



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

MEETING

AGENDA

Wednesday, November 16, 2022

2:30 pm

By Video Conference Only

This meeting of San Mateo Local Agency Formation Commission (LAFCo) will be held by teleconference only pursuant to Government Code Section 54953(e). No physical location will be available for the meeting. However, members of the public will be able to participate in the meeting remotely via the Zoom platform. For remote public participation instructions, please refer to the end of the agenda.

Public Participation

Members of the public may view a video broadcast of the meeting at

<https://smcgov.zoom.us/j/93703834059>. The meeting ID is: 937 0383 4059. It can also be accessed by telephone by dialing +1 669 900 6833 (local) and entering meeting ID then #.

*Written public comments may be emailed to amontescardenas@smcgov.org, and should include the specific agenda item on which you are commenting.

* Spoken public comments will also be accepted during the meeting through Zoom.

***Please see instructions for written and spoken public comments at the end of this agenda.**

ADA Requests

Individuals who require special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Angela Montes, Commission Clerk, by 10:00 a.m. on Tuesday, November 15, 2022 at amontescardenas@smcgov.org. Notification in advance of the meeting will enable the County to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

(OVER)

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY
▪ WARREN SLOCUM, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: VACANT, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪
ANGELA MONTES, CLERK

*All items on the consent agenda may be approved by one roll call vote unless a request is made at the beginning of the meeting that an item be withdrawn. Any item on the consent agenda may be transferred to the regular agenda.

1. Roll Call
2. Public Comment for Items Not on the Agenda
3. Consent Agenda*
 - a. Approval of Action Minutes: September 21, 2022
 - b. Resolution to make findings relating to remote meetings under the Brown Act
 - c. Time Extension for LAFCo File No. 19-03 - Proposed Annexation of 252 Club Drive, Unincorporated San Mateo County (APN 049-050-050) to the City of San Carlos

Public Hearings

4. Adoption of Municipal Service Review for the City of South San Francisco
5. Adoption of Municipal Service Review for the Westborough Water District
6. Consideration of Draft Special Study for the Broadmoor Police Protection District

Regular Agenda

7. Appointment of Chair and Vice Chair for 2023
8. CALAFCO – Information Only
 - a. CALAFCO 2022 Annual Conference Update
9. Commissioner/Staff Reports – Information Only
 - a. Update on Special District Election for Alternate Member
10. Resolution Honoring Commissioner Mike O’Neill for his service
11. Resolution Honoring Commissioner Don Horsley for his service
12. Resolution Honoring Alternate Commissioner Diana Reddy for her service
13. Adjournment

***Instructions for Public Comment During Teleconference Meetings**

During teleconference of LAFCo meetings, members of the public may address the Commission as follows:

***Written Comments:**

Written public comments may be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to amontescardenas@smcgov.org.
2. Your email should include the specific agenda item on which you are commenting or note that you comment concerns an item that is not on the agenda or is on the consent agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received by 5:00 pm on the day before the meeting, it will be provided to the Commission and made publicly available on the agenda website under the specific item to which your comment pertains. The Clerk will make every effort to read emails received after that time but cannot guarantee such emails will be read during the meeting, although such emails will be still included in the administrative record.

***Spoken Comments**

Spoken public comments will be accepted during the meeting through Zoom. Please read the following instructions carefully:

1. The Commission meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/93703834059>. The meeting ID is: 937 0383 4059. The Commission meeting may also be accessed via telephone by dialing +1 669 900 6833 (Local). Enter the meeting ID: 937 0383 4059, then press #.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up to date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When the Commission Chair or Commission Secretary calls for the item on which you wish to speak, click on "raise hand" (or *9 if dialing by phone). The Secretary will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
5. When called, please limit your remarks to the time limit allotted.

NOTICE: State law requires that a participant in a LAFCo proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$250 to any Commissioner in the past year must disclose the contribution. If you are affected, please notify commission staff before the hearing.

Agendas and meeting materials are available at www.sanmateolafo.org

SAN MATEO



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Action Minutes San Mateo Local Agency Formation Commission Meeting September 21, 2022

Chair O'Neill called the Wednesday, September 21, 2022, meeting of the Local Agency Formation Commission (LAFCo) to order at 2:30 pm via Zoom.

1. Roll Call

Members Present: Commissioners Don Horsley, Kati Martin, Harvey Rarback, Vice Chair Ann Draper, Chair Mike O'Neill.

Members Absent: Commissioners Warren Slocum, Ric Lohman (later joined at 2:58pm)

Alternate Commissioner Jim O'Neill and Diana Reddy were also present in the audience.

Staff Present: Rob Bartoli, Executive Officer
Timothy Fox, Legal Counsel
Angela Montes Cardenas, Commission Clerk
Sofia Recalde, Management Analyst

2. Public Comment for Items Not on the Agenda

None

3. Introduction of new LAFCo employee

Mr. Bartoli welcomed and introduced Sofia Recalde, the new LAFCo Management Analyst. Ms. Recalde joins San Mateo LAFCo from County Health.

4. Consent Agenda

a. Approval of Action Minutes: July 20, 2022

b. Resolution to make findings relating to remote meetings under the Brown Act

c. Consideration of LAFCo File No. 22-07 – Proposed annexation of 115 Sausal Drive, Portola Valley (APN 079-091-060) to West Bay Sanitary District

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY ▪ WARREN SLOCUM, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: VACANT, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

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d. Consideration of LAFCo File No. 22-08 – Proposed annexation of 350 Grove Drive, Portola Valley (APN 079-021-020) to West Bay Sanitary District

Commission Action: Commissioner Draper moved to approve the consent agenda, and Commissioner Horsley seconded the motion which passed unanimously by roll call vote. (Ayes: Commissioners Horsley, Martin, Rarback, Vice Chair Draper, Chair O'Neill. Absent: Commissioners Slocum, Lohman.)

5. Presentation of the San Mateo County Housing Element Update 2023-2031 by San Mateo County Planning – Information Only

Mr. Bartoli stated that San Mateo County is currently in the process of updating the County's Housing Element. The Housing Element is a required component of the County's General Plan and must be updated every eight years. The updated Housing Element will include assessments of the unincorporated County's housing need over the next eight years, policies and programs to address that need, and identification of available locations for housing development.

Will Gibson, a Planner with the San Mateo County Planning and Building Department, presented an overview of the draft County Housing Element Update 2023-2031 to the LAFCo Commission.

A discussion between Mr. Gibson and alternate Commissioner Reddy, Commissioner Rarback and Commissioner Draper occurred related to the housing element process.

6. Consideration of Municipal Service Review Circulation Draft for the City of South San Francisco

Mr. Bartoli presented the draft Municipal Service Review (MSR) for the City of South San Francisco to the Commission. He referred to the staff report included in the packet. He noted that no change to the Sphere of Influence for the City was proposed by staff at this time. Key issues were identified. MSR determinations and recommendations were noted.

A virtual workshop for South San Francisco and Westborough Water District (WWD) will be scheduled for October 2022. Conversation ensued with Mr. Bartoli and Commissioners Draper and Rarback regarding the unincorporated area of Country Club Park.

Commission Action: Commissioner Horsley moved to direct the Executive Officer to schedule the Final Municipal Service Review for the City of South San Francisco for a public hearing at the November 16, 2022 Commission meeting and circulate it with any necessary amendments to the County, cities and independent special districts. Commissioner Rarback

seconded the motion which passed unanimously by roll call vote. (Ayes: Commissioners Horsley, Lohman, Martin, Rarback, Vice Chair Draper, Chair O'Neill. Absent: Commissioner Slocum.)

7. Consideration of Municipal Service Review Circulation Draft for Westborough Water District

Mr. Bartoli presented the draft MSR for the Westborough Water District (WWD) to the Commission. He referred to the staff report included in the packet. He noted that no change to the Sphere of Influence was proposed by staff at this time. Key issues were identified. MSR determinations and recommendations were noted.

A virtual workshop for SSF and Westborough Water District (WWD) will be scheduled for October 2022. Commissioner Draper asked that comments regarding assets management for District infrastructure.

Commission Action: Commissioner Horsley moved to direct the Executive Officer to schedule the Final Municipal Service Review for the Westborough Water District for a public hearing at the November 16, 2022 Commission meeting and circulate it with any necessary amendments to the County, cities and independent special districts. Commissioner Rarback seconded the motion which passed unanimously by roll call vote. (Ayes: Commissioners Horsley, Lohman, Martin, Rarback, Vice Chair Draper, Chair O'Neill. Absent: Commissioner Slocum.)

8. Year End and Quarterly LAFCo Budget Update – Information Only

Mr. Bartoli gave a verbal update to the Commission. He summarized the end of year report for FY 21-22. All revenues and expenditures totals were noted. For current FY22-23 he provided current revenues and expenditures as well as noted change to LAFCo billing of agencies and recording of revenue. Currently LAFCo is within budget for all expenditures in FY22-23.

9. CALAFCO

a. Voting Delegates at 2022 California Association of LAFCOs (CALAFCO) Annual Conference

Mr. Bartoli noted that Chairman O'Neill, Commissioner Martin and himself were attending the conference. He requested that the Commission appoint Commissioner Mike O'Neill as voting delegate and Commissioner Martin and himself as alternates in the event Commissioners Mike O'Neill or Martin are not available to vote.

Commission Action: Commissioner Draper moved to appoint Commissioner O’Neil as voting delegate and Commissioner Martin and Mr. Bartoli as alternate voting delegates to 2022 CALAFCO annual conference, and Commissioner Rarback seconded the motion which passed unanimously by roll call vote. (Ayes: Commissioners Horsley, Lohman, Martin, Rarback, Vice Chair Draper, Chair O’Neill. Absent: Commissioner Slocum.)

b. CALAFCO Quarterly Newsletter – Information Only

Newsletter included in packet.

10. Legislative and Policy Committee

a. Legislative Report – Information Only

Mr. Bartoli gave a verbal update to the Commission. He noted that CALAFCO is tracking 29 bills. He highlighted bills SB 1449 and AB 2449.

Commissioner Draper asked staff to review LAFCo law and evaluate the possibility of having the LAFCo Executive Office approve certain annexations. Mr. Bartoli stated that this topic will be brought to the Policy and Legislative Committee for review.

11. Commissioner/Staff Reports – Information Only

a. 2021 San Mateo County Crop Report – Information Only

Report included in packet.

12. Adjournment

Chairman O’Neill adjourned the meeting at 4:07 p.m.

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LOCAL AGENCY FORMATION COMMISSION

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November 9, 2022

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: Resolution to make findings relating to remote meetings under the Brown Act

Summary

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which rescinded his prior Executive Order N-29-20 and which waived, through September 30, 2021, certain provisions of the Brown Act relating to teleconferences/remote meetings by local agency legislative bodies. The Executive Order waived, among other things, the provisions of the Brown Act that otherwise required the physical presence of members of local agency legislative bodies or other personnel in a particular location as a condition of participation or as a quorum for a public meeting. These waivers set forth in the Executive Order were to expire on October 1, 2021.

On September 16, 2021, the Governor signed Assembly Bill (AB) 361, a bill that codifies certain teleconference procedures that local agencies have adopted in response to the Governor's Brown Act-related Executive Orders. Specifically, AB 361 allows a local agency to continue to use teleconferencing under the same basic rules as provided in the Executive Orders under certain prescribed circumstances or when certain findings have been made and adopted by the local agency legislative body.

In order to continue to hold video and teleconference meetings, the Commission will need to review and make findings every 30 days or thereafter that the state of emergency continues to directly impact the ability of the members to meet safely in person and that state or local officials continue to impose or recommend measures to promote social distancing. If the Commission does continue to hold video and teleconference meetings, to meet the requirements of AB 361, the Commission will need to adopt a resolution at every meeting.

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STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFICA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪
ANGELA MONTES, CLERK

The San Mateo County commissions, cities, and special districts in the County, have adopted a resolution to continue remote meetings and encouraged other legislative bodies to make similar findings. In the County commissions' findings, they noted that the Board chambers, which LAFCo also utilizes, is located in a County building that includes court rooms and County offices that are occupied by staff. If in-person public meetings were to occur now, social distancing measures currently in place to maintain the safe occupancy of the building could be negatively impacted.

The Commission previously found, and it remains the case, that public meetings pose risks for COVID-19 spread for several reasons. These meetings may bring together people from throughout a geographic region, increasing the opportunity for COVID-19 transmission. Further, the open nature of public meetings makes it difficult to enforce compliance with vaccination, physical distancing, masking, cough and sneeze etiquette, or other safety measures. Moreover, some of the safety measures used by private businesses to control these risks may be less effective for public agencies.

These factors combine to continue to directly impact the ability of members of the Commission to meet safely in-person and to make in-person public meetings imminently risky to health and safety.

As noted above, under AB 361, local agency bodies were required to return to in-person meetings on October 1, 2021, unless they chose to continue with fully teleconferenced meetings and made the prescribed findings related to the existing state of emergency. At its meetings of November 17, 2021, January 19, 2022, March 16, 2022, April 20, 2022, May 18, 2022, June 15, 2022, July 20, 2022, and September 21, 2022 the Commission adopted a resolution wherein the Commission found, among other things, that as a result of the continuing COVID-19 state of emergency, meeting in-person would present imminent risks to the health or safety of attendees.

The November 17, 2021 resolution also directed staff to bring an item to the Commission at a subsequent meeting to consider making the findings required by AB 361 in order to continue meeting under its provisions.

Recommended Commission Action by Resolution

Adopt a resolution finding that, as a result of the continuing COVID-19 pandemic state of emergency, meeting in-person would present imminent risks to the health or safety of attendees.

