

Midcoast Sewer History & Issues

Implications of the
Half Moon Bay Lawsuit
VS.
GCSD & MWSD, naming SAM

Superior Court - County of Santa Clara, Case #17CV316927

How we got here

- Montara formed sewer system in 1958
- Montara built new 2-stage sewer plant in 1968
- HMB & EG sewers found polluting in late 60's
- Gov't forced creation of SAM in 1976
 - A Joint Powers Authority (JPA) with 3 members: HMB, GCSD, & MWSD agreeing to share costs per usage formula.
- Montara & EG plants dismantled; new SAM plant built in HMB, member agencies linked to plant by Inter-tie Pipeline System (IPS)

Map of Midcoast Communities

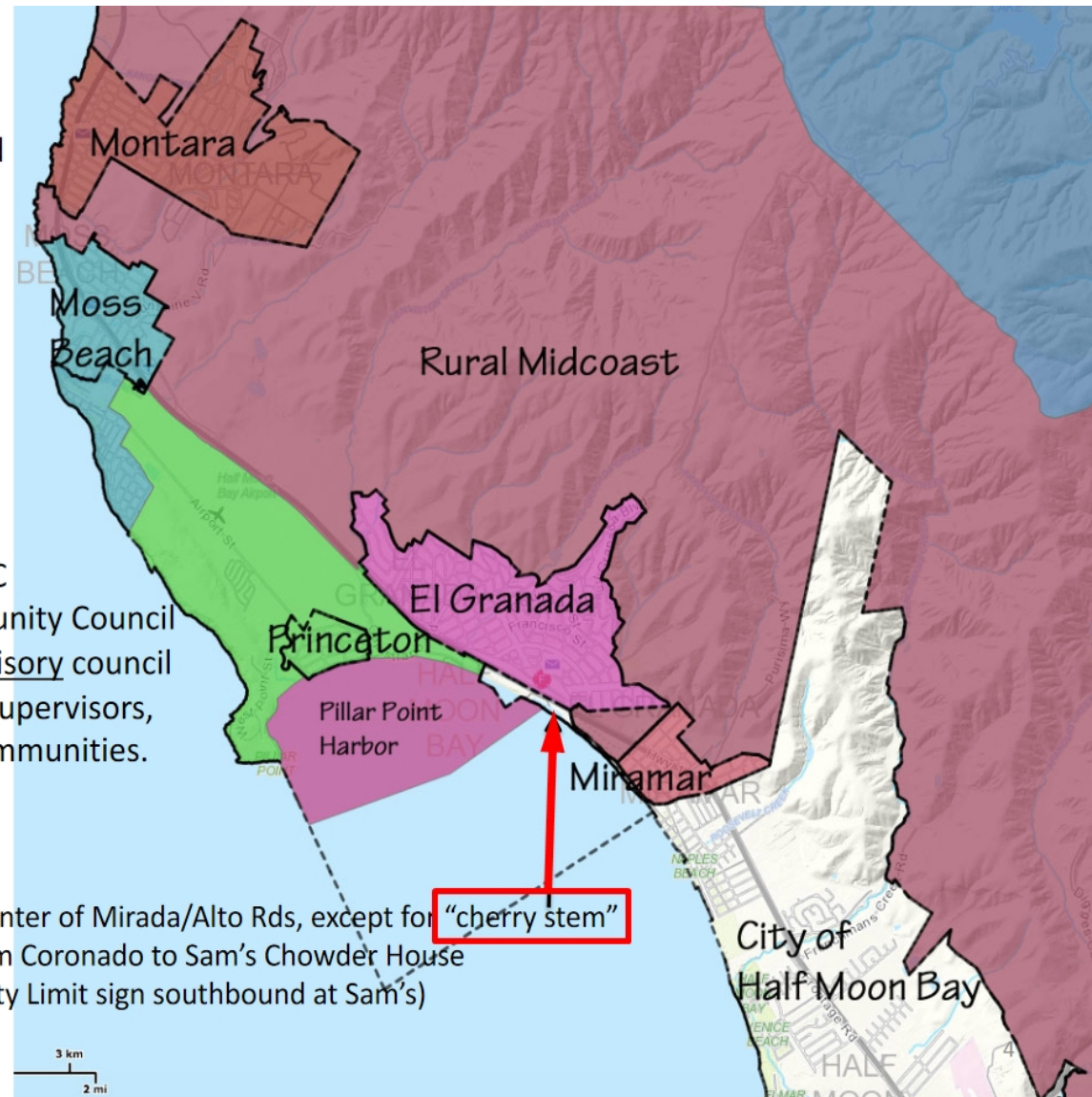
5 unincorporated Midcoast communities:

