



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 24-044

Board Meeting Date: 1/23/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors, Acting as the Governing Board of the Harbor Industrial Sewer Maintenance District

From: Ann M. Stillman, Director, Department of Public Works

Subject: Memorandum of Understanding Between the City of Belmont and Harbor Industrial Sewer Maintenance District

RECOMMENDATION:

Acting as the Governing Board of the Harbor Industrial Sewer Maintenance District, adopt a resolution authorizing:

- A) The President of the Board to execute a Memorandum of Understanding between the City of Belmont and the Harbor Industrial Sewer Maintenance District for sanitary sewer services and sewage treatment capacity; and
- B) The County Executive or designee to execute amendments to the Memorandum of Understanding with any non-substantive additions, clarifications and other changes as the County Executive, or designee, deems necessary or advisable after consultation with County Attorney.

BACKGROUND:

The Harbor Industrial Sewer Maintenance District (District) was formed on December 18, 1951 pursuant to Section 5820 et seq. of the Streets and Highways Code to provide sewer service to an unincorporated portion of the County commonly known as the Harbor Industrial Area (HIA) which is the Service Area of the District.

This Board serves as the ex officio Board of the District and the County's Department of Public Works maintains the District and provides the staff and administrative support necessary to operate the District.

On January 5, 1982 this Board entered into a Sanitary Sewage Treatment Capacity Rights and Services Agreement (1982 Agreement) with the City of San Carlos (San Carlos) for the transport of District sewage through San Carlos and treatment at the Silicon Valley Clean Water (SVCW) treatment plant using San Carlos' capacity rights.

In 1997 the portion of District Service Area south of Belmont Creek was annexed to the San Carlos and detached from the District and no Amendment to the 1982 Agreement was executed to affect the District's sewage treatment capacity authorized under the 1982 Agreement. The remaining District Service Area is within the sphere of influence of the City of Belmont (Belmont), as determined by the San Mateo Local Agency Formation Commission (LAFCo).

DISCUSSION:

The District as existing today maintains approximately 0.9 miles of sewer lines, some of which were first constructed in 1951 during the initial development of the HIA and the District includes 61 sewer service connections or approximately 183 equivalent residential units based on water consumption calculations consistent with the County's Ordinance Code.

The HIA contains primarily industrial land uses, with some commercial uses, and a mobile home park. The 2017 Belmont General Plan Update and the Belmont City Council's Strategic Plan envision annexing the HIA and fully integrating it into the Belmont city limits. Belmont is currently developing a Specific Plan for the HIA area in order to provide the land use framework for the future annexation. In parallel with this effort, District and Belmont staff have been working to determine how to transfer public infrastructure to Belmont, including transitioning sanitary sewer services from the District to Belmont. District does not have sufficient remaining undisputed sewage treatment capacity rights under the 1982 Agreement to serve additional development in the HIA.

Since 2019, Belmont has approved several residential development applications for properties that were in the HIA and District Service Area including 1304 Elmer Street, 633 O'Neill Avenue, and 608 Harbor Boulevard. These projects proposed annexing to Belmont and detaching from the District, further reducing District's service area. The District is concerned that the continued one-by-one detachment of parcels from the District contributes to rendering a sewer district that may become infeasible to operate and maintain as a stand-alone District due to reduction in revenue and the potential re-routing of sewage that is inconsistent with the planned routing of sewage through and from the District.

Belmont is currently reviewing a development application for 601 Harbor Boulevard which proposes the annexation of another project property to Belmont. However, unlike other recent annexations which are receiving sewer service from Belmont, several scenarios exist for the sewer improvements, conveyance and treatment related to the 601 Harbor development, including having 601 Harbor remain in the District for some period of time until full HIA annexation occurs. A Memorandum of Understanding (MOU) is necessary to work out the finite details of the sewer issues related to current development proposals, and both short- and long-term approaches to servicing the HIA area.

The MOU between Belmont and the District lays out the process and timeline for the collaborative evaluation of the feasibility of Belmont assuming responsibility for sewer service to the HIA in conjunction with its annexation to Belmont. The evaluation process will include examination of the District's assets and liabilities, formulation of rate schedules for transferring District customers to Belmont's sewer service, negotiations with San Carlos to transfer the District's remaining treatment capacity allocation to Belmont, and collaboration on the application to LAFCo for various components of land or HISMD annexations.

The MOU also outlines that the 601 Harbor Boulevard project will be the last stand-alone

development that will annex to Belmont. Belmont and District propose in the MOU to explore disconnecting District's Harbor Boulevard sewer main from the San Carlos system and connecting the main to Belmont's sewer system for conveyance to and treatment at the SVCW plant. This would allow the property to remain in the District until full HIA annexation and receive sewer service through the District. The MOU includes provisions for facilitating the necessary sewer improvements, rates, and agreements to allow this to occur.

The Belmont City Council approved the MOU on its January 9, 2024 meeting. The attachments to the MOU are still under formulation, including the draft Development Agreement for 601 Harbor Boulevard and Sanitary Sewer Master Plan, and are therefore not included with the MOU document.

The MOU pertains only to sewer service and does not contemplate the transfer of any other municipal services or any other jurisdictional issues.

County Attorney has reviewed and approved the Resolution and Memorandum of Understanding as to form.

FISCAL IMPACT:

The District will incur and pay for all expenses for staff and consultant services in evaluating the feasibility of the transfer of sewer service and eventual annexation of the overall Service Area to the City of Belmont.

There is no impact to the General Fund.