



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: December 20, 2013

Board Meeting Date: February 11, 2014

Special Notice / Hearing: None

Vote Required: Majority/4/5ths (ATR)

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: **Executive Summary** - Crystal Springs / El Cerrito Trunk Sewer
Transmission Line Improvement Project

RECOMMENDATION:

- A. Acting as County of San Mateo and the Governing Board of the Crystal Springs County Sanitation District, adopt Resolutions authorizing:
1. The President of the Board of Supervisors to execute an agreement between the Crystal Springs County Sanitation District and the County which will provide a \$8,720,050 loan to the Crystal Springs County Sanitation District to pay its proportionate share of costs associated with improvements to the Crystal Springs/El Cerrito trunk sewer transmission lines; and
 2. The County Manager or his designee to execute an amendment to the Sanitary Sewage agreement between the Town of Hillsborough, City of San Mateo, Crystal Springs County Sanitation District, and County of San Mateo for costs associated with construction of the Crystal Springs/El Cerrito trunk sewer transmission lines with non-substantive additions, clarifications and other changes as the County Manager, or his designee, deems necessary or advisable after consultation with County Counsel.
- B. Resolution authorizing an Appropriation Transfer Request in the amount of \$17,440,100, transferring \$8,720,050 from Non-Departmental ERAF Reserves to Loans to Other Funds, and making corresponding appropriations in the Crystal Springs County Sanitation District budget, for payment of the Crystal Springs County Sanitation District's proportionate share of the Crystal Springs/El Cerrito trunk sewer project costs.

BACKGROUND:

On July 18, 1989, acting as the County of San Mateo (County) and the Governing Board of the Crystal Springs County Sanitation District (District), your Board entered into a Sanitary Sewage Agreement (1989 Agreement) with the Town of Hillsborough (Hillsborough), and the City of San Mateo (San Mateo). The 1989 Agreement set forth the parties' respective rights and obligations for the use and ownership of sewage conveyance and treatment facilities jointly used by the four agencies. Your Board adopted Resolution Nos. 071055 and 072459 on September 28, 2010 and April 23, 2013, respectively, which approved execution of Amendment Nos. 1 and 2 relating to the allocation of the parties' shares of the environmental study and design costs related to the Crystal Springs/El Cerrito Trunk Sewer (Trunk Sewer) Improvement project.

DISCUSSION:

The Trunk Sewer is a jointly used facility, which carries sewage collected from the County's Tower Road facilities, the De Anza Boulevard area in San Mateo, the District, and portions of Hillsborough to San Mateo facilities and eventually to San Mateo's Wastewater Treatment Plant. The estimated total cost, including environmental and design work, to construct the Trunk Sewer Improvements with Hillsborough and San Mateo is \$27,000,000. Based on this estimate the County's and District's total project costs would be \$1,620,000 and \$9,990,000, respectively.

The design for each project is nearing completion and the next phase is construction. It is critical that the construction funding be put in place prior to Hillsborough and San Mateo seeking bids for the projects. Amendment No. 3 primarily establishes the framework for payments to be made by the four parties to Hillsborough or San Mateo for the construction of the Trunk Sewer Improvements in their respective jurisdictions.

The District is seeking a loan from the General Fund to provide the funds for the District to make payments to Hillsborough and San Mateo. The District has been setting sewer rates based on the premise and understanding that both downstream projects would be financed by the agency whose jurisdiction the project was located in and the District would make payments to the downstream agency. However, the financing picture has changed and the District is expected to pay as-you-go or finance our portion of the costs independent of other jurisdictions

County Counsel has reviewed and approved the Resolutions, Agreement, and Amendment as to form.

Approval of these actions contribute to the Shared Vision 2025 outcome of a Collaborative Community by continuing the partnership with other agencies to provide for effective sewage transmission lines for our communities.

FISCAL IMPACT:

The ATR includes funding for the District's portion of construction costs in accordance with Amendment No. 3 and enables the District to make payments on the General Fund

Loan pursuant to the Loan Agreement. The District's loan payments will be funded through the sewer service charges collected from the property owners within the District and are estimated to be approximately \$529,800 per year. The partial payment anticipated in FY 2013-14 is \$132,000. The County's share of the cost will be financed from the County's Non-Departmental Reserves.