- Montara
- Moss Beach
- El Granada
- Princeton
- Miramar

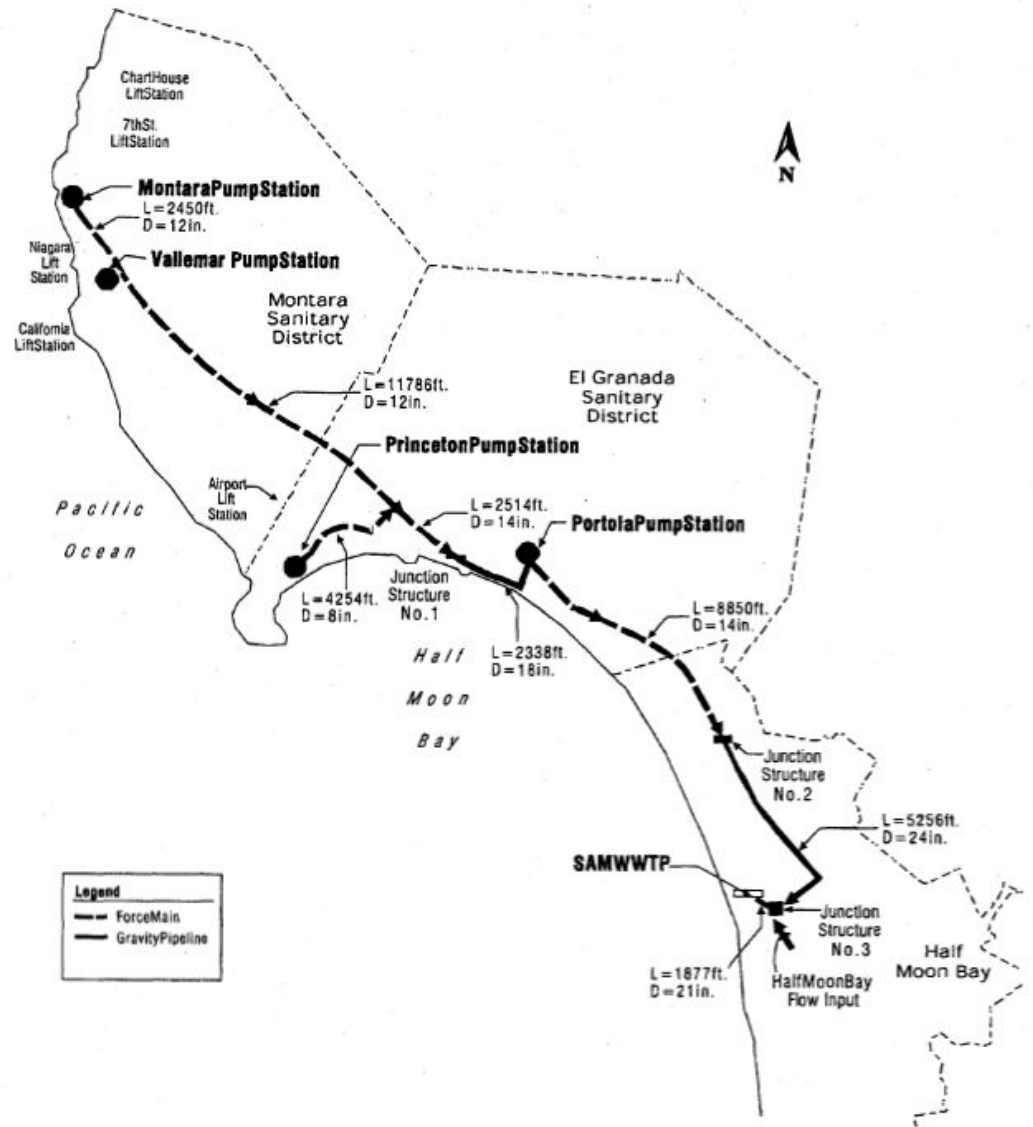
MCC

Midcoast Community Council is an elected advisory council to the Board of Supervisors, serving these communities.