Attachments

- A. Resolution finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in-person for meetings of the San Mateo Local Agency Formation Commission would present imminent risks to the health and safety of attendees.

RESOLUTION NO. 1297

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
FINDING THAT, AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC
STATE OF EMERGENCY DECLARED BY GOVERNOR NEWSOM,
MEETING IN PERSON FOR MEETINGS OF THE COMMISSION WOULD PRESENT IMMINENT RISKS TO THE
HEALTH OR SAFETY OF ATTENDEES**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo, State of California, that

WHEREAS, on March 4, 2020, the Governor proclaimed pursuant to his authority under the California Emergency Services Act, California Government Code section 8625, that a state of emergency exists with regard to a novel coronavirus (a disease now known as COVID-19); and

WHEREAS, on June 4, 2021, the Governor clarified that the “reopening” of California on June 15, 2021 did not include any change to the proclaimed state of emergency or the powers exercised thereunder, and as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent resolution in the state Legislature; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20 that suspended the teleconferencing rules set forth in the California Open Meeting law, Government Code section 54950 et seq. (the “Brown Act”), provided certain requirements were met and followed; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 that provides that a legislative body subject to the Brown Act may continue to meet without fully complying with the teleconferencing rules in the Brown Act provided the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and further requires that certain findings be made by the legislative body every thirty (30) days; and,

WHEREAS, the Local Agency Formation Commission of the County of San Mateo has an important governmental interest in protecting the health, safety and welfare of those who participate in its meetings; and,

WHEREAS, at its meeting of September 21, 2022, the Local Agency Formation Commission of the County of San Mateo adopted, by unanimous vote, a resolution wherein this Commission found, *inter alia*, that as a result of the continuing COVID-19 state of emergency, meeting in-person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Local Agency Formation Commission of the County of San Mateo has not met since

its September 21, 2022 meeting; and

WHEREAS, the Commission has reconsidered the circumstances of the state of emergency and finds that the state of emergency continues to impact the ability of members of the Commission to meet in-person because there is a continuing threat of COVID-19 to the community, and because Commission meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the Commission deems it necessary to find that meeting in-person would present imminent risks to the health or safety of attendees, and thus intends to invoke the provisions of AB 361 related to teleconferencing;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that

1. The recitals set forth above are true and correct.
2. The Commission has reconsidered the circumstances of the state of emergency caused by the spread of COVID-19.
3. The Commission finds that the state of emergency caused by the spread of COVID-19 continues to directly impact the ability of members of the Commission to meet safely in person.
4. The Commission finds that meeting in-person would present imminent risks to the health or safety of attendees and directs staff to continue to agendize public meetings of the Commission only as online teleconference meetings.
5. Staff is directed to return at subsequent Commission meetings after the adoption of this resolution with an item for the Commission to consider making the findings required by AB 361 in order to continue meeting under its provisions.
6. Staff is directed to take such other necessary or appropriate actions to implement the intent and purposes of this resolution.

Regularly passed and adopted this ____ day of _____.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioners Absent and/or Abstentions:

Commissioners:

Chair
 Local Agency Formation Commission
 County of San Mateo
 State of California

ATTEST:

 Executive Officer
 Local Agency Formation Commission

Date: _____

I certify that this is a true and correct copy of the resolution above set forth.

Date: _____

 Clerk to the Commission
 Local Agency Formation Commission

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LOCAL AGENCY FORMATION COMMISSION

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November 9, 2022

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: Time Extension for LAFCo File No. 19-03 - Annexation of 252 Club Drive, Unincorporated San Mateo County (APN 049-050-050) to the City of San Carlos

Summary

On January 15, 2020, the Commission approved the annexation of 252 Club Drive to the City of San Carlos because the septic system on the property had failed and the owner wished to obtain sewer service from the City. The City of San Carlos has approved the pre-zoning of the parcel and both the City and the County approved the required property tax exchange.

The Commission's approval was conditional upon the submittal of the map and legal description and Board of Equalization fee for the annexation and that the applicant completing all work associated with any County permits for the property. The map and legal description still need to be submitted to LAFCo for review and the applicants also need to finalize work regarding legalizing a basement conversion and the abandonment of the existing septic system.

Per Government Code Section 57001, if a certificate of completion for a change of organization or reorganization has not been filed within one year after the commission approves a proposal for that proceeding, the proceeding shall be deemed terminated unless prior to the expiration of that year the Commission authorizes an extension of time for that completion. The original approval expired on January 15, 2022, and upon request from the owner, the Commission approved a one-year extension to January 15, 2023 as COVID-19 has impacted their ability to complete the conditions of approval. The owner is requesting a second one-year extension to complete the conditions of approval due to the impact of the on-going pandemic.

Recommended Commission Action by Resolution

By motion, approve a one-year time extension for LAFCo File No. 19-03 - Annexation of 252 Club Drive, Unincorporated San Mateo County (APN 049-050-050) to the City of San Carlos so that the annexation is completed no later than January 15, 2024.

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY ▪ WARREN SLOCUM, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: VACANT, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIMOTHY FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

Attachments

- A. January 15, 2020 LAFCo staff report
- B. November 17, 2021 LAFCo staff report

cc: Henry and Maria Zuschlag, Property Owners
Jeff Maltbie, City of San Carlos
Grace Lee, City of San Carlos
Andrea Mardesich, City of San Carlos
Kanoa Kelley, San Mateo County Planning Department
Greg Smith, San Mateo County Environmental Health Services



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January 8, 2020

To: LAFCo Commissioners

From: Martha Poyatos, Executive Officer *M. Poyatos*

Subject: LAFCo File No. 19-03 - Proposed Annexation of 252 Club Drive (APN 049-050-050) to the City of San Carlos (0.15 acres)

Summary

This proposal, submitted by landowner petition, requests annexation of 252 Club Drive, (APN 049-050-050) to the City of San Carlos. On March 20, 2019 the Commission approved an Emergency Outside Service Agreement (LAFCo File No. 19-01) to allow the City of San Carlos to serve the existing house at 252 Club Drive, as the septic system on the property had failed. A condition of approval for this Outside Service Agreement required that the property owners apply for annexation to the City of San Carlos. The City of San Carlos has approved the pre-zoning of the parcel and both the City and the County have approved the required property tax exchange. The proposal has 100 percent landowner consent and requests waiver of conducting authority proceedings. Commission approval of the proposal is recommended.

Background

252 Club Drive is developed with one single-family home that was constructed in 1936. The property is located in unincorporated San Mateo County, but it is within the Sphere of Influence of the City of San Carlos. The parcel is located in an established single-family neighborhood and abuts the City boundary line on three sides. As shown on Attachment B, 252 Club Drive is one of five parcels on this side of Club Drive that are unincorporated. On the south side of Club there are three unincorporated developed parcels and many unincorporated parcels that are not developed due to topography, lot size and lack of access.

Departmental Reports

County Assessor: The net assessed land valuation shown in the records of the County Assessor for 252 Club Drive is \$25,248. The boundaries of the annexation as proposed conform to lines of assessment and ownership.

COMMISSIONERS: JOSHUA COSGROVE, CHAIR, SPECIAL DISTRICT ▪ WARREN SLOCUM, VICE CHAIR, COUNTY ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ RIC LOHMAN, SPECIAL DISTRICT ▪ ANN DRAPER, PUBLIC

ALTERNATES: KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST ▪ ANGELA MONTES, CLERK

County Clerk: The territory has one registered voter. Annexation would not conflict with any political subdivision boundaries. If the annexation was approved, the address would be changed from unincorporated to the City of San Carlos.

County Public Works: No comments. Club Drive is already within the City of San Carlos boundary.

The map and legal description required by the State Board of Equalization have not yet been submitted.

County Planning: The San Mateo County General Plan encourages the annexation of the urban unincorporated parcels needing municipal service. The property is located within the existing sphere of influence for the City of San Carlos and currently served by water and sewer providers.

The property has two open Building permits, one to complete the sewer connection (BLD2019-00393) and one to legalize a basement conversion (BLD2019-00487). These two permits shall be completed prior to recordation of the annexation.

County Environmental Health Services: The property is served by a domestic water and a City sewer connection. Environmental Health is supportive of the annexation.

City of San Carlos: The City of San Carlos supports the annexation proposal. The City Council approved a General Plan amendment and pre-zoning of the subject parcel, on November 12, 2019. The site is contiguous to the City boundary and City maintained Club Drive. Annexation of the parcel results in the addition of one single-family home into the City's housing stock and slight increase in the annual property tax revenue to be received. The use and nature of the existing single-family home is consistent and complimentary to the established surrounding land use pattern of other single-family homes in the adjacent City neighborhoods.

The City of San Carlos is requesting that the two associated building permits for this property that are currently open with the County be resolved prior to recording the certificate of completion for the annexation.

Existing and Proposed Land Use Designations

The property is developed with an existing single-family residence. No change to the use of the property is proposed. The current San Mateo County General Plan designation for the area is Medium Density Residential-Urban and the zoning designation is R-1/S-71 (Single Family Residential). The City of San Carlos City Council approved a General Plan designation of Single Family, Low Density and a pre-zoning designation of RS-3, Low Density to the proposal area on November 12, 2019. The City designations for both land use and zoning are consistent with neighboring parcels that are already located in the City.

Sphere of Influence

The sphere of influence of the City of San Carlos was most recently updated by LAFCo in 2011 and included the Devonshire area where 252 Club Drive is located. The subject parcel is not located within the service area or the sphere of influence of any County-governed special district.

Current and Proposed Services

Changes in service that would occur as a result of the reorganization are summarized below:

Service	Current Service Provider	Proposed Service Provider
Police	San Mateo County Sheriff	City of San Carlos (Contract with San Mateo County Sheriff)
Fire	San Mateo County Fire (CAL Fire)	City of San Carlos (Contract with Redwood City Fire Department)
Streets/Storm Water	County of San Mateo	City of San Carlos
Water	California Water Services Company	California Water Services Company
Sewer	City of San Carlos	City of San Carlos
Street Lighting	None	City of San Carlos
Parks	County of San Mateo	City of San Carlos
Library	Library Joint Power Authority	Library Joint Power Authority

No change in service delivery patterns will occur for water or sewer as the property already receives service from the California Water Services Company and the City of San Carlos respectively. Annexation to the City will result in transfer of service responsibility for police, fire, parks and recreation, and street lights and transfer of associated property tax revenue to the City of San Carlos.

Property Tax Exchange

As noted, annexation to the City will result in transfer of service responsibility and associated property tax revenue to the City of San Carlos. Both the City of San Carlos and the County of San Mateo have adopted resolutions of property tax exchange pursuant to Revenue and Tax Code Section 99.

The County and the City agreed to a tax exchange that approximates the County and City shares elsewhere in the City. The agreed upon property tax transfers in tax rate area 053-010 are summarized in the following chart.

From	To	Incremental Factor
County Fire	City of San Carlos	0.078037767
County of San Mateo	City of San Carlos	0.054962233

The total increment transferred to the City of San Carlos is 0.1330000000. The remaining tax share for the County is 0.2329735117. Based on the proposed transfers, after the annexation and amendments are complete, the City of San Carlos will receive \$109.65 based on the current value of the home.

While this does not appear to have a large fiscal impact based on the amounts noted above, if the property was sold and reassessed, it is likely that taxes would significantly increase, and the incremental tax revenues will be distributed based on the proposed incremental factors. This property tax exchange was approved by both the San Mateo County Board of Supervisor and the City of San Carlos City Council in 2019.

Applicable Factors to be Considered for Annexation (Government Code Section 56668)

a. Population and the likelihood of significant growth in the area, during the next 10 years.

The population of unincorporated Devonshire as of 2010 is approximately 2,546. The parcel is developed, and would not have an impact on the overall population of the area. The annexation is occurring in an already developed single-family neighborhood. Due to the location, size, and lack of development activity, it is not anticipated that additional growth will occur relating to this annexation.

b. The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the County.

The proposal to annex the property will allow the City of San Carlos to more efficiently provide the residents of the property with public services. The City now provides sewer service to the property and the annexation would allow the City to provide municipal service, such as fire, police, and park and recreation services. Due to the existing development on the property, the annexation of the parcel to the City would have minimal impact on municipal service demand.

The proposal is consistent with existing residential uses in the surrounding neighborhood and would have negligible, if any, impact on adjacent areas, social and economic interests, and the local government structure of the county.

c. The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development and definiteness and certainty of the boundaries of the territory, the creation of islands or corridors of unincorporated territory.

The proposal conforms with LAFCo and County General Plan policies that encourage the annexation of areas within city spheres of influence. The property is adjacent to the City boundary on three sides. The Club Drive road right-of-way is already located in the City of San Carlos.

d. Consistency with city or county general and specific plan and the sphere of influence of any local agency which may be applicable to the proposal being reviewed.

The property owner is requesting annexation in order to comply with a condition of approval for the related Emergency Outside Service Agreement. No development is proposed on the property with the exception of completing existing permits regarding the sewer connection and the legalization of a previous basement conversion.

As noted above, the proposal is consistent with both City and County General Plan policies encouraging the annexation of areas in city spheres of influence.

- e. The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The proposal area is already receiving water and sewer service consistent with other areas in the City of San Carlos. The City has indicated in a fiscal analysis of the proposal that the City would receive a minor net fiscal benefit and that no additional recurring service costs would be directly associated with the annexed parcel.

- f. The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments.

