

**MEMORANDUM OF UNDERSTANDING**  
**HOLLISTER URBAN AREA**  
**WATER AND WASTEWATER MASTER PLAN**

05 JUL 22 PM 2:26  
SAN LUIS OBISPO, CA 95061

This MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into on Dec 13, 2004 by and among the SAN BENITO COUNTY WATER DISTRICT (SBCWD), the CITY OF HOLLISTER (CITY), and San Benito County (SBC)

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, SBCWD, CITY, and SBC have developed a Statement of Intent, Hollister Area Water and Wastewater Master Plan; attached as Exhibit A, and included herein by reference, and

WHEREAS, SBCWD, CITY, and SBC have a compelling and mutual interest in developing and implementing the Hollister Urban Area Water and Wastewater Master Plan, (MASTER PLAN), and

WHEREAS, SBCWD, CITY, and SBC want to ensure cooperation and mutual support for successful and cost-effective development and implementation of the MASTER PLAN.

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

1. GENERAL. The foregoing recitals are true and current, and incorporated herein.
2. HOLLISTER URBAN AREA WATER AND WASTEWATER MASTER PLAN The parties intend to undertake the development of a comprehensive Master Plan for water supply and wastewater treatment and disposal for the Hollister Urban Area.

The comprehensive MASTER PLAN shall identify specific programs and projects to achieve the agreed upon objectives at the lowest practical lifecycle cost and earliest practical time. The MASTER PLAN shall include a feasibility phase(s) and an implementation plan phase(s) resulting in specific size, location and performance for physical facilities; project specific CEQA compliance, a financing plan including required revenues from water (wholesale and retail), recycled water and wastewater rates and charges, assessments and connection/impact fees, funding mechanism (cash, bonds, etc.), and institution arrangements and responsibilities (ownership, operations, maintenance, repair and replacement responsibility, etc.)

2.1 As provided in the Statement of Intent, the MASTER PLAN shall be based on the following principles:

2.1.1 The Hollister Domestic Wastewater Treatment Plant is the primary wastewater treatment plant for the Hollister Urban Area including areas within the County that are designated to be served by that facility.

Item No. 14 Attachment No. 6  
October 21, 2005 Meeting  
City of Hollister, San Benito Co.

- 2.1.2 The standards for the quality of wastewater to be discharged (percolated, reused or discharged to surface water) shall be developed and agreed to by the City of Hollister, San Benito County and the San Benito County Water District and shall include appropriate consideration of regional issues. These standards shall be the most stringent of local standards, state or federal regulations and shall include careful consideration of anticipated future regulation.
- 2.1.3 The selection of wastewater treatment processes and disposal methods shall include careful consideration of future wastewater disposal requirements and provision for maximum reuse of wastewater. The selection of wastewater disposal options and sites shall be agreed to by the City of Hollister, San Benito County and San Benito County Water District provided that disposal shall not:
- a. Impact drinking water supplies or negatively impact adjacent land uses or property values unless fully mitigated to the satisfaction of the City of Hollister, San Benito County and San Benito County Water District, or
  - b. Be inconsistent with applicable General Plans or Policies including preservation of agricultural land, or
  - c. Be or result in conditions inconsistent with the quantity, quality, or groundwater levels objectives of groundwater management plans for the area of disposal.
- 2.1.4 Urban water supply including as appropriate blending of treated surface water and ground water, removal of hardness and other minerals from groundwater to provide urban water users with uniform water quality, shall minimize the need for water softeners, assure reliability of the urban water supply and support direct use of urban wastewater. The urban water supply shall include provision(s) for drinking water service to areas in and adjacent to the Hollister Urban Area where Health and Safety issues exist.
- 2.1.5 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.
- 2.1.6 The standards for the quality of potable (drinking) water delivered to urban users shall be developed and agreed to by the City of Hollister, San Benito County and the San Benito County Water District and shall include appropriate consideration of regional issues while focusing on economic and health impacts. These standards shall to be the most stringent of local standards, state or federal regulations and shall include careful consideration of anticipated future regulation.
- 2.1.7 The impacts of water supply and treatment and wastewater treatment and disposal including reclamation on the culture, economy and environment of the City of Hollister and San Benito County shall be carefully evaluated and negative impacts minimized. The impacts considered shall include, but not be limited to, impacts on air quality, surface water and groundwater quality and quantity, rates and charges including connection / impact fees, property values, industry and business, preservation of agriculture and agricultural land, and aesthetics.