HMB city limit is center of Mirada/Alto Rds, except for “cherry stem” west of Hwy 1, from Coronado to Sam’s Chowder House (hence the HMB City Limit sign southbound at Sam’s)



SAM ties 3 sewer systems together with an Inter-tie Pipeline System (IPS)



SEWER AUTHORITY MID-COASTSIDE (SAM)

How the IPS benefits HMB

- Essential to the State-mandated integration of the 3 sewer collection districts, the IPS ties them together to deliver sewage to the plant, sharing the costs of treatment.
- New joint facility allowed public financing and continued growth.
- Protects against overflows during storms, when sewage can be held north of the plant so HMB can consume 100% of plant.
- Serves parts of HMB proper, including the "Cherry Stem".
 - Frenchmans Creek north to the Arroyo de en Medio, including Rocket Farms, and Miramar south of the Arroyo.
- Allows plant maintenance & repair shutdowns by holding sewage; HMB has no overflow storage tanks in its system.

Problems with the IPS

- HMB voted to prevent IPS maintenance beginning ~2005
 - Beechwood lawsuit was potential \$40m loss to HMB
 - SAM Budgets and projects delayed by Board disagreements
- IPS had 5 spills from Oct. '16 to May, '17
- Emergency repair costs of ~\$250k in March, 2017; severe storm caused large spill from IPS pipes*
 - Max. liability \$3,470,000 negotiated down to fine + upgrades
- Capital investments of ~\$22M over 10 years required

* "The Discharger realized an economic benefit of approximately \$179,000 in the form of cost savings for delaying the construction and replacement of the failed force main for nine years." - Regulator Lawsuit vs. SAM

SAM Timeline

1960's	MWSD builds modern independent wastewater system. Meets state and federal water quality standards. Safe ocean discharge near MWSD office. HMB & GCSD have older, single stage systems
1970's	Fitzgerald Marine Reserve extended and encompassed MWSD's ocean outfall, putting MWSD's discharge location in violation of CA state law.
1974	State notifies Half Moon Bay, Granada, and Montara of pollution violations and orders compliance with state standards. GCSD and HMB operate separate sewage systems with aging treatment plants that did not meet standards.
1979	State forces MWSD to abandon new sewer treatment plant, and creates a Regional need. Sewer Authority Mid-Coastside (SAM), a Joint Powers Authority under contract between MWSD, GCSD, and HMB, is formed to address this newly defined regional need.
1979-83	SAM construction, operation and maintenance of consolidated regional wastewater system: <ul style="list-style-type: none">• new ocean discharge pipe, located in HMB• new sewer conveyance pipes (IPS), tie-in and pumping facilities• new treatment facilities adequate to meet all water quality standards.
2017	In July, 2017 HMB files lawsuit against MWSD, GCSD, and SAM claiming continuing work on the Intertie Pipeline System (IPS) should not be paid by HMB. The lawsuit remains active and court hearings will continue in 2021.

2017 SAM Lawsuit

- HMB does not want to pay for IPS-related costs - **Claims:**
 - IPS should be treated as separate project, allowing opt-out by HMB
 - HMB does not benefit from IPS or have any capacity rights
- **Counter-claims:**
 - IPS is an essential part of a joint, integrated system since inception for over 40 years, not a 'new project'
 - In Amendment 2 of the JPA (1979), all agencies agreed to share expenses of all components of SAM, based on flows into the shared Plant. All prior costs were allocated based on this.
 - IPS serves residents in portions of HMB city limits
 - IPS provides protection from overflow during wet weather events
- **Note:** HMB is paying IPS expenses under protest to allow continued SAM operations

Costs of the Lawsuit

- Initial added cost of ~\$1,000 per GCSD, MWSD ratepayer connection
 - To date, \$6m in IPS expenses have been paid 'under protest' by HMB
 - Perpetual, increased costs of operation & maintenance of IPS
- Potential long term costs of \$3,000-4,000 per Midcoast connection
- Legal fees of approx. \$1 million across the 3 agencies, escalating when in trial
- Ill-will among the parties, resulting in delayed decision-making, extra consulting costs, degrading assets risking additional problems

Today's Questions:

- What are community & Council sentiment regarding the lawsuit?
- What actions will the Council consider taking?
 - Review draft of MCC letter
 - Other ideas