While there will be minimal impact to the City's regional housing need, the provision of sewer service by the City allows the residential use on the property to remain. This sewer connection allows for an increased opportunity for the development of an Accessory Dwelling Unit (ADU) on the property that would not otherwise be allowed with a septic system.

- g. The extent to which the proposal will promote environmental justice.

The project area does not include a disadvantaged unincorporated community (DUC), as defined in Section 56033.5. (i.e., residents making less than 80% of the statewide annual median household income). At the census tract level, there are no DUCs identified in San Mateo County.

- h. Information contained in a safety element of general plan, local hazard mitigation plan, and any maps that identify land as a very high fire hazard zone or state responsibility area.

Based on a review of all relevant plans and maps, the area proposed to be annexed is located in a local very high fire area. The property is developed with an existing single-family home which was constructed in 1936. The very high fire area designation is applied to all properties, both incorporated and unincorporated, in the Devonshire area. If development is proposed in the future, the City of San Carlos will apply the applicable regulations and standards for construction within the very high fire hazard zone.

California Environmental Quality Act

The proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) exempt under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities).

Waiver of Conducting Authority Proceedings

Section 56663(c) of the Cortese-Knox-Herzberg (CKH) Act specifies that the Commission may waive conducting authority proceedings for annexations of uninhabited territory with 100 percent landowner consent provided that no objection is submitted by subject property owners or voters. The purpose of the conducting authority proceedings is to measure landowner or voter protest within the affected territory. Paragraph (c) was added to Government Code Section 56663 to streamline proceedings in which landowners have already given consent to an uninhabited annexation. The landowners have requested, and staff recommends, waiver of conducting authority proceedings.

Recommended Commission Action by Resolution

The proposal is consistent with the spheres of influence of the City, General Plans of the County and the City and the service delivery patterns in the area. Staff respectfully recommends that the Commission approve the proposal by taking the following action:

By resolution, approve LAFCo File No. 19-03– Proposed Annexation of 252 Club Drive (APN 049-050-050) to the City of San Carlos and direct the Executive Officer to waive the conducting of the conducting authority proceedings subject to the following conditions of approval:

San Mateo LAFCo:

1. Submittal of the map and legal description prepared by a licensed surveyor, that meet the requirements of the State Board of Equalization along with filing fee.

City of San Carlos:

2. The applicant shall complete all work associated with any County of San Mateo permits, including BLD2019-00393 and BLD2019-00487, prior to the recording of the annexation.

Attachments

A. Annexation Application

B. Vicinity Map

C. City of San Carlos Resolutions

cc: Henry and Maria Zuschlag, Property Owners
Jeff Maltbie, City of San Carlos
Grace Lee, City of San Carlos
Andrea Mardesich, City of San Carlos
Kanoa Kelley, San Mateo County Planning Department
John Brennan, San Mateo County Building Department
Greg Smith, San Mateo County Environmental Health Services

APPLICATION FOR A CHANGE OF ORGANIZATION OR REORGANIZATION TO THE SAN MATEO LOCAL AGENCY FORMATION COMMISSION

RECEIVED

MAR 22 2019

LAFCO

A. GENERAL INFORMATION

1. Briefly describe the nature of the proposed change of organization or reorganization.

Annexation of 252 Club Drive, unincorporated San Carlos (APN 049-050-050) to the City of San Carlos

2. An application for a change of organization or reorganization may be submitted by individuals in the form of a petition or by an affected public agency in the form of a certified resolution. This application is submitted by (check one):

- X Landowners or registered voters, by petition
An affected public agency, by resolution

(If this application is submitted by petition of landowners or registered voters in the affected territory, complete the petition form.)

3. What are the reasons for the proposal?

The annexation of the property is a requirement of an approved Outside Service Agreement with the City of San Carlos (LAFCo File No. 19-01) for a sewer connection.

4. Does this application have 100% consent of landowners in the affected area?

- X Yes No

5. Estimated acreage: 0.15 acres

B. SERVICES

1. List the name or names of all existing cities and special districts whose service area or service responsibility would be altered by the proposed change of organization or reorganization.

City of San Carlos, County of San Mateo, County Fire (CAL Fire)

2. List all changes to the pattern of delivery of local services to the affected area. For each service affected by the proposed change(s) of organization, list the present source of service (state "none")

if service is not now provided), the proposed source of service and the source of funding for construction of necessary facilities (if any) and operation. Example is given on the first two lines of the space provided for your response.

SERVICE	PRESENT SOURCE	PROPOSED SOURCE	FUNDING SOURCE	
			CONSTRUCTION	OPERATING
<i>Police</i>	<i>Co. Sheriff</i>	<i>Co. Sheriff (by contract with the City of San Carlos)</i>	<i>N/A</i>	<i>Taxes</i>
<i>Sewer</i>	<i>City of San Carlos</i>	<i>City of San Carlos</i>	<i>N/A</i>	<i>Fees</i>
<i>Water</i>	<i>California Water Service – San Carlos</i>	<i>California Water Service – San Carlos</i>	<i>N/A</i>	<i>Fees</i>
<i>Fire</i>	<i>CAL Fire</i>	<i>City of San Carlos</i>	<i>N/A</i>	<i>Taxes</i>
<i>Solid Waste</i>	<i>Recology San Mateo County (under franchise agreement with San Mateo County)</i>	<i>Recology San Mateo County (under franchise agreement with City of San Carlos)</i>	<i>N/A</i>	<i>Fees</i>
<i>Storm Drain</i>	<i>City of San Carlos</i>	<i>City of San Carlos</i>	<i>N/A</i>	<i>Taxes</i>

C. PROJECT PROPOSAL INFORMATION

1. Please describe the general location of the territory which is the subject of this proposal. Refer to major highways, roads and topographical features.

252 Club Drive (APN 049-050-050) is located in unincorporated San Carlos (Devonshire)

2. Describe the present land use(s) in the subject territory.

The property is developed with an existing single-family residence.

3. How are adjacent lands used?

North: Developed with a single-family residence.

South: Club Drive roadway, across the road is a single-family residence

East: Developed with a single-family residence.

West: California Water Service water tank

4. Will the proposed change of organization result in additional development? If so, how is the subject territory to be developed?

The proposed annexation of an existing house will not result in additional development. The annexation of the property is a requirement of an approved Outside Service Agreement with the City of San Carlos (LAFCo File No. 19-01) for a sewer connection. No new development of the property is proposed at this time.

5. What is the general plan designation of the subject territory?

Medium Density Residential Urban (San Mateo County)

6. What is the existing zoning designation of the subject territory?

R-1/S-71/DR (San Mateo County)

7. What rezoning, environmental review or development approvals have already been obtained for development in the subject territory?

An Outside Service Agreement for a sewer connection has been approved by the City of San Carlos and LAFCo. An application for rezoning has been submitted to the City of San Carlos.

8. What additional approvals will be required to proceed?

The City of San Carlos will need to approve the rezoning and environmental documents for the project. A property tax exchange for the annexation of the property will need to be approved by the City and County.

9. Does any portion of the subject territory contain any of the following --agricultural preserves, sewer or other service moratorium or wetlands subject to the State Lands Commission jurisdiction?


The property does not contain agricultural preserves, sewer or other service moratorium or wetlands subject to the State Lands Commission jurisdiction.

10. If no specific development projects are associated with this proposal, will the proposal increase the potential for development of the property? If so, how?

The existing property has existing sewer and water connections and is located within an existing single-family neighborhood. Any proposed development on the property will need to conform to the general plan and zoning designations of the City of San Carlos after the property is annexed, which is highly likely to maintain the single-family character of the property.

* * * * *

LAFCo will consider the person signing this application as the proponent of the proposed action(s). Notice and other communications regarding this application (including fee payment) will be directed to the proponent at:

NAME: HENRY ZUSCHLAG EMAIL: dianariz252@gmail.com
ADDRESS: 252 CLUB DR. TELEPHONE: (650) 339-1505
ATTN: _____

Signature of Proponent

Applica_blk.doc
(10/6/2000)

MAR 22 2019

LAFCO

PETITION
FOR PROCEEDINGS PURSUANT TO
THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF
2000

The undersigned hereby petition(s) the Local Agency Formation Commission of San Mateo County for approval of a proposed change of organization or reorganization, and stipulate(s) as follows:

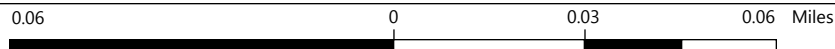
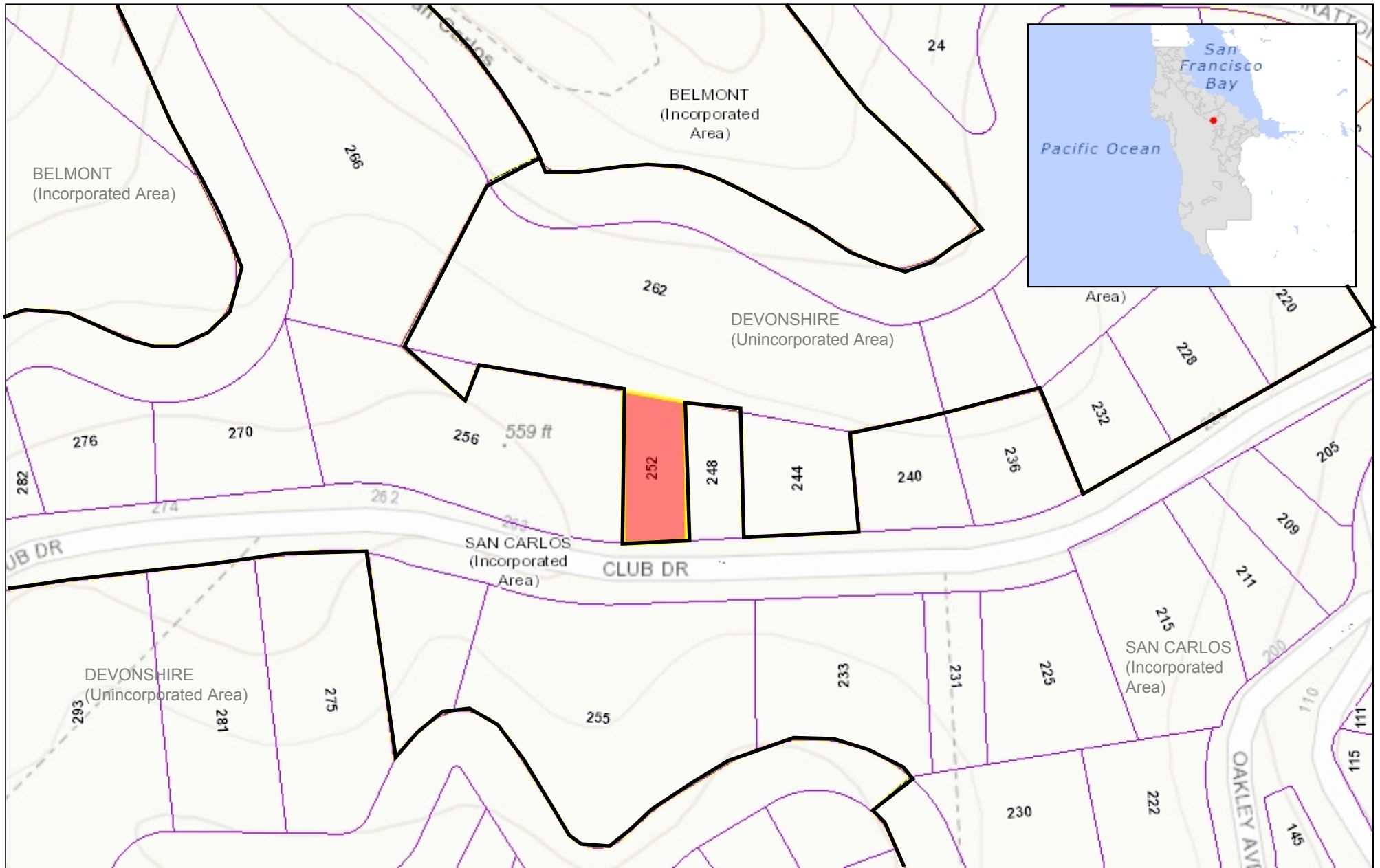
1. This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code (commencing with Section 56000, Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
2. The specific change(s) of organization proposed (i.e., annexation, detachment, reorganization, etc. is/are:
Annexation of 252 Club Drive to the City of San Carlos.
3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) attached hereto and by this reference incorporated herein.
4. The territory(ies) included in the proposal is/are: 252 Club Drive, unincorporated San Carlos (APN 049-050-050)

___ inhabited (12 or more registered voters) X Uninhabited
5. This proposal is X is not ___ consistent with the sphere of influence of the affected city and/or district(s).
6. The reason(s) for the proposed annexation (annexation, detachment, reorganization, etc.) is/are:

The annexation of the property is a requirement of an approved Outside Service Agreement with the City of San Carlos (LAFCo File No. 19-01) for a sewer connection.

7. The proposed annexation is requested to be made subject to the following terms and conditions:

The City of San Carlos will need to approve the rezoning and environmental documents for the project. A property tax exchange for the annexation of the property will need to be approved by the City and County.



WGS_1984_Web_Mercator_Auxiliary_Sphere
 © Latitude Geographics Group Ltd.

