

**SEWER AUTHORITY MID-COASTSIDE**  
Staff Report

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**Subject / Title**

Review and Approve SAM / Coastside County Water District (CCWD) Recycled Water Principles of Agreement and Provide Direction to Staff

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**Staff Recommendation:**

Review and Approve SAM / CCWD Recycled Water Principles of Agreement and Provide Direction to Staff

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**Fiscal Impact:**

None at this time

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**Discussion/Report:**

At their August 2009 meeting, the SAM Board directed staff and General Counsel to commence development of draft principles of an agreement (Principles) between SAM and CCWD. In November and December 2009, staff and consultant met with CCWD General Manager Dickson to discuss draft Principles between CCWD and SAM. Since then, SAM General Counsel and CCWD Counsel have had input to the first set of Principles. At their meeting of January 25, 2010, the Board reviewed the Principles and directed staff to work with MWSD Counsel Schricker in revising the draft Principles. At their February 9, 2010 meeting, the CCWD Board adopted the first set of Principles – those that were presented to the SAM Board on January 25, 2010. This first set of Principles can be found here:

<http://www.samcleanswater.org/agendas/2010/100125/1001255ac.pdf>

The draft revised Principles are attached.

In order to keep this project on its fast-track, staff recommends that the SAM Board adopt the Principles as quickly as possible so that we can move forward with the drafting of an agreement between SAM and CCWD.

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Principles of Agreement for Recycled Water Project  
Between SAM, CCWD and MWSD

**BASIS FOR AGREEMENT**

The Sewer Authority Mid-Coastside (SAM) is responsible for the treatment and disposal of wastewater collected from within its service area. Within the SAM service area, two agencies, the Coastside County Water District (CCWD) and the Montara Water and Sanitary District (MWSD) are retail water suppliers for their respective service areas.

The parties intend that recycled water treatment facilities shall be constructed at the SAM treatment plant and at tentative additional or alternative sites in order to treat the wastewater generated at such site(s) to a water quality level sufficient for its use as recycled water for distribution and sale by CCWD and MWSD.

In pursuance thereof, a project (Project) has been proposed consisting of three components: (i) recycled water treatment facilities, the capacity of which shall be designed to serve CCWD's service area south of the treatment plant site and MWSD's service area located north of the treatment plant site, (ii) recycled water transmission and distribution systems for CCWD's service area and (iii) recycled water transmission and distribution systems for MWSD's service area.

The parties intend to proceed with the design and construction of the Project with grant or low interest financing provided by the federal or state governments, or both. The parties further intend that SAM shall be reimbursed for its expenditures for the Project not reimbursed by such financing including, without limitation, expenditures heretofore made in contemplation of the Project.

These Principles of Agreement shall serve as the basis for an agreement or agreements among SAM as the producer of recycled water and CCWD and MWSD as distributors of recycled water.

**TERMS AND CONDITIONS**

The purpose of the Agreement is to set out the basic terms and conditions pursuant to which SAM, CCWD and MWSD will agree to finance, design, construct and operate the Project, including the following:

1. *Jurisdiction:* SAM will be the producer of the recycled water. CCWD and MWSD will be the distributors of recycled water to all recycled water customers within their respective service areas.
2. *Point(s) of Delivery:* The Point or Points of Delivery of recycled water from SAM to CCWD and MWSD, respectively, shall be defined as that point or points in the recycled water treatment facility immediately downstream of the last treatment unit and from which delivery of recycled water is made to CCWD and MWSD.
3. *Design and Construction:* SAM will be responsible for the design and

construction of the recycled water treatment facilities. The facilities will be designed to satisfy the water quality specified by CCWD and MWSD and the combined production requirements of CCWD and MWSD; provided, that in no event shall said requirements exceed the maximum flow rate of SAM's treatment facilities; provided, further, that SAM shall have the final authority with regard to determining selection of treatment technology. CCWD and MWSD shall have the right to approve the design of the recycled water treatment facilities for their respective water quality and production requirements (subject to the aforesaid flow rate limitation), which approval shall not unreasonably be withheld.

