



# County of San Mateo

## Inter-Departmental Correspondence

---

**Department:** COUNTY EXECUTIVE

**File #:** 24-271

Board Meeting Date: 4/23/2024

---

**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Michael P. Callagy, County Executive  
**Subject:** MOU re Vista Grande Drainage Basin Improvement Project

**RECOMMENDATION:**

Adopt a resolution:

- A) Approving, authorizing and directing the County Executive, or designee, to execute a Memorandum of Understanding (MOU) with the City of Daly City and the North San Mateo County Sanitation District Regarding Funding of The Vista Grande Drainage Basin Improvement Project, by which the County will contribute \$15,000,000 for actual, reasonable and necessary costs of said project, subject to the terms and conditions therein, for a term ending December 31, 2029; and
- B) Authorizing and approving the taking of all necessary and advisable actions by the County Executive, or designee, in connection with the Memorandum of Understanding with the City of Daly City and the North San Mateo County Sanitation District and to give effect to this resolution.

**BACKGROUND:**

The Vista Grande Watershed is a densely developed urban community that borders San Francisco County on the north, the Colma Creek watershed to the south and east, and the Pacific Ocean on the west. The Watershed is drained through the Vista Grande Canal and Vista Grande Tunnel, both of which are located near the southern shoreline of Lake Merced, and discharge stormwater from the northwest area of Daly City and the unincorporated areas of San Mateo County known as the Broadmoor drainage area.

In response to ongoing flooding problems in the Vista Grande Watershed, to provide a sustainable source of additional water to increase water surface elevations of Lake Merced, to improve water quality in Lake Merced through increased water surface elevations, and to further the restoration of the drainage basin's natural hydrology, the City of Daly City has approved the Vista Grande Drainage Basin Improvement Project (the "Project"). This Project is designed to improve the storm water

drainage of the Vista Grande Canal and Vista Grande Tunnel to the Pacific Ocean, among other benefits.

The Project is expected to provide a range of public benefits, including improved storm drainage, water supply, wastewater disposal, solid waste capture, recreation, and environmental enhancement benefits to the City of Daly City, the City and County of San Francisco, the County of San Mateo, and their respective residents and other major stakeholders, such as CalTrans, Bay Area Rapid Transit, the Town of Colma, San Francisco Public Utilities Commission, the San Francisco Golf Club and the Olympic Club. The total cost to construct and complete the Project is estimated, as of December 7, 2023 to be \$150,858,396.

Daly City has approved and intends to implement plans to complete the Project following completion of a competitive procurement process to select a contractor.

### **DISCUSSION:**

It is in the interests of the County, Daly City, the North San Mateo County Sanitary District (“NSMCSD”), and the other stakeholders to proceed with the implementation of the Project, and to do so in a manner that addresses historic flooding and associated problems related to the Vista Grande Canal and the Vista Grande Tunnel, within the unincorporated areas of San Mateo County.

The County Executive’s Office has consulted with Daly City and NSMCSD regarding appropriate cost allocations for the County and impacted communities, all of which have an interest in allocating costs for the Project in proportion to the public benefits provided by the Project to the respective stakeholders. Further to those consultations, the County, Daly City, and NSMCSD have prepared a Memorandum of Understanding regarding funding of the Project (the “MOU”).

Under the MOU, the County would provide a contribution of \$15,000,000 to be used exclusively for actual, reasonable, and necessary allowable costs incurred for the construction of the Project, as approved by the County. These funds would be placed in escrow upon satisfaction of specified conditions and disbursed upon provision of supporting documentation for allowable costs.

The MOU provides that the County’s fiscal obligation cannot exceed \$15,000,000 under any circumstances, and that any excess Project costs shall not be the County’s responsibility. The MOU also provides for potential offset or reductions of the County’s funding contribution in the event that Daly City and/or NSMCSD receive additional funding meeting the conditions of the MOU.

In view of the foregoing, the Project serves a public purpose, provides public benefits and the County’s financial contribution toward the Project as provided in the MOU serves these interests.

The County Attorney has reviewed the proposed MOU and resolution as to form.

### **EQUITY STATEMENT:**

The Project will help to provide equitable access to a safe water supply, sanitary sewer, storm sewer, and solid waste collection for residents of north San Mateo County.

### **FISCAL IMPACT:**

The County’s maximum fiscal obligation under the MOU shall not exceed \$15,000,000 and such funds are available in the County’s General Fund. This amount will be included in the County’s Fiscal

Year 2024-25 Recommended Budget.