

MEMORANDUM OF UNDERSTANDING

SAN JUAN BAUTISTA CONVEYANCE OF DOMESTIC WASTEWATER TO
HOLLISTER FOR TREATMENT AND DISPOSAL

This MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into on _____ 2021 by and between the CITY OF HOLLISTER (“CITY”) and the CITY OF SAN JUAN BAUTISTA (“SJB”).

RECITALS

WHEREAS, California Government Code Section 6502, authorizes public entities, including cities, counties and special districts to enter into agreements for their mutual benefit, and

WHEREAS, SJB’s wastewater treatment plant was not designed to remove salt (e.g., sodium, chloride, and total dissolved solids) from its domestic wastewater; and

WHEREAS, SJB has for many years failed to meet local National Pollutant Discharge Elimination System (“NPDES”) permit limits controlling the release of these constituents (sodium, chloride, and total dissolved solids) by discharging treated effluent with constituent concentrations above the effluent limitations specified in SJB’s NPDES permit into a waterway of the United States (No Name Creek); and

WHEREAS, on October 15, 2020, the City Council of San Juan Bautista adopted Resolution 2020-51, and pursuant to the SJB and United States Environmental Protection Agency (“EPA”) Administrative Order on Consent, (executed August 8th, 2020), approved the selection of various compliance projects to bring its water and wastewater systems into compliance, and

WHEREAS, specifically the wastewater Compliance Project selected and approved by the EPA is defined as constructing a force main to export SJB’s domestic wastewater to the City of Hollister’s Domestic Wastewater Treatment Plant (“DWWTP”), owned and operated by the CITY (San Juan Bautista to Hollister Sanitary Sewer Force Main Project “SSFMP”); and

WHEREAS, the CITY’s DWWTP was designed to serve the greater Hollister urban area, and it has now, and for the foreseeable future, the capacity to treat the wastewater generated from SJB; and

WHEREAS, the acceptance by the CITY of the SJB domestic wastewater will only occur if and when SJB can assure the City that the water quantity and quality of its domestic wastewater will in not adversely impact the City’s ability to meet the regulatory mandates imposed by the Regional Water Quality Control Board; and

WHEREAS, the diversion of approximately 160,000 gallons per day of SJB’s domestic waste water from being discharged into a creek, to be being discharged to the

City's DWWTP for eventual re-use as agricultural irrigation is part of a multi-part water solution that will mutually benefit all County residents; and

WHEREAS, this SSFMP will provide SJB with a much-needed permanent solution to remedy its wastewater treatment deficiencies, and de-commission its aged wastewater treatment plant; and

WHEREAS, by recycling and re-using the treated wastewater for agricultural irrigation, the SSFMP will further decrease the demand for groundwater for this purpose which will help to conserve the groundwater resources in the region for other uses, and for use during drought; and

WHEREAS, the CITY and SJB have a compelling and mutual interest in developing and implementing the San Juan Bautista SSFMP; and

WHEREAS, the CITY and SJB want to ensure cooperation and mutual support for successful and cost-effective development and implementation of the SSFMP; and

WHEREAS, the CITY and SJB wish to identify agreed-upon objectives for the development of the SSFMP and determining the feasibility thereof; and

WHEREAS, the CITY and SJB wish to cooperate to ensure an adequate delivery of domestic wastewater to the CITY's DWWTP, and provide the benefits including the conservation of its groundwater from improved wastewater treatment directly to all consumers.

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED by CITY and SJB, as follows:

1. GENERAL

The foregoing recitals are true and correct, and incorporated herein.

2. SANITARY SEWER FORCE MAIN PROJECT (SSFMP)

A. The parties agree that the export of SJB domestic wastewater to the CITY will at no time jeopardize the integrity of, or compromise the quality of the CITY's wastewater effluent, its treatment process, or its State permit, now or in the future.

B. The parties intend to undertake the development of a comprehensive plan for exporting domestic wastewater collected from SJB to the CITY DWWTP. This plan is a single component of a four-part comprehensive Compliance Project agreed upon between the EPA and SJB, that also includes the import of surface water with lower salt concentrations to blend with its well water, the banning of domestic brine producing water softeners in SJB, tight controls over SJB's three industrial wastewater contributors that currently send their domestic wastewater to SJB, and if justified, the implementation of an industrial pretreatment program to monitor and regulate the receipt of this wastewater.