1:1,781

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

THIS MAP IS NOT TO BE USED FOR NAVIGATION

RESOLUTION NO. 2019 - 092

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CARLOS
ADOPTING A GENERAL PLAN MAP AMENDMENT FOR THE PROPERTY LOCATED AT
252 CLUB DRIVE (APN: 049-050-050) TO A LAND USE DESIGNATION OF SINGLE
FAMILY, LOW DENSITY (3 DU/ACRE).**

WHEREAS, the San Carlos City Council has received an application from the property owners of 252 Club Drive (Assessor's Parcel Number (APN) 049-050-050) for a General Plan Map Amendment to a land use designation of Single Family, Low Density (3 DU/Acre) with the associated request for a Zoning District Boundary Map Amendment as initial steps to rezoning and annexation of the subject property from the County of San Mateo into the City of San Carlos ("Project"); and

WHEREAS, it is determined that the aforementioned property is located within the Local Agency Formation Commission ("LAFCo") adopted sphere of influence ("SOI") of San Carlos; and

WHEREAS, in accordance with the California Environmental Quality Act ("CEQA"), the City Council has determined that the application for a General Plan Map Amendment and associated Zoning District Boundary (Map) Amendment for the aforementioned property is exempt from the provisions of CEQA pursuant to Section 15061(b)(3) Common Sense Exemption and Section 15319 Annexation of Existing Facilities and Lots for Exempt Facilities; and

WHEREAS, on October 21, 2019 the San Carlos Planning Commission conducted a public hearing to consider a recommendation to the City Council regarding a General Plan Map amendment for the aforementioned property to a land use designation of Single Family, Low Density (3 DU/acre); and

WHEREAS, on October 21, 2019 the San Carlos Planning Commission adopted Planning Commission Resolution No. 2019-09 recommending City Council approval of such, which includes the reasons for the recommendation, findings for a General Plan Amendment in Chapter 18.34 and the relationship of the proposed amendment to applicable general and specific plans; and

WHEREAS, on November 12, 2019 the City Council conducted a public hearing to receive Planning Commission Resolution 2019-09 recommending approval and to consider the application from the property owners of the aforementioned property regarding a General Plan Map amendment to a land use designation of Single Family, Low Density (3 DU/acre) in conformance with Chapters 18.27 Common Procedures and 18.34 Amendments to the General Plan of the San Carlos Municipal Code; and

WHEREAS, the City Council finds that an amendment to the General Plan Map to a land use designation of Single Family, Low Density (3 DU/acre) for the aforementioned property is consistent the San Carlos General Plan and Municipal Code.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of San Carlos does hereby resolve, determine and order as follows:

A. Findings

The City Council determines that the General Plan Map Amendment meets, and is consistent with, the following required General Plan policies:

1. POLICY LU-4.2 Annexation of all or portions of unincorporated residential areas shall only be permitted when public services and facilities meeting City standards are available to the lands proposed for inclusion in the city. All streets, sewage and drainage systems and police and fire protection must meet City standards. In no case shall the city taxpayer be burdened with paying for additional services for newly annexed lands. Funds for these services shall be generated through property tax revenue, the establishment of special assessment districts or they shall be paid for by the developer/property owner.
2. POLICY LU-4.5 Annexation of developed parcels shall be in substantial compliance with the following criteria:
 - a. The parcel is contiguous to parcels located in the City of San Carlos and contiguous to city streets.
 - b. The parcel is connected to the city's sanitary sewer system or can be connected to the city's sewer to the satisfaction of the City Engineer.
 - c. The structure on the parcel shall comply with the Building Codes in effect at the time the structures were constructed. A Code Compliance evaluation prepared by a licensed Civil Engineering or Architect shall be submitted to the San Carlos Building Department for review and approval prior to annexation.
3. POLICY LU-4.6 Parcels proposed for annexation to the City shall be rezoned:
 - a. (b) Other parcels proposed for annexation shall be rezoned R-1-LD Low-Density, Single-Family Residential District.
4. POLICY LU-4.7 Prior to annexation of parcels, public services and facilities meeting City standards shall be installed or provisions for their installation shall have been made to the satisfaction of the City Engineer. Public services and utilities include:
 - a. Construction and acceptance of improvements shall be completed prior to issuance of Building Permits or sewer connections.
 - b. Construction of streets meeting City subdivision street standards from the terminus of city streets currently meeting City standards to and throughout the subdivision. Where possible and appropriate and subject to environmental, health and safety considerations, rural road standards shall apply. Assessment districts may be used by the developer for installation of portions of the street which is the responsibility of the owner of abutting unimproved lands at the time their development.
5. POLICY LU-4.8 Annexation of parcels shall be in compliance with City General Plan policies.
6. POLICY LU-4.9 An environmental analysis under the provisions of the California Environmental Quality Act and a fiscal impact analysis shall be conducted.

B. Adoption

1. The City Council adopts an amendment to the General Plan Map with a land use designation of Single Family, Low Density (3 DU/Acre) for 252 Club Drive (APN: 049-050-050) as set forth in Exhibit "A".

* * * * *

I, Crystal Mui, hereby certify that the foregoing Resolution was duly and regularly passed and adopted as a Resolution of the City Council of the City of San Carlos at a regular meeting thereof held on the 12th day of November, 2019 by the following vote:

AYES, COUNCILMEMBERS: COLLINS, MCDOWELL, PARMER-LOHAN, RAK, OLBERT

NOES, COUNCILMEMBERS: NONE

ABSENT, COUNCILMEMBERS: NONE

ABSTAIN, COUNCILMEMBERS: NONE


CITY CLERK of the City of San Carlos

APPROVED:


MAYOR of the City of San Carlos

Exhibit A: General Plan Map for 252 Club Drive

**Exhibit A to Resolution No 2019 - 092
General Plan Map Amendment for 252 Club Drive, San Carlos**



.....General Plan Map Amendment, Land Use Designation: Single Family, Low Density (3 DU/AC)

ORDINANCE NO. 1558

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN CARLOS
ADOPTING A ZONING DISTRICT BOUNDARY MAP AMENDMENT FOR THE PROPERTY
LOCATED AT 252 CLUB DRIVE (APN: 049-050-050) TO ALLOW FOR PRE-ZONING OF
THE PROPERTY TO RS-3: SINGLE FAMILY, LOW DENSITY.**

The City Council of the City of San Carlos does ordain as follows:

SECTION 1:

WHEREAS, the San Carlos City Council has received an application from the property owners of 252 Club Drive (Assessor's Parcel Number (APN) 049-050-050) for a Zoning District Boundary Map Amendment to allow for a rezoning designation of RS-3: Single Family, Low Density as initial steps to annexation of the subject property from the County of San Mateo into the City of San Carlos; and

WHEREAS, the San Carlos City Council has received an associated application from the owners of the aforementioned property for a General Plan Amendment to a land use designation of Single Family, Low Density (3 DUs/Acre); and

WHEREAS, it is determined that the aforementioned property is located within the Local Agency Formation Commission ("LAFCo") adopted sphere of influence ("SOI") of San Carlos; and

WHEREAS, in accordance with the California Environmental Quality Act ("CEQA"), the City Council has determined that the application for associated Zoning District Boundary (Map) Amendment and associated General Plan Map Amendment for the aforementioned property is exempt from the provisions of CEQA pursuant to Section 15061(b)(3) Common Sense Exemption and Section 15319 Annexation of Existing Facilities and Lots for Exempt Facilities; and

WHEREAS, on October 21, 2019 the San Carlos Planning Commission conducted a public hearing for consideration of a Zoning District Boundary Map Amendment and Rezoning and Annexation for the aforementioned property to RS-3: Single Family, Low Density in consideration of a recommendation to the City Council regarding adoption of an Ordinance; and

WHEREAS, on October 21, 2019 the San Carlos Planning Commission adopted Planning Commission Resolution No. 2019-10 recommending City Council approval of a Zoning District Boundary Map Amendment and Rezoning and Annexation, which include the reasons for the recommendation, findings related to the criteria for zoning amendments in Section 18.35.080 and the relationship of the proposed amendment to applicable general and specific plans; and

WHEREAS, on November 12, 2019 City Council conducted a public hearing to consider the application from the property owners of the aforementioned property regarding a Zoning District Boundary Map Amendment and Rezoning of RS-3: Single Family, Low Density in conformance with Chapters 18.27 Common Procedures, 18.35 Amendments to the Zoning Ordinance and Map and 18.38 Rezoning and Annexation Procedure of the San Carlos

Municipal Code and to receive Planning Commission Resolution No. 2019-10 recommending approval of such; and

WHEREAS, the City finds that a Zoning District Boundary Map Amendment and Rezoning of RS-3: Single Family, Low Density for the aforementioned property is consistent with the City of San Carlos General Plan and Municipal Code.

SECTION 2:

The City Council makes the following findings:

A. Regarding Section 18.35.080 B. Zoning District Boundary Map Amendments of the San Carlos Municipal Code:

1. The change in district boundaries is consistent with the General Plan;

The site is proposed for a General Plan land use designation of Single Family, Low Density (3 DU/Acre), which is consistent and reflective of applicable General Plan policies.

2. The change in district boundaries is consistent with the purpose of this title to promote the growth of the city in an orderly manner and to promote and protect the public health, safety, peace, comfort and general welfare;

Annexation of this parcel is occurring in an orderly and systematic matter as City jurisdiction and services are currently immediately adjacent to the subject site would simply be extended to cover this one developed parcel. Annexation will provide clear and efficient emergency service to the site, which if left in its current state, could potentially harm the public health, safety, peace, comfort and general welfare.

3. The change in district boundaries is necessary to achieve the balance of land uses desired by the City, consistent with the General Plan, and to increase the inventory of land within a given zoning district;

Annexation of the parcel results in the addition of one new single-family home into the City's housing stock and slight increase in the annual property tax revenue to be received. The use and nature of the existing single-family home is consistent and complimentary to the established surrounding land use pattern of other single-family homes in the adjacent City neighborhoods.

B. Regarding Section 18.38.040 Annexation Regulations:

1. The site is located contiguous both to the City boundary and a City maintained street. A fiscal impact analysis has been prepared by an economic development and consulting firm, which concludes that the City will receive annual net revenue and that no additional recurring service costs are directly associated. Public services and facilities are determined to be available. The site meets the minimum lot size and density standards of the Zoning and Subdivision Ordinance.

SECTION 3: The approved Zoning District Boundary Map Amendment to prezone the property to RS-3: Single Family, Low Density is set forth in the map listed as Exhibit "A" and

with conditions of approval as set forth in Exhibit "B".

SECTION 4: Severability. That the City Council hereby declares that it would have passed this Ordinance sentence by sentence, paragraph by paragraph, and section by section, and does hereby declare that any provisions of this Ordinance are severable and, if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not effect the validity of the remaining parts of this Ordinance.

SECTION 5: Publication. This Ordinance shall be published and posted according to law and shall take effect and be in force from and after 30 days after its passage and adoption.

* * * * *

I, Crystal Mui, hereby certify that the foregoing Ordinance was introduced on the 12th day of November, 2019 and passed and adopted as an Ordinance of the City Council of the City of San Carlos at a regular meeting thereof held on the 25th day of November, 2019, by the following vote:

AYES, COUNCILMEMBERS: COLLINS, MCDOWELL, PARMER-LOHAN, RAK, OLBERT

NOES, COUNCILMEMBERS: NONE

ABSENT, COUNCILMEMBERS: NONE

ABSTAIN, COUNCILMEMBERS: NONE


CITY CLERK of the City of San Carlos


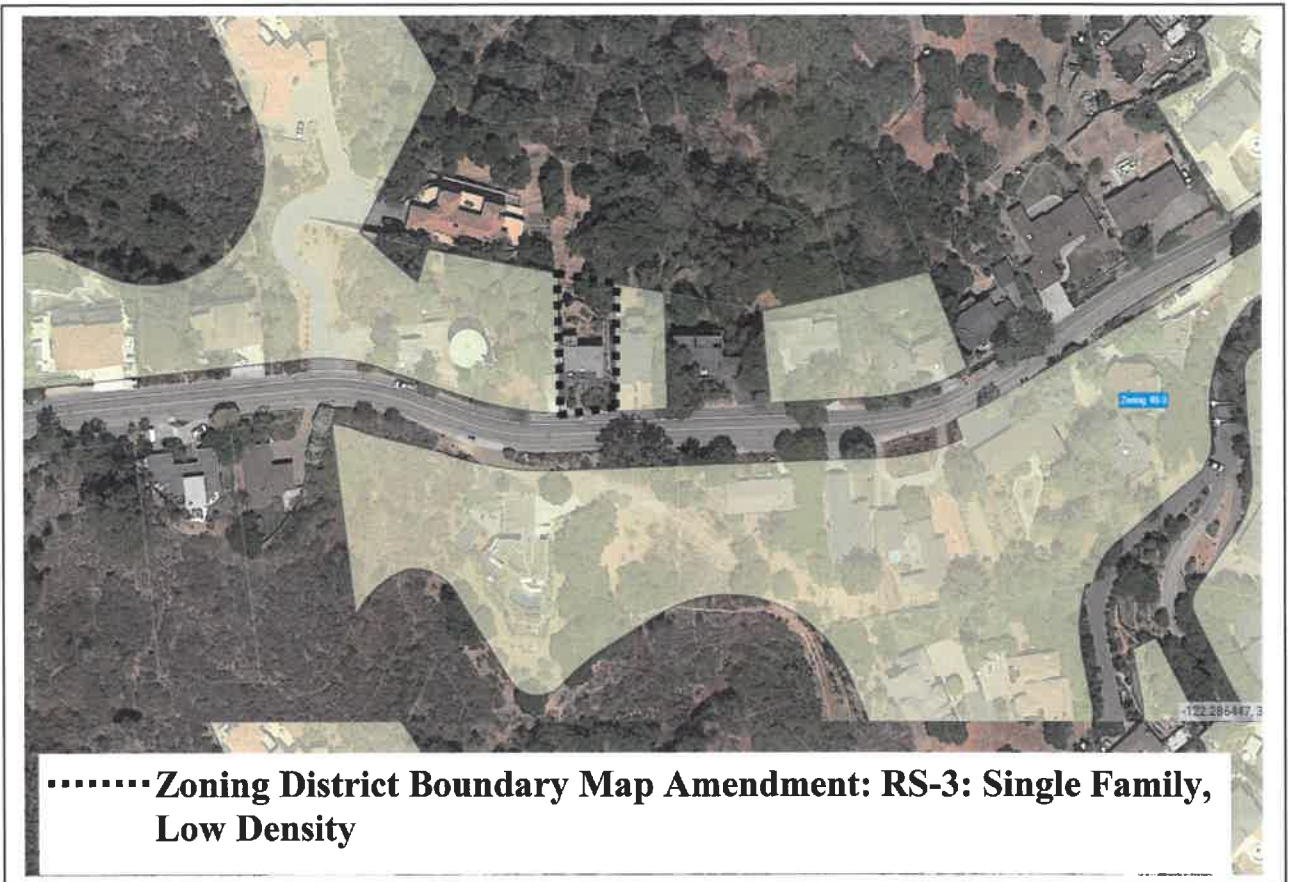
APPROVED: 
MAYOR of the City of San Carlos

