



THE CITY OF
HALF MOON BAY
CALIFORNIA

May 8, 2023

Kishen Prathivadi, General Manager
Sewer Authority Mid-Coastside
1000 N. Cabrillo Hwy.
Half Moon Bay, CA 94019

Dear Kishen:

I am writing to express the City of Half Moon Bay's concerns with SAM's proposed General Budget for 2023/24, which is on today's SAM Board Agenda. The proposed budget includes a \$3.5M infrastructure item funding the Montara Force Main replacement project ("Project"). The budget proposes to allocate 62 percent of the cost of the MFM Project (in other words, \$2.15M) to City ratepayers.

The City remains committed to funding SAM operations for the next fiscal year. Our board members are therefore prepared to move the proposed 2023/24 budget forward, on the condition that the Montara Force Main Project is removed.

The Project has not been properly scoped. The budget documents indicate that this year's requested \$3.5M is only a starting point for the overall cost to replace the Montara Force Main. The project sheet notes that costs are "TBD" for the next subsequent four fiscal years. Sound budgeting principles dictate removal of this item pending completion of the Feasibility Assessment and detailed scope and recommended budget for the proposed design and environmental work associated with the Project. Furthermore, the SAM member agencies currently do not have agreement on how to fund this IPS project, in light of the pending litigation.

In addition, the City urges SAM to consider financing tools as an alternative to "pay as you go." With financing options available, SAM's member agencies can spread out these capital expenses with more predictability and stability for their respective ratepayers.

Sincerely,

Matthew Chidester