C. The comprehensive SSFMP for SJB shall identify specific alternatives to achieve the agreed upon objectives at the lowest practical lifecycle cost and earliest practical time. The SSFMP shall include a feasibility phase(s) and an implementation phase(s) resulting in the identification of the specific size, location and performance for physical facilities, project specific California Environmental Quality Act (“CEQA”) and National Environmental Protection Act (“NEPA”) compliance, a financing plan including required revenues for wastewater conveyance and treatment, assessments and connection/impact fees for CITY treatment, funding mechanism(s) (cash, grants, loans, bonds, etc.), and institutional arrangements and responsibilities (ownership, operations, maintenance, repair and replacement responsibility, etc.).

2.1. The SSFMP shall be based on the following principles:

2.1.1. SJB Resolution 2020-51 executed October 15, 2020 defines the “Compliance Project” that is driving this MOU, guiding how and when SJB will reach compliance with the provisions described in the EPA’s August 8, 2020, Administrative Order on Consent (“AOC”) by December 21, 2023;

2.1.2. On February 16, 2021, the SJB City Council adopted Resolution 2021-08, approving a Memorandum of Understanding (“MOU”) with the San Benito County Water District (“SBCWD”), to explore the feasibility of importing treated surface water from the West Hills Water Treatment Plant for the blending of treated surface water and groundwater, to provide urban water users in SJB with uniform water quality, that will reduce the salt in the SJB’s drinking water that is passed to the wastewater system, therefore acting as a critical component of the SJB solution to achieve compliance with the EPA’s Administrative Order on Consent;

2.1.2.A. Surface water and groundwater supplies shall be managed to sustain the area water supply and manage groundwater levels to avoid negative impacts on overlying land uses;

2.1.2.B. Imported drinking water from SBCWD shall have a TDS concentration of not greater than 700 mg/L, Chloride concentrations averaging 80 mg/L and no greater than 90 mg/L, and a hardness of not greater than 150 mg/l (measured as Calcium Carbonate). These concentrations will at no time exceed those limits placed upon SJB or the CITY by the Drinking Water Permit used by the State of California.

2.1.2.C. The SBCWD MOU also requires that within the urban water supply of the San Juan Bautista Urban Area, Zones 3 and 6, all wastewater shall be treated at the CITY DWWTP. San Juan Bautista General Plans and supporting public service plans and implementing Ordinances/Regulations shall be consistent with that requirement.

2.1.3. On April 20, 2021, SJB adopted Ordinance 2021-01, banning the use of domestic brine producing water softeners, more specifically banning all new brine producing water softeners from being installed and allowing existing systems to remain until the impacts of imported surface drinking water is in effect, at which time existing brine producing water softeners will also be banned.

2.1.4. SJB receives domestic wastewater from three industries, with which it has existing agreements extending its wastewater treatment services beyond its incorporated boundary, and Municipal Code Section 5-9, “Uniform Wastewater Regulation,” defines the legal policies to enforce an industrial pretreatment program:

2.1.4.A The agreements will be updated and brought into current force and effect, before any wastewater is exported to the CITY;

2.1.4.B If any or all of these industries qualify under the definition of “Significant Industrial Users” then the pre-treatment program will be developed, applied, implemented and enforced;

2.1.4.C Any changes, additions, or deletions to these agreements, and consideration of any new industrial users being added to the system will first require approval by the CITY.

2.1.5. The quality and quantity of SJB domestic wastewater delivered to the CITY’s DWWTP shall be as described herein.

2.1.5.A. The current Hollister Urban Area Water and Wastewater Treatment Agreement will be amended, renewed, and/or re-stated as deemed appropriate by the City, to include San Juan Bautista by incorporating the SJB Compliance Projects required by the EPA and govern the long-term relationships, and cost sharing responsibilities of the agencies.

2.1.6 The impacts of water supply and treatment and wastewater treatment and disposal (including reclamation) on the culture, economy and environment of the CITY and SJB shall be carefully evaluated and negative impacts minimized. The impacts considered shall be consistent with the parties’ General Plan, and include, but not be limited to, impacts on air quality, surface water and groundwater quality and quantity, rates and charges including connection and impact fees, property values, industry and business preservation of agriculture and agricultural land and aesthetics.

2.1.7. Any action proposed by the CITY and SJB shall consider water and wastewater management to protect and sustain the local surface and groundwater supplies of San Benito County.

