
Charlie Grace
Jeff Oliveira
Russell J. Austin, Esq.