Exhibit A: Zoning District Boundary Map Amendment

Exhibit B: Conditions of Approval

Exhibit A to Ordinance No.1558

Zoning District Boundary Map Amendment Map – 252 Club Drive, San Carlos



**Exhibit B to Ordinance No. 1558
Zoning District Boundary Map Amendment Conditions of Approval**

**ZONING DISTRICT BOUNDARY MAP AMENDMENT CONDITIONS OF APPROVAL
FOR ANNEXATION OF 252 CLUB DRIVE (APN: 049-050-050)**

1. The applicant shall apply to the Local Agency Formation Commission (LAFCo) for annexation to the City of San Carlos.
2. The rezoning shall remain the same for two years after annexation in compliance with Chapter 18.38 of the San Carlos Municipal Code.
3. The applicant shall comply with all future conditions of the Public Works Division, to the satisfaction of the Public Works Director, prior to annexation.
4. The applicant shall comply with any and all future conditions of the Building Division, to the satisfaction of the Chief Building Official, prior to annexation.
5. The applicant shall be responsible to obtain any and all required approvals from the San Mateo County Environmental Health Department.
6. The applicant shall comply with any and all future conditions of the Fire Department, to the satisfaction of the Fire Marshal prior to annexation.

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

November 10, 2021

To: LAFCo Commissioners

From: Martha Poyatos, Executive Officer
Rob Bartoli, Management Analyst

Subject: Time Extension for LAFCo File No. 19-03 - Annexation of 252 Club Drive, Unincorporated San Mateo County (APN 049-050-050) to the City of San Carlos

Summary

On January 15, 2020, the Commission approved the annexation of 252 Club Drive to the City of San Carlos because the septic system on the property had failed and the owner wished to obtain sewer service from the City. The City of San Carlos has approved the pre-zoning of the parcel and both the City and the County approved the required property tax exchange.

The Commission's approval was conditional upon the submittal of the map and legal description and Board of Equalization fee for the annexation and that the applicant completing all work associated with any County permits for the property. The map and legal description still need to be submitted to LAFCo for review and the applicants also need to finalize work regarding legalizing a basement conversion and the abandonment of the existing septic system.

Per Government Code Section 57001, if a certificate of completion for a change of organization or reorganization has not been filed within one year after the commission approves a proposal for that proceeding, the proceeding shall be deemed terminated unless prior to the expiration of that year the commission authorizes an extension of time for that completion. The original approval is set to expire on January 15, 2021. The owner has requested an additional extension to January 15, 2023 as COVID-19 has impacted their ability to complete the conditions of approval.

Recommended Commission Action by Resolution

By motion, approve a one-year time extension for LAFCo File No. 19-03 - Annexation of 252 Club Drive, Unincorporated San Mateo County (APN 049-050-050) to the City of San Carlos so that the annexation is completed no later than January 15, 2023.

COMMISSIONERS: WARREN SLOCUM, CHAIR, COUNTY ▪ MIKE O'NEILL, VICE CHAIR, CITY ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY
▪ JOSHUA COSGROVE, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT ▪ ANN DRAPER, PUBLIC

ALTERNATES: KATI MARTIN, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ TIM FOX, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST ▪ ANGELA MONTES, CLERK

Attachments

A. January 15, 2020 LAFCo staff report

cc: Henry and Maria Zuschlag, Property Owners
Jeff Maltbie, City of San Carlos
Grace Lee, City of San Carlos
Andrea Mardesich, City of San Carlos
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November 9, 2022

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: Adoption of a Municipal Service Review for the City of South San Francisco

Summary and Background

LAFCo prepared comprehensive Sphere of Influence (SOI) studies and adopted SOIs for cities and special districts in 1985 and has subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the new requirement to prepare MSRs in conjunction with or prior to SOI updates, LAFCo began the process of preparing Municipal Service Review (MSR) and SOI updates in late 2003. This Final Municipal Service Review (MSR) is the first MSR for the City of South San Francisco.

The City of South San Francisco was incorporated in 1908 with a population of 1,900 and has now grown to a population of 66,105 and a land area of 9.14 square miles. The City is a full-service city and provides the following services: law enforcement, fire, parks and recreation, library, transportation and streets, wastewater (with the exception of the Westborough neighborhood), storm water and solid waste.

The City is in a strong financial position and has healthy reserves funds. The City has been able to meet service demands and is in the process of updating the City’s General Plan to plan for future growth.

South San Francisco’s current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School.

Country Club Park is developed with single family homes, churches, and residential care facilities. While the majority of these properties are developed with on-site septic systems, several

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properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years. As more redevelopment occurs, within the Country Club Park, the City should evaluate service delivery patterns in this unincorporated area and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

The boundaries of the Westborough Water District (WWD) overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR does explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.

Updates to the Final Circulation MSR

LAFCO staff held a virtual public workshop for the Draft Circulation MSR on October 17th, 2022. Staff did not receive any comments during the workshop that impact the content of the Final MSR.

Several minor updates were made between the Draft Circulation MSR and the Final MSR based on comments received from the City of South San Francisco. These changes include statements acknowledging the following:

- The City's General Plan Update includes an action to conduct a study that considers long-term planning for the unincorporated sphere of influence, which is intended to be completed in the next 6-10 years (page 18).
- The City's policy for individual annexation includes a request for protest waivers as a condition of receiving services (page 18).
- If demand for sewer services continues, the City intends to fund a master sewer plan/study for the unincorporated area of Country Club Park, which would identify infrastructure costs, including sidewalk, curb, gutters and right of way (page 18).
- Additional information regarding the findings of a 2015 Grand Jury report that recommended that the Cities of South San Francisco and Daly City along with WWD discuss the possibility of Daly City and/or South San Francisco assuming WWD's water services. The City does not currently desire to become a water utility (page 29).
- LAFCO supports the continued engagement and collaborative working relationship between the City and the San Mateo County Harbor District related to the operation of the Oyster Point Marina (page 30).

All edits are shown in red in the MSR.

Current Key Issues

Key issues identified in compiling information on the City of South San Francisco include the following:

- South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School.
- Unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.
- The boundaries of the Westborough Water District, an independent special district, overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.
- While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.
- The City is in a strong financial position and has healthy reserves funds. The City has comprehensive fiscal policies, performs annual independent audits, and demonstrates high levels of transparency.
- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Proposed MSR Recommendations

As required by State law, there are seven areas of determination, including local policies as set forth in Section 56430.

1. Growth and population projections for the affected area.

2. The location and characteristics of any disadvantaged unincorporated communities¹ within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

For the final circulation, LAFCo has the following determinations and recommendations:

Growth and Population Determination

The latest estimate of the population of the City was 66,105. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030, a projected increase of 983 new residents a year, representing a growth rate of 1.4%. It is anticipated that City services will be adequate for this potential increase in population. The City should consider a plan for service and capital improvements for development in the City's unincorporated areas.

Disadvantaged Unincorporated Communities Determination

While there are no Disadvantaged Unincorporated Communities within the City's SOI, unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

¹ "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. This area of determination does not apply to the study area.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The proposed General Plan update calls for an annexation study for the City's unincorporated area and has a policy that will allow for individual annexations.

Recommendation -

1. LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. The annexation plan should evaluate infrastructure needs, including sewer and right-of-way improvements, of the unincorporated areas as well. The annexation plan should address infrastructure improvements, identify funding for these improvements, and assess different approaches to annexation of the areas.

Financial Ability Determination and Recommendations

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of "low", "moderate", and "high" risk, the City of South San Francisco is classified as "moderate" as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

The City conducts annual independent audits and has a finance division among its staff. Therefore, the City has ample financial oversight and the ability to provide services. The City continues to seek enhancements to revenue sources. Measure W is a local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that has been used to fund large capital improvement projects such as a new Civic Center Campus development which includes a new police station, library, parks and recreation facilities and council chambers. As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens' Oversight Committee. The Oversight Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

Like many public agencies, the City continues to address maintaining current levels of services as costs continue to rise. To address pension costs, the City established a CalPERS Stabilization Reserve to address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns. The City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

The City is well aware of these financial liabilities and a comprehensive MSR is unlikely to contribute additional valuable information.

Shared Service and Facilities Determination and Recommendations

The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the San Mateo County Harbor District. The City provides sewer service to several parcels in Country Club Park. The City is also the first responder for emergency fire and medical calls in this unincorporated neighborhood. LAFCo is not aware of any other opportunities that are not being utilized.

Recommendation -

1. LAFCo supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Accountability, Structure, and Efficiencies Determination of this report.
2. LAFCo supports continued engagement between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.

Accountability, Structure, and Efficiencies Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2020, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment policy, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

However, the City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. While there is no proposal for reorganization of either agency at this time, the MSR should evaluate potential reorganization options.

Recommendation -

1. WWD has a Sphere of Influence designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District's SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

- a. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco City Council serving as the governing board of the subsidiary district and the sewer water service

becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates for those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCSD transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.

- b. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCSD transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service
- c. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City's system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

Other Issues Determinations and Recommendations

The City is engaged in activities to address natural hazard mitigation and sea level rise for residents, businesses, and infrastructure.

Recommendation -

1. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.

Sphere of Influence Determination

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(e)):

1. The present and planned land uses in the area, including agricultural and open-space lands.

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. Country Club Park is developed with single family homes, churches, and residential care facilities. The City's proposed General Plan update would maintain these residential and open space land uses.

2. The present and probable need for public facilities and services in the area.

The majority of Country Club Park is developed, and most properties utilize is on-site septic systems. However, several properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years as properties have redeveloped or when septic systems have failed.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco.

Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services, as well as wastewater service for several parcels. The City's proposed General Plan update calls for an annexation planning study for the City's unincorporated area and has a policy that will allow for individual annexations.

As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. The annexation plan should evaluate infrastructure needs, including sewer and right-of-way improvements, of the unincorporated areas as well. The annexation plan should address infrastructure improvements, identify funding for these improvements, and assess different approaches to annexation of the areas.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The unincorporated areas in the City's SOI are wholly surrounded by the City. The City and these unincorporated areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the Sphere of Influence of the City of South San Francisco is proposed at this time.

Public/Agency Involvement

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budget, reports, policies, etc. On August 31, 2022, a Notice of Public Hearing for the Draft MSR was released by LAFCo and published in the San Mateo County Times. On September 14, 2022, a Notice of Availability was released by LAFCo that requested written comments from the public and stakeholders by October 17, 2022. No written comments were received from the public or stakeholders. In addition, notices were sent to every "affected agency", meaning all other agencies and school districts with overlapping service areas. Finally, LAFCo staff held a virtual workshop for the public during the comment period for both City of South San Francisco and Westborough Water District MSRs on October 17, 2022.

California Environmental Quality Act

The MSR is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for the of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The MSR collects data for

the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The MSR is also exempt from CEQA under the section 15061(b)(3), the common sense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA.

The MSR and SOI update will not have a significant effect on the environment as there are no land use changes associated with the documents.

Recommendation

1. Open the public hearing and accept public comment.
2. Accept the Final Municipal Service Review for the City of South San Francisco; and
3. Adopt the Municipal Service Review Determinations and Recommendations contained in this report.

Attachment

- A. Final Circulation of the Municipal Service Review for the City of South San Francisco
- B. Resolution No. 1298 for City of South San Francisco Municipal Service Review and Sphere of Influence
- C. City of South San Francisco Comment Letter Dated October 17, 2022



**Municipal Service Review and Sphere of Influence
Review for the City of South San Francisco**

Final Draft

Released November 9, 2022

Municipal Service Review and Sphere of Influence Review for the City of South San Francisco

SUBJECT AGENCY:

City of South San Francisco

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South San Francisco, CA 94080

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Circulation Final
LAFCo Municipal Service Review
and Sphere of Influence Update
City of South San Francisco
November 9, 2022

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EXECUTIVE SUMMARY

The following Municipal Service Review (MSR) focuses on City of South San Francisco (City). The City was incorporated in 1908 with a population of 1,900 and has now grown to a population of 66,105 and a land area of 9.14 square miles. The City is a full-service city and provides the following services: law enforcement, fire, parks and recreation, library, transportation and streets, wastewater (with the exception of the Westborough neighborhood), storm water and solid waste.