- 2.1.8 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 MASTER PLAN shall be based on the following objectives and assumptions:
- 2.2.1 The urban water supply (surface and groundwater) and water system for the Hollister Urban Area shall be capable of meeting 100% of the demands during wet, above normal, normal and dry years and in the first year of a critically dry period. That supply shall be consistent with meeting 100% of the San Benito County Water District Zone 3 and Zone 6 demands under the same conditions. During the second and subsequent years of multi-year droughts/water shortages the water supplies (surface and groundwater) shall be capable of meeting 85% of the Municipal and Industrial demands and 75% of the agricultural demands.
- 2.2.2 Drinking water shall have a TDS concentration of not greater than 500 mg/l and a hardness of not greater than 120 mg/l (Calcium Carbonate)
- 2.2.3 Recycled wastewater, shall have a target TDS of 500 mg/l and shall not exceed 700 mg/l TDS. To meet this objective, the wastewater treatment plant(s) shall include provision(s) for demineralization. This objective shall be met first by rigorous source control including, but not limited to, the elimination of on-site regenerating water softeners and second by demineralization. Blending recycled water with San Felipe water is ONLY an interim measure for achieving recycled wastewater quality objectives. The recycled wastewater objective shall be met by the two measures identified above and the objectives of Section 2.2.2 as soon as practical and not later than 2015.
- 2.2.4 Within the Hollister Urban Area all wastewater shall be treated at a central wastewater treatment plant and City and County General Plans and supporting public service plans and implementing Ordinances/Regulations shall be consistent with that requirement. This provision shall not preclude satellite wastewater separation plants for the recovery of water for local recycling.
- 2.2.5 Within the Hollister Urban Area reliable and sustainable water supply shall be provided and maintained. The water conservation goals of the Groundwater Management Plan Update for the San Benito County Portion of the Gilroy-Hollister Groundwater Basin shall be used as the basis for all water and wastewater Demand/flow projects. Water supply, treatment, transmission, storage (fire suppression, emergency and operational), and distribution facilities shall meet water industry and regulatory standards for service and reliability. The MASTER PLAN shall include an evaluation of the current systems service and reliability levels. The MASTER PLAN shall include an evaluation of the Hollister Urban Area water supply meeting California Urban Water Management Plan requirements including Chapters 642 and 643, Statutes of 2001 (Senate Bill 221 and 610 respectively). It is the intent of the parties that these evaluations be used to determine and define the ability of the Hollister Area water systems to service additional customers and that these evaluations will be the basis for General Plans and supporting policies and plans including input to LAFCO determinations and that the Master Plan be updated at seven (7) to ten (10) year intervals.

- 2.2.6 Urban water supply including the treatment of surface and groundwater for wholesale delivery shall be the responsibility of the San Benito County Water District. Continued, managed use of groundwater is necessary to protect portions of the Hollister Urban Area including the City of Hollister Industrial and Domestic Wastewater Treatment Plants and areas susceptible to liquefaction from the adverse impacts of high groundwater. To achieve this continued and managed use of groundwater, groundwater supplies from the existing City of Hollister wells will be made available to SBCWD for water supply purposes ONLY if the City of Hollister consents and agrees to specific terms and conditions for that use.
- 2.2.7 Centralized wastewater treatment including specialize treatment as required to produce reclaimed water for agricultural purposes and disposal by means other than reclamation shall be the responsibility of the City of Hollister.
- 2.2.8 Marketing and distribution of recycled water for agricultural purposes and for any purpose outside the city limits of the City of Hollister shall be the responsibility of the San Benito County Water District.
- 2.2.9 Within the Hollister Urban Area dual water supplies and dual distribution systems shall be required for all new development and for new parks, schools grounds, cemeteries, and other large landscaped areas. Every reasonable effort shall be made to provide existing park, school grounds, cemeteries and other large landscape areas with supplies separate from the domestic water system. Nothing shall prevent the San Benito County Water District from developing groundwater supplies for parks, school grounds, cemeteries and other large landscaped areas.