2.2. The Parties further agree that the SSFMP shall be based on the following objectives and assumptions:

2.2.1. For the planning period mutually defined in the SSFMP, the capacity of the CITY DWWTP shall be capable of meeting 100% of the domestic wastewater demands, during wet, above normal, normal and dry years and in the first year of a critically dry period for the San Juan Bautista Urban Area and Hollister Urban Areas.

2.2.2. SJB's current average dry weather flow (ADWF) for wastewater treatment is approximately 160,000 gallons per day, based on 2019 and 2020 data.

The design flows from SJB's Wastewater Master Plan, adopted in November 2020, and the ongoing Amendment No. 1, list the projected flow estimates through the intermediate planning horizon of 2035, as well as the build-out of the 2015 General Plan through the Master plan applied growth projections from the City's current General Plan of 3% per year, which is substantially higher than has been experienced over the past 5-6 years. The most recent Association of Monterey Bay Area Governments ("AMBAG") projections used to create the Regional Housing Needs Assessment for SJB, estimate growth at only 1%.

The SJB General Plan is being amended to reduce growth from 3% annually to 1.9% and a more realistic SJB wastewater projection would be based on a 1.9% increase over the next 15-years. That would create a Peak Wet Weather Flow rate of approximately 1,400 gpm (gallons per minute) by 2035 with flows conveyed to Hollister equalized to approximately 800 gpm. Peak flows in SJB exceeding 800 gpm will be stored in SJB's existing 5.9 million gallons of wastewater treatment basins, which will be repurposed for this flow equalization function. Flow diverted to storage will be sent to the City when peak influent flows have reduced. The maximum wastewater volume conveyed to the City will be limited to approximately 1.2 million gallons per day.

Table 5.3 Wastewater Design Flows

Wastewater Master Plan - Amendment No. 1
City of San Juan Bautista

Existing and Projected	Description	Year	Average Annual Flows (mgd)	Design Flows			
				Maximum Day		Peak Hour	
				Dry Weather Flow (mgd)	Wet Weather Flow (mgd)	Peak Dry Weather Flow (mgd)	Peak Wet Weather Flow (mgd)
Existing	2020 Conditions	2020	0.16	0.28	0.40	0.51	0.77
Intermediate Planning Horizon	Focus of Master Plan Amendment	2035	0.26	0.46	0.65	0.82	1.09
Buildout Horizon of General Plan	2020 Master Plan Projections	2060	0.43	0.75	1.08	1.39	1.63



6/15/2021

- 2.2.3 SJB is solely responsible for the SSFMP design, environmental impact mitigation, permitting and construction. The continued, managed use of the wastewater conveyance system is necessary to manage the collection and conveyance of SJB’s wastewater and the responsibility to maintain these assets falls on SJB, up and until it reaches the first manhole in the CITY.
- 2.2.4 Centralized wastewater treatment is utilized at the CITY DWWTP to meet the minimum State limits for domestic wastewater treatment. Specialized treatment as required to produce reclaimed water for agricultural purposes and disposal by means other than reclamation shall be the CITY’s responsibility and shall not be the responsibility of SJB.
- 2.2.5 The City will invoice SJB with a monthly flat rate and an annual “true-up” to occur each April for budget preparation purposes.
- 2.2.6 The Hollister/San Benito County Water District Agreement for recycled water will be extended to include SJB.
- 2.2.7 SJB will make improvements to and pay for the changes or upgrades needed at the Hollister collection (tie-in manhole) system to accommodate its connection to the system.
- 2.2.8 City will be added to the SJB SCADA system to allow it the ability to monitor flows from the SJB system.
- 2.2.9 Monitoring of the SJB wastewater quality will occur randomly and with the ability to complete continuous, 24-hour flow proportional sampling on a regular basis and will be shared with the City monthly, or upon request.

2.2.10 Hollister will update the DWWTP Waste Discharge Requirements with the Regional Board to reflect the SJB service arrangement.

2.2.11 The City has a 42-inch casing pipe installed across Highway 156 that is currently unused but may be used for a future capacity expansion. SJB will be allowed to use this casing until the City requires it and it is confirmed that there is not sufficient capacity for both the City and SJB, at which time SJB will be required to install its own Highway 156 crossing.

3. BUDGET AND FINANCIAL COMMITMENT

SJB commits to the CITY that it will bear the financial burden of the design, permit approvals and construction of this Project. If after 30% of the project is designed, SJB and the CITY decide the project is not feasible, the work will end, and all related commitments and agreements shall be terminated. If after the 30% design is completed, SJB and the CITY decide that the project is feasible and subsequently decide to move forward with the design and construction of the Project, the two parties agree to also move forward with a permanent long-term agreement with a term of not less than 10-years that will either be in the form of a new Agreement, or by amending and adding SJB to the existing Hollister Urban Area Water Supply and Treatment Agreement effective May 29, 2013.