The City is in a strong financial position and has healthy reserve funds. The City has been able to meet service demands and is in the process of updating the City's General Plan to plan for future growth.

South San Francisco's current Sphere of Influence (SOI) encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School.

Country Club Park is developed with single family homes, churches, and residential care facilities. While the majority of these properties are developed with on-site septic systems, several properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years. As more redevelopment occurs within Country Club Park, the City should evaluate service delivery patterns in this unincorporated area and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

The boundaries of the Westborough Water District (WWD) overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR does explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.

Section 1: Overview

This report is a MSR and SOI update for the City. California Government Code Section 56430 requires that the Local Agency Formation Commissions (LAFCos) complete MSRs and SOI reviews on all cities and special districts. LAFCo is an independent entity with jurisdiction over the boundaries of cities and special districts. An SOI is a plan for the boundaries of a city or

special district. The MSR and SOI update do not represent a proposal¹ for reorganization of agencies, but rather a State-mandated study of service provisions of an agency.

Once adopted, the service review determinations are considered in reviewing and updating the SOI pursuant to Section 56425. The SOI, which serves as the plan for boundaries of a special district, is discussed in the second part of this report. This State-mandated study is intended to identify municipal service delivery challenges and opportunities and provides an opportunity for the public and affected agencies to comment on city, county, or special district services and finance; and opportunities to share resources prior to LAFCo adoption of required determinations.

San Mateo Local Agency Formation Commission

San Mateo Local Agency Formation Commission (LAFCo or “the Commission”) is a State-mandated, independent commission with county-wide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations, and dissolutions. LAFCo also has authority over extension of service outside city or district boundaries and activation or divestiture of special district powers. Among the purposes of the Commission are discouraging urban sprawl, preserving open space and prime agricultural lands, planning for the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. LAFCo operates pursuant The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) contained in Government Code Sections 56000 and 57000. The Commission includes two members of the County Board of Supervisors, two members of city councils from the 20 cities, two board members of 21 of the 22 independent special districts, a public member, and four alternate members (county, city, special district, and public).

LAFCo prepared comprehensive SOI studies and adopted SOIs for cities and special districts in 1985 and has subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the CKH Act and the new requirement to prepare MSRs in conjunction with or prior to SOI updates, LAFCo began the process of preparing MSR and SOI updates in late 2003. Studies were first prepared on sub-regional and County-wide independent special districts, followed by South County cities and special districts. This is the first MSR for the City of South San Francisco.

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County, 20 cities, 22 independent special districts, five subsidiary districts governed by city councils, and 33 County-governed special districts. It merits emphasis that the County plays a dual role that differs from cities or districts. Districts provide a limited set of services based on enabling legislation, while cities generally provide basic services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the

¹ An application for annexation may be submitted by 5 percent of the voters or landowners of territory proposed for annexation or by resolution of the District.

State, provides a vast array of services for all residents, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. Along with independent water, sewer, and fire districts, the County also provides basic municipal services for residents who live in unincorporated areas. According to Census 2020 data, 63,205 of the County’s total 765,417 residents live in unincorporated areas.

Purpose of a Municipal Service Review/Sphere of Influence Update

This MSR/SOI Update examines the City of South San Francisco.

LAFCo prepares the MSR and SOI update based on source documents that include Adopted Budgets, Basic Financial Reports and Audits, Capital Plans, Urban Water Management Plans, and Planning Documents, including the General Plan. Draft MSRs and SOI updates are then circulated to the agencies under study, interested individuals and groups. The Final MSR and SOI update will include comments on the circulation draft and recommended determinations for Commission consideration. MSR determinations must be adopted before the Commission updates or amends an SOI.

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

² “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. This area of determination does not apply to the study area.

Sphere of Influence Determinations:

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425):

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

This SOI update incorporates information and determinations in the MSR as well as changes that have taken place since the SOI was originally adopted and provides for public input on the five areas of determination listed above. Comments to LAFCo by affected agencies, organizations, or individuals are requested in order to be included in the Executive Officer's report to the Commission.

As established by LAFCo in 1976, reaffirmed in 1992, and amended in 2001, the SOI designation for the City of South San Francisco includes areas of unincorporated San Mateo County including County Club Park and the California Golf Club.

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to "disadvantaged unincorporated communities," including the addition of SOIMSR determination #35 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or "DUCs," are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. The City of South San Francisco provides wastewater and fire protection, however there are no Disadvantaged Unincorporated Communities within the City's Sphere of Influence.

Section 2. Summary of Key Issues

Key issues identified in compiling information on South San Francisco include the following:

- South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated

islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School.

- Unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.
- The boundaries of the Westborough Water District, an independent special district, overlaps with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.
- While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.
- The City is in a strong financial situation and has healthy reserve funds. The City has comprehensive fiscal policies, performs annual independent audits, and demonstrates high levels of transparency.
- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Section 3: City of South San Francisco

Background

In 1852, Charles Lux established a cattle operation in the area known today as South San Francisco and San Bruno. Later, this operation was purchased by Gustavus Swift and established a new stockyard and marketplace. In keeping with his naming his other business locations (South Omaha and South Chicago), he created the South San Francisco Land and Improvement Company. A decade later, on September 19, 1908, the City of South San Francisco formally incorporated. At the time of incorporation, the population totaled 1,989³. Over the decades, the City annexed territory to expand its boundaries, with numerous annexations from the 1950s to the 1990s. A number of these annexations converted former agricultural operations into residential developments.

³ City of South San Francisco 1999 General Plan and South San Francisco Fiscal Year 2022-23 Adopted Budget

Boundaries

The City has a population of 66,105⁴ and a land area of 9.14 square miles. The City shares its boundary with the cities of Brisbane and Daly City and the Town of Colma to the north, San Bruno and the San Francisco International Airport to the south and the City of Pacifica to the west. The eastern proportion of the City boundary is the San Francisco Bay. The original SOI included San Bruno Mountain and the San Francisco Airport. This was reviewed in 1976 removing San Bruno Mountain and the Airport from the SOI and including the Rod McLellan Nursey, Country Club Park, the California Golf Club, and Ponderosa Elementary School. Subsequent annexations included: several annexations in 1979, portions of San Bruno Mountain in 1983, and Rod McLellan Nursey in 1997. (Attachment A).

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. These boundaries can be seen in Figure 1.

Mission Statement

The adopted mission statement of the City of South San Francisco is to provide a safe, attractive and well-maintained City through excellent customer service and superior programs and to have a work ethic that will enhance the community's quality of life.

To that end, the City will strive to nurture a partnership with the community by recruiting a diverse and highly skilled workforce, be an active partner in quality education and attract and retain a prosperous business community, all of which will foster community pride and understanding.⁵

Structure and Governance

The City of South San Francisco is a municipal corporation operating under the general laws of the State of California⁶. The City is a legally separate and fiscally independent agency. It can issue debt, set and modify budgets, collect fees for services, sue and be sued.

The City operates under the Council-Manager form of government with a five-member council elected by district⁷. The positions of City Treasure and City Clerk are also elected positions. The City Manager serves as the administrative head of city government overseeing the departments of fire, police, city attorney, city clerk, economic and community development, finance, human resources, Information Technology, library, parks and recreation, and public works.

⁴ 2020 US Census

⁵ City of South San Francisco, <https://www.ssf.net/our-city/about-south-san-francisco/mission-statement>

⁶ General law cities are governed by the California Government code. Charter cities are governed by the adoption of charters

⁷ In 2020, the City transitioned from at-large representation to district elections

The five city council members are elected to four-year terms. Elections are held in even-numbered years. Three members are elected together, and the other two are elected in the next election. In 2020, residents within District 2 and District 4 voted for one councilmember each. In 2022, elections will be held for District 1, 3, and 5. The election for the positions of City Treasure and City Clerk remain at-large.

The City has eleven council-appointed commissions that are devoted to various aspects of community life including planning, recreation, public arts, bicycle and pedestrian access, and the public library.

The City Council meets on the second and fourth Wednesdays of every month at 7:00 pm at the Municipal Services Building at 33 Arroyo Drive, South San Francisco, CA 94080.

Agendas, staff reports, and minutes are available on the City's website. The City publishes a newsletters and sends several emails a week with updates from City administration and the Council.

Since the Governor's Order in March 2020, the City council has held hybrid meetings allowing for both in-person and remote participation, except during COVID-19 spikes when all meetings were virtual. City committees, boards and commissions have met via Zoom and allowed for public participation since March 2020.

In Fiscal Year 2021-22, the City employed a total of 581.22 full-time equivalent employees (FTEs) consisting of 7 elected officials, 469 full-time FTEs, 6.56 Part-time regular positions, and 98.66 Hourly positions.

Municipal Services

As a general-purpose city, South San Francisco provides essential municipal services. Municipal services provided by the City and reviewed in the MSR include:

- Law enforcement
- Fire
- Parks and Recreation
- Library
- Transportation and streets
- Wastewater (with the exception of the Westborough neighborhood)
- Storm water
- Solid waste

The City provides some service outside of its boundary area, some of which were extended outside of the City prior to the requirements for LAFCo approval. South San Francisco provides some wastewater service to parcels within the unincorporated Country Club Park area.

Section 4: Affected Agencies

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a SOI. Notice shall be provided at least 21 days in advance and mailed notice shall be provided to each affected local agency or affected County, and to any interested party who has filed a written request for notice with the LAFCo Executive Officer. Per Government Code Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (including proposed changes to the SOI).

The affected local agencies for this MSR/SOI are:

County and Cities:

County of San Mateo

City of South San Francisco

School District:

Brisbane Elementary School District

South San Francisco Unified School District

Independent Special Districts:

Westborough Water District

Section 5: Potentially Significant MSR Determinations

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most, or all, of the determinations are not significant, as indicated by “no” answers, the Commission may find that an MSR update is not warranted.

	Growth and Population		Disadvantaged Unincorporated Communities
	Capacity, Adequacy & Infrastructure to Provide Services		Financial Ability
X	Shared Services	X	Accountability, Structure, and Efficiencies
X	Other		

1) Growth and Population

Growth and population projections for the affected area.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?			X
b) Will population changes have an impact on the subject agency’s service needs and demands?			X
c) Will projected growth require a change in the agency’s service boundary?			X

Discussion:

a) Anticipated growth: The City of South San Francisco is the land use authority within city boundaries, while San Mateo County is the land use authority for unincorporated areas in the City’s SOI. The City is currently in the process of updating their general plan, which was last adopted in 1999. The current population of the City is 66,105 as estimated by the US Census. This is an increase of approximately 4,000 residents from 2010. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030. However, per the California Department of Finance, the City’s population decreased by 0.9% in 2021 over the previous year.

State law requires that the Association of Bay Area Governments (ABAG) quantify and allocate housing needs to each jurisdiction within the Bay Area. In periodic updates to the general plan’s Housing Element, each Bay Area jurisdiction must then demonstrate how it will meet that need over the next planning period. Recently, ABAG adopted the Regional Housing Need Allocation (RHNA) for the 2023-2031 cycle. The City was allocated 3,956 units. 871 units are for very-low income, 502 for low income, 720 for moderate income, and 1,863 units for above moderate income. The City is currently in the process of updating all sections of its General Plan and will update the City’s Housing Element as well. For the previous RHNA cycle (2015-2022), the City was allocated 1,864 units. As of December 2020, 977 units have been permitted. Of these units, 85% (834 units) are above moderate income, in addition to 80 very low-income units, 5 low income, 58 moderate income units.

b) Change on demand for services: The City has identified housing opportunities well in excess to meet its RHNA of 1,864 housing units between 2014 and 2022 and will undergo a similar review for the 2023-2031 RHNA cycle. The City does not anticipate that growth patterns will expand beyond the City’s current SOI. As part of the City’s General Plan Update, the City has

developed draft land use, safety/climate adaption, and parks and public facilities plans that factor in the City’s projected growth through 2040.

When development projects are proposed in the City, departments review if there will be impacts to services. The City also imposes several impact fees to address any increase or expansion of services provided by the City. Within the near term, it is unlikely that projected growth will have a substantial impact on the City’s ability to serve its residents.

c) Change in boundary to accommodate growth: As there is limited unincorporated territory for growth, the vast majority of this population increase will occur within the existing boundaries of the City via in-fill development. Within the unincorporated area of Country Club Park, development or redevelopment of properties will likely be contingent upon sewer service from the City. While some of the unincorporated properties have existing sewer connections from the City, the majority of properties are served by on-site septic systems.

Growth and Population MSR Determination

The latest estimate of the population of the City was 66,105. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030, a projected increase of 983 new residents a year, representing a growth rate of 1.4%. It is anticipated that City services will be adequate for this potential increase in population. The City should consider a plan for service and capital improvements for development in the City’s unincorporated areas.

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?			X
b) Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?			X
c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated			X

community (if “no” to either a) or b), this question may be skipped)?			
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Discussion:

a-c) Disadvantaged unincorporated communities: The City of South San Francisco provides wastewater and fire protection services that would potentially activate the provisions of SB 244. The Country Club Park neighborhood is an unincorporated island within the SOI of the City and is wholly surrounded by the City of South San Francisco. However, under SB 244, Country Club Park is not considered a disadvantaged unincorporated community per the latest information from the State of California. (A “disadvantaged community” is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income).

As noted, the City does provide service for Country Club Park the California Golf and Country Club. Country Club Park is developed with single family homes, churches, and residential care facilities. While the majority of these properties are developed with on-site septic systems, several properties are connected to the City’s sewer system. In addition, requests for sewer connections have increased in recent years.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco. Emergency fire response is provided by the City via Fire Station 61, only 1.5 miles away (see Figure 2).