CCWD and MWSD shall be responsible for the design and construction of all facilities for the transmission and distribution of recycled water within their respective service areas.

4. *CEQA*: The parties will be responsible for complying with the California Environmental Quality Act (Pub. Res. C. §21000, et seq.; "CEQA") for the components of the Project which each proposes to construct, it being understood that the parties shall cooperate with each other and coordinate their efforts for CEQA compliance.

5. *Permits*: As much as practicable and for the sake of expediency, the parties will jointly apply for permits from the San Francisco Bay Regional Water Quality Control Board and the California Department of Public Health, for coastal development permit(s) and such other permits as may be applicable. If not practicable or expedient, then the parties will apply separately for such permits pertaining to their respective components of the Project.

6. *Financing*: The parties intend to apply for grant or low interest financing provided by the federal or state governments (collectively, "Grant Funding") for the design and construction of the Project. The parties shall jointly apply for such financing to the extent allowable under Grant Funding programs; provided, that if such financing is based on ownership of the individual components, i.e., SAM's recycling treatment facilities, CCWD's transmission and distribution facilities and MWSD's transmission and distribution facilities, then the parties shall apply for Grant Funding corresponding to ownership, but in any event, the parties shall cooperate with and assist each other in obtaining Grant Funding. In the event Grant Funding is not available, the parties shall meet and confer in good faith regarding alternative financing for the Project.

7. *Facilities' Ownership*: SAM will own, operate and maintain the recycled water treatment facilities to the point(s) of delivery to CCWD and MWSD. CCWD and MWSD will own, operate and maintain their respective recycled water transmission and distribution facilities downstream of the point of delivery.

8. *Operation and Maintenance*: SAM will operate and maintain the recycled water treatment facilities to the point(s) of delivery. CCWD and MWSD will operate and maintain their respective recycled water transmission and distribution facilities downstream of the point of delivery.

9. *Records:* Without limitation upon record-keeping requirements, SAM shall keep and maintain accurate records of recycled water production and the volume of recycled water provided to CCWD and MWSD, respectively. The records or the data contained therein shall be provided periodically to CCWD and MWSD and upon demand as CCWD and MWSD may require.

10. *Access to Treatment Facilities:* MWSD and CCWD shall have reasonable access to the recycled water treatment facilities during construction and from and after SAM's acceptance thereof to ascertain SAM's compliance with the terms and conditions of the agreement entered into in pursuance of these Principles of Agreement.

11. *Dispute Resolution:* Disputes regarding the interpretation of, or performance under, the agreement entered into in pursuance of these Principles of Agreement shall be resolved initially by meeting and conferring between or among the parties to the dispute and if not resolved thereby, by submittal to mediation.

12. *Successors:* The agreement entered into in pursuance of these Principles of Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties thereto.

13. *Reimbursement:* SAM shall be reimbursed by CCWD and MWSD for all costs incurred by SAM for the Project, not reimbursed by Grant Funding or otherwise reimbursed, including, without limitation, costs made prior to execution of these Principles of Agreement. Such costs shall be allocated between CCWD and MWSD in proportion to the maximum flow of recycled water allocated to them in the Project.

14. *Effect:* These Principles of Agreement shall be effective upon the last of the dates of execution hereinafter set forth and shall be incorporated in an agreement or agreements between and among the parties for the implementation of the Project.

IN WITNESS WHEREOF, the parties have executed these Principles of Agreement upon the dates hereinafter set forth

(Signature page follows.)

SEWER AUTHORITY MID-COASTSIDE (“SAM”)

Attest: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Title: \_\_\_\_\_

COASTSIDE COUNTY WATER DISTRICT  
 (“CCWD”)

Attest: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Title: \_\_\_\_\_

MONTARA WATER AND SANITARY DISTRICT  
 (“MWSD”)

Countersigned: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Title: \_\_\_\_\_