3.1.1 It is estimated that approximately 800 new sewer clients (City EDUs) will be added to the Hollister system when this project is operational, entering the system through one connection. SJB will be sending an estimated equivalent of 994 equivalent dwelling units (“EDU”) (one EDU equals 161 gallons [per the City of Hollister Wastewater Cost of Service and Rate Study, January 2018], or one single family home) of wastewater to the CITY DWWTP including domestic waste from SJB industrial clients, and will pay a one-time fee of \$2,547,200.00 (160,000 X \$15.92) for this service. CITY agrees to amortize this cost for SJB over 30-years, at an interest rate equal to that assessed on the current Wastewater system debt (to be more specifically defined) being paid by the City, to be paid for and adjusted (“True-Up”) annually each May 1st.

3.1.2 The CITY shall levy a monthly fee to SJB for treatment of its wastewater at a rate equal to treatment portion of the rate assessed for “single family residential” in Resolution 2017-296 (currently \$80.38). The treatment portion of the monthly rate shall be determined as the ratio of the single-family residential sewer treatment impact fee to the total sewer impact fee (treatment plus collection). It is estimated that the current portion of the rate that is attributable to the treatment of wastewater is \$52.48 per EDU, of \$80.83, to be adjusted as the City adopts new rates.

4. PAYMENT

Each Party shall bear its own policy (elected official), technical and management staff costs.

5. DATA, STUDIES AND RELATED INFORMATION

The Parties agree to all provide pertinent data, previous studies, and related information for the completion of the SSFMP. Specific data, previous studies and related information to be provided by the Parties is detailed in the WORK PLAN.

6. SEPARATE AGREEMENTS

No Party herein is obligated by this MOU to implement final design, financing, or construction of the SSFMP facilities. Any facilities proposed to implement the SSFMP shall be designed, financed, and constructed pursuant to separate agreements. Ownership and Operation, Maintenance, Repair and Replacement (OMR&R) responsibilities shall be subject to a separate agreement to be executed before any construction contract is awarded.

7. NOTICES

All notices relative to this MOU shall be given in writing and shall be personally served or sent by certified or registered mail and be effective upon actual personal service or depositing in the United States mail. The Parties shall be addressed as follows, or at any other address designated by notice:

CITY OF HOLLISTER

Brett Miller
City Manager
375 5TH Street
Hollister, CA 95023
Tel: 831.637.8218
Fax: 831.637.7267

CITY OF SAN JUAN BAUTISTA

Don Reynolds
City Manager
311 Second Street
PO Box 1420
San Juan Bautista, CA 95045
Tel: 831.623.4661
Fax: 831.623.4093

8. ENTIRE AGREEMENT

This MOU sets forth the entire Agreement among the Parties and supersedes all other oral or written representations. This MOU may be modified only in writing, approved by the Parties.

9. INDEPENDENT CONTRACTORS

This MOU calls for the performance of the service of SJB and the CITY as independent contractors. No Party is an agent or employee of any other Party for any purpose and is not entitled to any of the benefits provided by any Party to its employees. This MOU shall not be construed as forming a partnership or any

other association or agency among SJB and the CITY other than of independent contractors.

10. LIMITATION OF LIABILITY

No Party shall be liable to any other Party for any loss, damage, liability, claim or cause of action for damage to or destruction of property or for injury to or death of persons arising solely from any act or omission of the other Party's officers, agents, or employees.

11. CLAIMS

A Party against whom any claim arising from any subject matter of this MOU is filed shall give prompt written notice of the filing of the claim to all other Parties.

12. EFFECTIVE DATE

This MOU is effective upon duly authorized execution by all of the Parties. It is the product of negotiation and, therefore, shall not be construed against any Party.

13. TERMINATION

Any Party to this MOU may terminate its participation in the activities herein described upon:

1. Completion of the feasibility phase, or
2. Upon 90 days written notification to the other Party

IN WITNESS HEREOF, the Parties hereto have caused this MOU to be executed, the day and year first-above written.

CITY OF SAN JUAN BAUTISTA

CITY OF HOLLISTER

MAYOR LESIE Q. JORDAN

MAYOR IGNACIO VELASQUEZ

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

By: _____

By: _____