Similarly, Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

Disadvantaged Unincorporated Communities MSR Determination

City of South San Francisco provides wastewater and fire protection, however there are no Disadvantaged Unincorporated Communities within the City’s SOI.

Recommendations:

1. While there are no Disadvantaged Unincorporated Communities within the City’s SOI, unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

3) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X
d) Are there any significant infrastructure needs or deficiencies to be addressed?			X
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related			X

to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?			
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Discussion:

a-b) Capacity to serve customers: The City of South San Francisco provides core municipal services that are delivered primarily by City staff, including police and fire protection; building permitting and inspection; land use management; and maintenance of roads, public facilities, water, sewer⁸, and storm drainage infrastructures. The primary service providers for the major municipal services discussed in this report are summarized in Table 1.

Table 1: Service Delivery Model by Major Service Function

Major Service Function	Primary Service Provider	Non-City Service Provider, if applicable
Animal Control	Agreement	Peninsula Humane Society & SPCA
Fire and EMS	City	
Law Enforcement	City	
Library	City	
Parks and Recreation	City	
Planning/Building	City	
Solid Waste and Recycling	Agreement	South San Francisco Scavenger Company, Inc.
Streets	City/Agreement	Caltrans (El Camino Real/CA Highway 82)
Stormwater	City	
Utilities		
Electricity/Gas	JPA/Private Company	Peninsula Clean Energy/Pacific Gas and Electric
Water	Private Company/District	Calwater for majority of South San Francisco and unincorporated area and Westborough Water District (Westborough area only)
Sewer	City/District	City of South San Francisco and Westborough Water District (Westborough area only)

Law Enforcement

The City of South San Francisco provides law enforcement and dispatch services within the City limits. The City also provides 911 dispatch services for the City of Pacifica and the Town of

⁸ Westborough Water District provides service to the Westborough neighborhood of South San Francisco

Colma. The South San Francisco Police Department service-provider of indoor firearms range training facilities for the City of Hillsborough, Burlingame, and the U.S. Marshall's Service.

In total, the South San Francisco Police Department has 83 sworn officers. During FY 2018-2019, there were 41,363 calls for service. Over the last two years, there were only 11 calls for service in the Country Club Park area.

Fire

South San Francisco Fire Department responded to 7,417 calls for service in FY 2018-19. This includes 149 calls for service in the unincorporated areas of Country Club Park, the California Golf Club, and Westborough Boulevard.

The City's goal for priority one dispatched calls is to have response within 7 minutes of these emergency calls. The Fire Department has an Insurance Services Office (ISO) Class 2 ranking, with Class 1 being the highest ranking. This ranking is based on the City emergency communications systems, fire response, and water supply.

The City is also the only fire department in San Mateo County that operates its own advanced life support and basic life support ambulances for paramedic transport service. These services are provided through the City's service area and includes the unincorporated areas of Country Club Park, the California Golf Club, and Westborough Boulevard.

San Mateo County Public Safety Communications provides dispatch services for South San Francisco Fire Department.

Streets

The City maintains 155 street miles and associated sidewalks, 54 miles of bike lanes, and 4,492 streetlights. Street sweeping is provided by the City. The City's pavement condition index (PCI) for 2018 was 75, which is considered good/fair by the Metropolitan Transportation Commission⁹.

The County of San Mateo maintains 4.8 street miles in Country Club Park as well as the unincorporated portion of Westborough Boulevard between Camaritas Avenue and Junipero Serra Boulevard and a portion of Hillside Boulevard between Stonegate Drive and Holly Avenue. Some small sections of Westborough Boulevard are within city limits owing to the irregular boundary on the west bound side. Westborough Boulevard is a main thoroughfare traffic traveling to and from Interstate 280, Junipero Serra Blvd. and El Camino Real. The roadway does not provide access or egress to unincorporated lands. There is now a maintenance access driveway off of unincorporated Westborough Boulevard to the California Club. LAFCo recommends that the roadway be annexed to the City in the future.

Stormwater

The City's stormwater system is managed and maintained by the City's Public Works Department. The City manages over 96 miles of storm drains. The crew also responds to

⁹ <https://www.vitalsigns.mtc.ca.gov/street-pavement-condition>

mandates imposed by the federal Clean Water Act as monitored by the Regional Water Quality Control Board (RWQCB) to lessen pollution and damage to streets and structures.

San Mateo County Flood and Sea Level Rise Resiliency District manages the Colma Creek Flood Control Zone. The Zone was created in 1964 to construct flood control facilities in Colma Creek to alleviate flooding in the City of South San Francisco. The District, County Public Works, and the City of South San Francisco work in conjunction to address flooding concerns from Colma Creek.

Wastewater

The City's Water Quality Control Plant provides secondary wastewater treatment for South San Francisco, the City of San Bruno, the Town of Colma, and portions of the City of Daly City. It also provides dechlorination treatment of effluent for the Cities of Burlingame and Millbrae and the San Francisco International Airport prior to discharge into the San Francisco Bay. The City also maintains the 120 miles of the sewer lines that transport wastewater to the treatment facility.

Parks and Recreation

The City Parks and Recreation Department manages nearly 300 acres of parks and open space including:

- 145 acres of 30 parks and playgrounds, including Orange Memorial Park and Centennial Way
- 100 acres of open space at Sign Hill Park, Oyster Point Marina, and a Community Garden
- 14 acres of athletic fields, partially shared with South San Francisco Unified School District
- 24 acres of street medians, 4 acres of green spots, 8 acres of parking lots, and 10.9 acres of other city landscaping

As of FY 2021-22, approximately 16,000 unique individuals per year enroll in Parks and Recreation programs (classes, camps, childcare, sports, senior services, etc.), and the department also received approximately 20,000 individuals for drop-in programs. These numbers do not include the nearly 200,000 people served through the Parks and Recreation Department's special events and private events, nor does it include all park visitors. An additional 200,000 visitors attend programs at the Orange Pool each year.

The Parks and Recreation Department has stated that the waiting lists include about 6,000 individuals, primarily for youth programs, aquatics programs, and childcare services. The Department has sufficient staffing based on the current capacity of City facilities in order to operate existing programs. However, the Department said that it would need additional facilities and staff in order to grow its programs to meet the demand evidenced by its lengthy waiting lists and the City's projected population growth. A new Library and Parks and Recreation Center is set to open in mid-2023 to address this need. Construction of a new preschool center and aquatic center is being explored, with hopes to open in the next few years.

The Department charges fees for classes, sports activities, certain senior services, special events, aquatics programs, rental of facilities, and preschool/childcare. These fees are charged at a higher rate for non-residents.

Library

The City operates two library branches, the Grand Avenue Branch Library which opened in 1917 and the Main Library at 840 West Orange Avenue which opened in 1966. The two libraries typically circulate more than half a million items per year and receive almost 300,000 visitors per year. The Library returned to pre-pandemic open hours in August 2021; circulation in FY 2020-21 was 449,000 items. In addition, the library manages a Community Learning Center (CLC), located on the South San Francisco Unified School District (SSFUSD) Spruce Elementary School campus. The CLC provides afterschool homework programs primarily for Title I school students, computer classes and open lab, citizenship classes and more. The libraries also provide computer and Wi-Fi access to members of the community, with expanded Wi-Fi access and computer lab assistance during the pandemic. Pre-pandemic, the library had over 68,000 attendees at 2,747 programs; with the return of full open hours and expansion of in-library programming, attendance and usage are anticipated to return to pre-pandemic levels. The library system also coordinates efforts with the SSFUSD on various initiatives, including supporting the Big Lift program. South San Francisco Public Library is fine-free. The City is currently constructing a new library and park and recreation center on El Camino Real that will replace the Main Library. The City is studying the conversion of the existing Main Library to a childcare facility.

South San Francisco Public Library is a member of the Peninsula Library System, a consortium of the 34 public and community college libraries in San Mateo County.

Issues related to the City's existing or future capacity to provide services have not been identified. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

c) Adequacy of service: Issues related to adequacy of services have not been identified.

d) Infrastructure needs: The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. The FY 2020-2021 CIP covers sewer, park, and road projects, the construction of a new police and 911 dispatch center, and sea level rise planning at the City's wastewater treatment plant. \$195 million was appropriated for the projects listed in the 2020-21 CIP.

e) Pending legislation: According to City staff, the State Water Resources Control Board has initiated a study regarding the impacts of wastewater discharge and nutrient level in the San Francisco Bay. Depending on the outcome of this study and potential new regulations, the City's wastewater treatment plant may need significant upgrades to address nutrient removal in wastewater.

f) Disadvantaged Unincorporated Communities: No. Please see response to 2a-c.

Capacity and Adequacy of Public Facilities and Services MSR Determination

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a CIP for City owned infrastructure and facilities. A comprehensive General Plan Update is currently under process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

As noted in previous sections of the MSR, the unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The proposed General Plan update calls for an annexation study for the City’s unincorporated area **that is anticipated to be completed in the medium-term (6-10 years) time frame. The City has a policy that will allow for individual annexations, which includes a request for waivers of protests against future annexation from said property owners as a condition of receiving services to preserve the path for orderly development. If demand continues, the City intends to fund a master sewer service plan/study for the unincorporated area of Country Club Park, which would identify infrastructure costs, including sidewalk, curb, gutters and right of way.**

Recommendations:

1. LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City’s public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City’s wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. **LAFCo supports the City’s intention to include an evaluation of infrastructure needs, identification of funding for these improvements and an assessment of the different approaches to annexation for these areas into the annexation plan.**

4) Financial Ability

Financial ability of agencies to provide service	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management,			X

such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?			X
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?			X
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?			X
f) Is the organization’s debt at an unmanageable level?			X

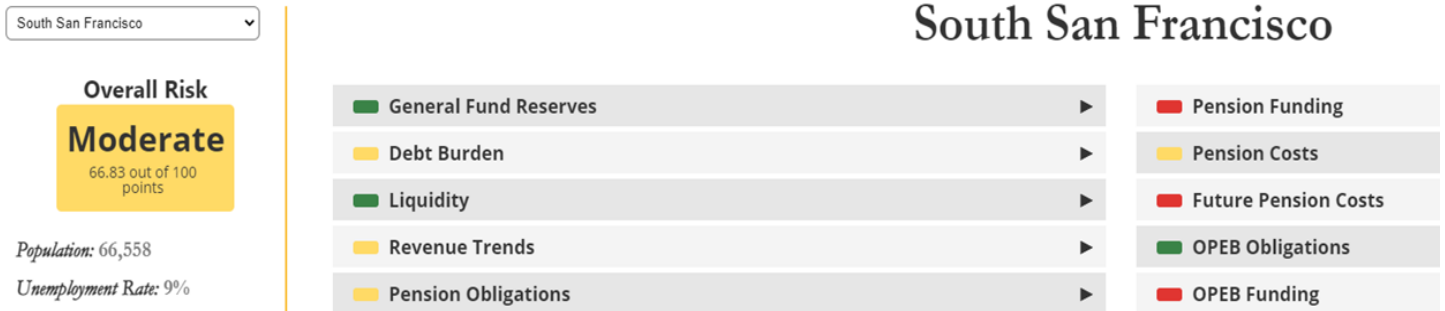
a) Budget and Audit process: The City of South San Francisco routinely adopts and operates a biennial budget with a budget cycle of July 1 through June 30. The process to develop the biennial operating budget begins in the middle of the current fiscal year. Over a period of six months, the Finance Department collaborates with the City Council, City Manager, and department executives to formulate and refine budget projections for the upcoming fiscal year.

Due to economic uncertainties stemming from the COVID-19 global pandemic, the City switched to an annual budget cycle starting from FY 2021-22 so the budget can reflect the dynamically changing conditions.

The City conducts annual independent audits as part of the City’s **Annual Comprehensive Financial Reports (ACFR)**, with the most recent audit being completed in January 2021 for the governmental activities and the major funds of the City as of June 30, 2020. The audit revealed no instances of non-compliance or material weakness in internal controls.

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of “low”, “moderate”, and “high” risk, the City of South San Francisco is classified as

“moderate” risk as illustrated by the key indicators below¹⁰. Pension and OPEB funding, and future costs, are the key City finance issues identified by the State Auditor.



The City believes that they have maintained strong financial position and reserves as indicated in the City’s **ACFR**. In 2020, Standard and Poor’s rating agency assigned a AAA rating to the City. The AAA rating was affirmed in 2021 and 2022. The table below is from the latest City ACFR for FY 2020- 2021 posted on its website.

The FY 2022-2023 budget, including the General Fund operating budget and Capital Improvement Plan totals over \$423 million dollars and is the largest budget in the City’s history. Per the City’s 2022-2023 budget document, sales tax revenues have continued to rebound as spending returns toward pre-pandemic levels, and Transit Occupancy Tax (TOT) revenue is expected to continue to recover.