The Parties recognize that these objectives may require revision in order to be achieved at the lowest practical lifecycle cost and earliest practical time. Any such revision shall be made in accordance with Article 13.

3. **GOVERNANCE COMMITTEE.** A Governance Committee shall be formed to provide policy level direction for the MASTER PLAN. The Governance Committee shall consist of two (2) elected officials from each Party. The Governance Committee will meet no less than quarterly to review the MASTER PLAN status. SBCWD agrees to provide for notice of meetings and meeting facilities unless otherwise directed by the Governance Committee. Regular, adjourned and special meetings shall be called and held in the manner as provided in Chapter 9 of Division 2, Title 5 of the Government Code of the State of California, "The Brown Act", commencing at Government Code Section 54950.

4. **MANAGEMENT COMMITTEE.** A Management Committee shall be authorized and established for day-to-day management of the Master Plan. Each Party shall have one agency staff representative on the Management Committee. The Management Committee shall establish the means for decision making and resolution of any and all disputes. The decision making and dispute resolutions procedures shall be provided to the Governance Committee for review.

5. **MASTER PLAN ADVISORY GROUP.** At the direction of the Management Committee, a Master Plan Advisory Group may be established to provide technical, financial, institutional, regulatory and environmental review and advise. The Management Committee shall make provision for regular and ongoing consultation with the Central Coast Regional Water Quality Control Board and the California Department of Health Services.

6. BUDGET AND FINANCIAL COMMITMENT. By execution of this MOU, each Party agrees to an initial budget for the MASTER PLAN as outlined below. This initial budget is intended to cover the estimated costs for the Feasibility Phase of the Program. The budget for subsequent phases will be developed by the Management Committee and approved by the Governance Committee. Each Party commits to funding the initial budget in the following shares:

<u>Party</u>	<u>%</u>	<u>\$</u>
SBCWD	45.0	135,000
CITY	42.0	125,000
SBC	<u>13.0</u>	<u>40,000</u>
	100.0	300,000

7. PAYMENT. Each Party upon execution of this MOU shall forward a check or warrant to SBCWD payable to SBCWD – HOLLISTER URBAN AREA WATER AND WASTEWATER MASTER PLAN FUND (FUND) in the amount of 30 percent of the initial budget in Article 6. Upon authorization of contracts for services, materials, and expenses, each Party agrees to pay its share of the FUND as agreed in Article 8. Each Party shall bear its own policy (elected official), technical and management staff costs. SBCWD agrees to manage the FUND as provided in Article 8 hereof. Invoices shall be payable to SBCWD – Hollister Urban Area Water and Wastewater Master Plan FUND within 30 days of receipt.

8. HOLLISTER URBAN AREA WATER AND WASTEWATER MASTER PLAN FUND. Upon receipt of a fully executed agreement from all Parties and payment to SBCWD of their allocated shares, as provided in Articles 6 and 7, SBCWD shall, with its contribution as provided in Article 6, execute this MOU and shall establish the FUND which shall be maintained separately from all other SBCWD funds. Interest on the balance of funds on hand shall accrue to the benefit of the FUND. SBCWD shall maintain all accounting records related to the FUND and may charge the FUND for the reasonable costs of accounting services. SBCWD will provide all agencies with a monthly accounting of all FUND income and expenses and the balance on hand. The Governance Committee may authorize assessments if it deems it necessary to increase the balance on hand in the FUND provided that the Party shall not be assessed, and shall not be required to pay any amount in excess of its commitment provided in Article 6 hereof until all Parties agree to increase the budget or adjust the shares.

