

**CITY OF SAN MATEO
RESOLUTION NO. ____ (2022)**

**APPROVING AND AUTHORIZING EXECUTION OF THE INTERIM AGREEMENT FOR PAYMENT OF CAPITAL COSTS
OF CLEAN WATER PROGRAM PROJECTS BETWEEN THE TOWN OF HILLSBOROUGH AND THE
CITY OF SAN MATEO**

WHEREAS, the City of San Mateo ("City") and the Town of Hillsborough ("Town") (collectively, the "parties"), have previously entered into agreements dating back to 1955 which set forth their arrangements and relationships regarding the discharge, pumping, transmission, and treatment of wastewater; and

WHEREAS, the parties' most recent agreement is the Sanitary Sewage Agreement made and entered into on July 18, 1989 (the "1989 Agreement") and includes the County of San Mateo ("County") and the Crystal Springs County Sanitation District ("District"); and

WHEREAS, the parties' wastewater is treated at the regional wastewater treatment plant ("WWTP") operated by the City under a National Pollutant Discharge Elimination System ("NPDES") permit issued by the San Francisco Bay Regional Water Quality Control Board; and

WHEREAS, the parties have executed three Amendments to the 1989 Agreement to provide for allocation of costs for the design and construction of improvements to the Crystal Springs/El Cerrito Trunk Sewers and El Cerrito Relief Line, as required by Cease and Desist Order R2-2009-0020 issued by San Francisco Bay Regional Water Quality Control Board; and

WHEREAS, the Cease and Desist Order also required the City to conduct an evaluation of options to increase capacity at the WWTP to reduce and eventually eliminate a practice known as "blending" and the NPDES permits issued in 2013 and 2018 incorporate as special provisions the requirements of the Cease and Desist Order regarding WWTP capacity; and

WHEREAS, in accordance with the Cease and Desist Order and the NPDES permit special provisions, the City developed a comprehensive suite of capital improvement projects known as the Clean Water Program to eliminate sanitary sewer overflows and increase the capacity of both its sewer collection system and the WWTP; and

WHEREAS, the Town does not benefit from some components of the Clean Water Program and are not required to participate in the cost of such components; and

WHEREAS, a fourth amendment to the 1989 Agreement to provide for the allocation and payment of costs is currently being negotiated between the City, the Town, the District, and the County. The fourth amendment is anticipated to address costs incurred by City for the design, construction, and, where applicable, the completion and indebtedness period of certain projects since the inception of the Clean Water Program in October 2014; and

WHEREAS, the City, County, and District continue to discuss terms unrelated to the Town. These terms need to be resolved in order to finalize the fourth amendment; and

WHEREAS, the Town acknowledges its responsibility to pay for its share of the capital costs of the Clean Water Program and is willing to make payments toward such capital costs on an interim basis until the fourth amendment is finalized. Hillsborough's percentage share consists of project costs incurred by City beginning in October 2014 through the completion of construction of Clean Water Program Projects; and

WHEREAS, the City desires to receive the interim payment of capital costs from the Town and cooperate on other procedures between the two agencies until the fourth amendment can be finalized.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, HEREBY RESOLVES that:

1. The Clean Water Program projects include upgrades to the WWTP and the Dale Avenue Pump Station, construction of an Underground Flow Equalization System, and program management. The City prepared a Final Programmatic Environmental Impact Report (PEIR) for the Clean Water Program in accordance with the California Environmental Quality Act (CEQA) (SCH No. 2015032006). The PEIR was certified by Council on June 6, 2016. In accordance with CEQA, the Final PEIR serves as the primary environmental compliance document for implementation of the CWP. The City prepared Addenda to the Final PEIR that were approved on July 16, 2018 (Addendum 1) and April 15, 2019 (Addendum 2). This work is within the scope of the project evaluated in the PEIR and Addenda.
2. In accordance with CEQA Guidelines section 15080 through 15093, the City prepared an Environmental Impact Report (EIR) for the Underground Flow Equalization Project (SCH No. 2018092013), and on October 21, 2019 the Council certified the Final EIR and adopted the requisite findings, statement of overriding considerations, and mitigation monitoring and reporting program.
3. The Interim Agreement for Payment of Capital Costs of Clean Water Program Projects between the Town of Hillsborough and the City of San Mateo is approved.
4. The City Manager is authorized to execute the interim agreement, in substantially the form submitted, on behalf of the City. The City Manager is further authorized to amend the payment schedule when there is a change in interest rates or if the Town of Hillsborough prepays its share of costs.