



**FOR IMMEDIATE RELEASE**

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**Montara Water and Sanitary District (MWSD) Statement on Costs of  
City of Half Moon Bay's (HMB) Sewer Authority Mid-Coastside (SAM) Lawsuit:  
Millions Lost in Improvements and Expended Legal Fees**

Montara, CA — In February, the Santa Clara County Superior Court affirmed Montara Water & Sanitary District (MWSD) and Granada Community Services District's (GCSD) legal arguments against the City of Half Moon Bay's frivolous 2017 lawsuit. Half Moon Bay (HMB) has spent almost five years attempting to renege on the Sewer Authority Mid-Coastside (SAM) contract and shift its financial obligations onto its northern neighbors.

**No choice but to defend.**

Defending against this lawsuit was an expensive, yet necessary cost for MWSD. Had the District not taken action and rigorously defended the SAM contract, MWSD customers would have been shackled with millions of dollars of additional costs both now and long into the future. Through March 2022, MWSD has expended almost \$600,000 in legal fees on this lawsuit.

**Not simply about current costs or one project, but a permanent shift of current and future costs.**

HMB's actions and lawsuit sought to arbitrarily recategorize necessary SAM expenses and shift HMB financial responsibility onto MWSD and GCSD. This shift would not only affect financial obligations in the current year where improvement and upgrade projects were planned but would shift responsibility permanently onto MWSD and GCSD. Our legal fee costs are in defense of more than \$2 million in current project expenses, and countless millions in future costs.

**Expended legal fees are an unfortunate loss of ratepayer funds and could have funded necessary improvements.**

Ultimately, the legal fees expended by MWSD, GCSD, and HMB are the Coastside's loss. These funds have not been invested in our infrastructure, we do not have improved or new assets in the ground after all this expense.

**HMB has decided to continue this expensive lawsuit and appeal the ruling.**

Worse, HMB has decided to continue this expensive lawsuit – they have voted to appeal the ruling. They even claim they will need to raise sewer rates again, despite inclusion in 2020 of the disputed project's expected costs in their 2020 Sewer Rate Study and legally required Proposition 218 Notice of Sewer Rate increases.

**MWSD is and always has been committed to reasonable resolution of these issues**

In addition to active representation on and discussion as part of the SAM Board, MWSD actively engaged in mediation discussions throughout 2018 and 2019 on the lawsuit issues. We were ready to sign an agreement to end the litigation when HMB walked away.

**MWSD legal fees were well spent and provided strong defense of the SAM JPA contract.**

The Santa Clara County Superior Court agreed with MWSD's facts and legal arguments. Further, the Court clarified and restated the intent of ...the JPA: "it is the intent... to...consolidate sewer functions within the service areas of the three member agencies, and to establish uniform system of sewer service charges, levied throughout the entire jurisdiction..., with which to pay expenses of operations and maintenance." By choosing to apply uniform rates throughout SAM's service area the member agencies intended that all of them were meant to be equally on the hook for SAM'S liabilities, including for the IPS. The court affirmed that the JPA contract is clear and was not persuaded that HMB derives no benefit from the IPS.

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**Sewer-Authority Mid-Coastside and the JPA Contract**

The SAM agency was formed in 1976 under a Joint Exercise of Powers Authority (JPA) contract between GCSD, HMB, and MWSD, and is tasked with protecting public health and our beautiful coastal environment.

In order to serve all three communities, the partners of SAM chose to construct, own, and operate wastewater infrastructure, including the Intertie Pipeline System (IPS) and a single consolidated treatment plant. The IPS conveys wastewater from Montara and Granada (including a portion of the City of Half Moon Bay inside Granada's boundary) to SAM's Treatment Plant in Half Moon Bay. During heavy rain events, when increased wastewater flows can overwhelm the treatment plant, the IPS provides essential storage capacity to prevent releases of untreated sewage into the ocean.

For more than 45 years, SAM has operated and maintained constantly aging infrastructure. Throughout the years, we have seen the benefit of three agencies working together to share staffing, maintenance, and repair costs.

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Montara Water and Sanitary District (MWSD) works every day to deliver water, garbage, and sewer services for the residents of Montara and Moss Beach. Over 6,000 residents rely on our services for their homes and businesses.