9. MASTER PLAN ADMINISTRATION. SBCWD will act as the Administrator and will provide a Program Manager dedicated to the MASTER PLAN and will contract for consulting services or other expenses subject to approval by the Governance Committee. The Program Manager and consultants retained for the MASTER PLAN effort shall report to and be responsible to the Management Committee.

10. DATA, STUDIES AND RELATED INFORMATION. The Parties agree to all provide pertinent data, previous studies, and related information for the completion of the MASTER PLAN. Specific data, previous studies and related information to be provided by the Parties is detailed in the WORK PLAN.

11. SEPARATE AGREEMENTS. No Party herein is obligated by this MOU to implement final design, financing, or construction of the HOLLISTER URBAN AREA WATER AND WASTEWATER MASTER PLAN facilities or to the percentages set forth in Article 6. Any facilities proposed to implement the MASTER PLAN shall be designed, financed, and constructed pursuant to separate agreements, provided that if a Party's share changes, up or

down, prior payments under this MOU may be credited or debited to participating Parties. Ownership and OMR&R responsibilities shall be subject to a separate agreement to be executed before any construction contract is awarded.

12. 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:

SBCWD: District Engineer  
30 Mansfield Road  
Hollister, CA 95023  
Tel: 831-637-8218  
Fax: 831-637-7267

CITY: Public Works Director  
375 Fifth Street  
Hollister, CA 95023  
Tel: 831-636-4370  
Fax: 831-634-4372

SBC: County Planning Director  
San Benito County Planning Department  
3225 Southside Road  
Hollister, CA 95023  
Tel: 831 637-5313  
Fax: 831 637-9015

13. 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.

14. INDEPENDENT CONTRACTORS. This MOU calls for the performance of the service of SBCWD, CITY, and SBC 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 SBCWD, CITY, and SBC other than that of independent contractors.

15. 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

16. 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.

17. 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.

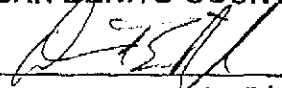
18. ADDITIONAL MEMBERS. The Governance Committee shall establish policy and procedures to incorporate Sunnyslope County Water District as an additional party to this MOU. Said policy shall be added to this MOU as an addendum.

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

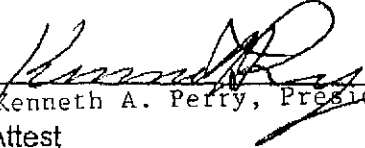
1. Completion of the feasibility phase, or
2. Upon 180 days written notification to the other Parties follow completion of the feasibility phase

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

SAN BENITO COUNTY WATER DISTRICT

  
David E. Pinal, District Counsel  
Approved as to Form:

12/15/04  
Date

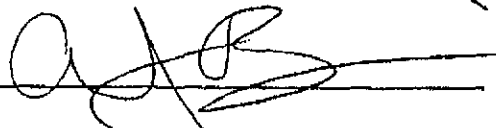
  
Kenneth A. Perry, President  
Attest

12/15/04  
Date

María E. Alfaro  
María E. Alfaro, Secretary


December 15, 2004  
Date

CITY OF HOLLISTER

  
Approved as to Form:  
Clarnie Cass

Dec 13, 2004  
Date

Attest

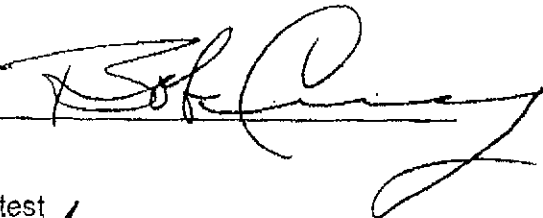


Dec 13, 2004  
Date

SAN BENITO COUNTY

Karen R. Johnson  
Co. Counsel  
Approved as to Form:

Dec. 7, 2004  
Date



12/7/04

Attest

  
advt. clerk

12/7/04  
Date