¹⁰ https://www.auditor.ca.gov/local_high_risk/dashboard-csa

Governmental Net Position

**Table 1
Governmental Net Position at June 30
(In Millions)**

			Increase / (Decrease)	
	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
Cash and investments	\$ 229.1	\$ 219.6	\$ 9.5	4.3%
Other assets	148.7	90.5	58.2	64.3%
Capital assets	383.1	301.5	81.6	27.1%
Total assets	<u>760.9</u>	<u>611.6</u>	<u>149.3</u>	<u>24.4%</u>
Total outflows of resources	31.2	29.4	1.8	6.1%
Total outflow of resources	<u>31.2</u>	<u>29.4</u>	<u>1.8</u>	<u>6.1%</u>
Long-term debt outstanding	157.5	56.8	100.7	177.3%
Other liabilities	301.0	276.3	24.7	8.9%
Total liabilities	<u>458.5</u>	<u>333.1</u>	<u>125.4</u>	<u>37.6%</u>
Deferred inflows of resources	1.6	3.2	(1.6)	(50.0%)
Total deferred inflow of resources	<u>1.6</u>	<u>3.2</u>	<u>(1.6)</u>	<u>(50.0%)</u>
Net position:				
Net investment in capital assets	316.1	296.2	19.9	6.7%
Restricted	160.2	138.7	21.5	15.5%
Unrestricted	(144.2)	(130.2)	(14.0)	10.8%
Total net position	<u>\$ 332.1</u>	<u>\$ 304.7</u>	<u>\$ 27.4</u>	<u>9.0%</u>

General Fund

The FY 2022-23 Operating Budget for the General Fund is balanced, with total revenues at \$122.3 million and \$122.2 million in expenditures. In FY 2020-21, the General Fund is projected to be balanced, with total revenues of \$115.8 million and expenditures of \$113.2 million. The FY 2021-2023 General Fund had a \$2.8 million deficit, largely due to the economic impacts of the Covid-19 pandemic. The shortfall was address through a combination of the American Rescue Plan (ARP) Act funds and reserve funds

City of South San Francisco General Fund Budget 2019-2023					
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Change of 2021-22 from 2022-23
Revenues	\$113,882,815	\$115,768,363	\$110,263,558	\$122,262,182	9.1%
Expenditures	\$111,563,666	\$113,118,974	\$113,050,543	\$122,206,770	8.1%
Net	\$1,808,037	\$2,295,732	-\$2,786,985	\$55,412	

The City’s General Fund includes taxes, permit fees, charges for services, grants and other sources. Taxes account for 66% of total revenues, which include: property taxes, sales taxes, TOT, parking tax and business license tax.

General Fund expenditures are monitored and tracked at the line-item level. Public safety activities (Police and Fire) account for 55% of all General Fund Expenditures. Administrative departments such as Finance, Human Resources and the City Manager account for 9% of all General Fund Expenditures.

Budgeted Revenues by Source

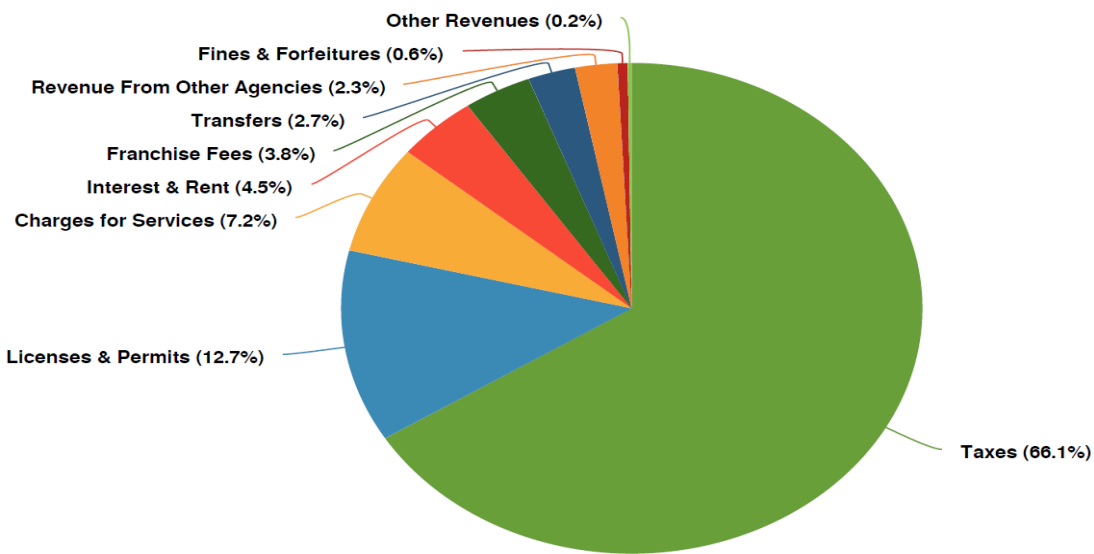


Figure 1 (Source – South San Francisco FY22-23 Budget)

Budgeted Expenditures by Department

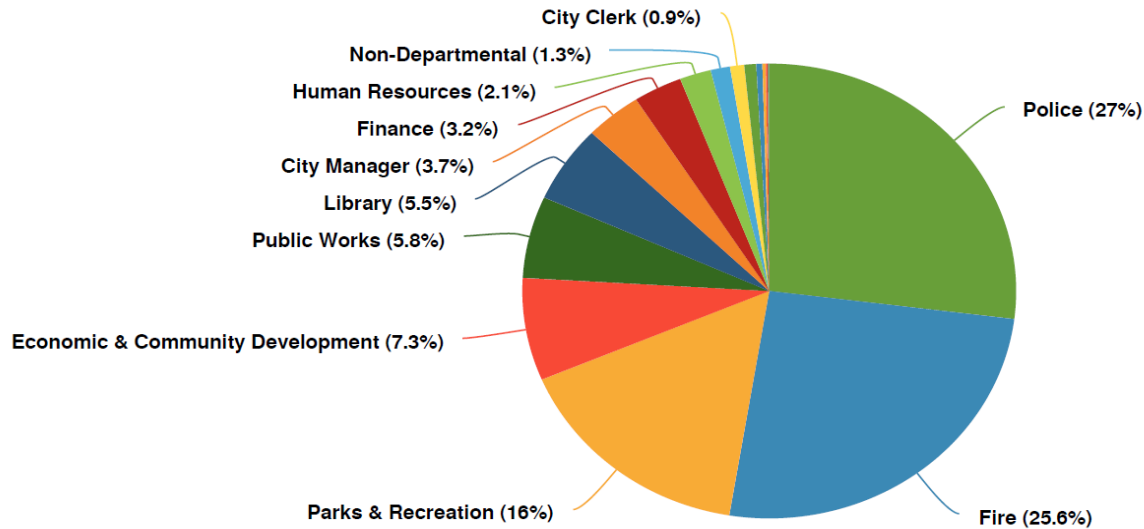


Figure 2 (Source – South San Francisco FY22-23 Budget)

Pension Liability

The City’s Net pension liability to CalPERS for fiscal year ending June 30, 2021 increased by \$12.2 million (6.3% increase) to \$205.3 million. The City’s net pension liability for the prior fiscal year was \$193.1 million. The liability increase was driven by revised actuarial valuations from CalPERS taking into account member contributions and investment earnings.

As noted in the California State Auditor’s risk indicator and the City’s ACFR, the City has a Pension Funded Ratio of 67%, which decreased from 73% funded in 2014-15. It is estimated that by 2027-28, 14% of the City’s revenue will be allocated to CalPERS pension obligations. This is an increase from the current allocation of 9% of the City’s revenue to CalPERS pension obligations as of FY 2019-2020. In 2021, the City hired a municipal advisor to develop pension funding strategies for its pension liability. In July 2022, the Superior Court of the State of California for the County of San Mateo filed a default judgment in validation proceedings for the issuance and sale of pension obligation bonds.

Other Post-Employment Benefits (OPEB)

Other post-employment benefits are the benefits that an employee begins to receive at the start of their retirement. These benefits typically include health or dental care and do not include the pension paid to the retired employee. The City’s most recent actuarial study estimates the City’s total OPEB liability at \$59.3 million, which reflects ongoing investment into the California Employers’ Retirement Benefit Trust (CERBT). The retiree health insurance

premiums are paid on a pay-as-you-go basis. In FY 2013-14, the City established a CERBT account, with annual contributions being made to that trust every year. Currently, there is about \$23 million in total assets in the City's CERBT account. The FY 2019-21 Adopted Biennial Operating Budget includes \$250,000 as an ongoing contribution from the General Fund to CERBT to further reduce the City's OPEB liability.

Effects of COVID-19

COVID-19 directly impacted the City's TOT. For FY 2020-2021 TOT revenue decreased by \$7.1 million, or 51.5%, to \$6.7 million in FY 2020-21 from \$13.8 million in the prior year. For FY 2022-2023, the City is estimating that its revenue stream will reach \$11.2 million in FY2022- 23 which is 65% of the pre-pandemic level.

For FY 2020-2021, sales tax increased by \$1.2 million. Per the City's ACFR, early in the fiscal year, shelter-in-place orders related to the COVID-19 pandemic had a negative impact on this category but as the year progressed and vaccines were rolled out, restrictions eased and the local and wider economy began to rebound and spending levels increased, driving a recovery in sales tax revenue.

To partially mitigate the negative financial impacts of COVID-19, cost saving measures were put into place very early, prior to the County's March 16, 2020, shelter-in-place mandate, mitigating some of the financial impact. These measures have included enacting a hiring freeze and implementing cost reduction measures limiting all non-essential spending. City staff notes that the City has ample reserves to provide for budgetary flexibility. The FY 2022-2023 Budget return all departments to full staffing and adds 22 new full-time employees.

b) Reserve: The City has an adopted General Fund Reserve Policy, with a reserve target of 20% of the operating budget. The adopted FY 2020-2021 budget allocated \$21.8 million to reserves and met the 20% target.

The City's Reserves Policy includes a reserve target of 2% of General Fund operating budget revenues for a Reserve for Emergencies. This level will cover approximately one week of operations.

The City Council created a CalPERS Stabilization Reserve at the end of FY 2015-16 to address CalPERS' pension volatility. This fund helps the City address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns.

c) Service charges: Per City staff, the City has not experienced any challenges in adjusting rates or fees. Rates are evaluated in five-year cycles, with the last rate schedule being adopted in 2019.

The City's enterprise funds are described below as stated in the City's 2020-21 ACFR:

Sewer Enterprise Fund

This fund accounts for user charges supporting the operation, maintenance, and capital renovation of the wastewater collection and treatment system. The City co-owns and operates a regional treatment plant with the City of San Bruno.

The Sewer Enterprise Fund reported operating income of \$33.8 million in FY 2020-21, an increase of \$2.7 million, or 8.6%, from \$31.2 million in the prior year, reflecting an increase in the amount contributed by other cities receiving wastewater treatment services from the City of South San Francisco's Wastewater Quality Control Plant (WQCP). Operating expenses increased \$0.6 million, or 2.0%, from \$ 25.5 million to \$26.1 million, reflecting the impact of increases in employee compensation along with slight increases in normal expenses like professional services and supplies.

Parking District Fund

This fund accounts for meter and parking permit fees used to acquire and maintain parking facilities.

In FY 2020-21, the Parking District Fund reported an operating loss (before non-operating revenues and operating transfers) of \$0.6 million which was an increase on the loss seen in the prior year of \$0.2 million. Operating revenues decreased by \$0.2 million, or 20.0%, from \$1.0 million to \$0.8 million, primarily due to reduced usage of parking meters during the first half of the year when COVID-19-related restrictions remained in force. Operating expenses increased by \$0.2 million, or 19.6% from \$1.1 million to \$1.3 million due to higher personnel costs and professional services expenses.

Storm Water Fund

The Storm Water Fund is used to account for resources needed to fund storm drain and storm infrastructure operations, maintenance, capital replacement, and compliance with various federal and state regulations regarding storm water runoff.

Revenues totaled \$0.4 million, which is flat compared to the prior year, primarily from a levy on property owners. Transfers from other funds totaled \$0.9 million – which is a \$0.2 million reduction from the General Fund and \$0.7 million from non-Major Governmental Funds. A one-off grant receivable for \$5.7 million was recorded in the year related to the Orange Memorial Park storm water capture CIP project. Operating expenses in this fund totaled \$0.9 million, down \$0.3 million, or 24.0%, from \$1.2 million in the prior year. Net position increased \$6.1 million from \$5.4 million to \$11.5 million, largely due to the grant received.

Measure W

This fund is used to account for revenues and expenditures associated with the Measure W local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that went into effect in April 2016. Measure W funds are unrestricted. Per the FY 2022-2023 budget, funds have contributed directly to capital improvement projects such as Phase I and II of the new Civic Center Campus development which includes a new police station, library, parks and recreation facilities and council chambers.

The City issued \$43.9 million in bonds in FY 2019-20 and \$86.4 million in FY 2020-21 to help fund design and construction of the civic center as well as an expanded street rehabilitation program and installation of solar panels at the new Civic Center and City corporation yard. In

May 2022, the City issued \$65.4 million in bonds for a new Aquatic Center, a new playground and ballfield at Orange Memorial Park and two replacement bridges over Colma Creek.

The FY 2022-23 budget includes \$13.8 million of Measure W revenue which is 8.6% higher than the FY 2021-22 adopted revenue budget.

As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens' Oversight Committee. The Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

d) Infrastructure maintenance: The City routinely adopts an Operating Budget and Capital Improvement Plan to fund necessary infrastructure maintenance, replacement and any needed expansion for City facilities. As part of the Operating Budget, the City Council approves an equipment replacement fund, which is used to accumulate funds for replacement of equipment and vehicles. Departments are charged an annual replacement charge to cover future equipment replacement costs. The City also charges impact fees on development to off-set impacts to city services, such as roads and sewer.

e) Fiscal policies: The City has comprehensive policies regarding investment, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies.

f) Agency debt: As of July 1, 2021, the City had \$223.7 million of outstanding debt. The majority of this outstanding debt is related to capital improvement project such as the construction of new Civic Center Campus and police station and capital improvement projects for the City's wastewater control plant and the City's sewer system. Debt service is backed through revenue proceeds by Measure W sales tax revenue for other capital improvement projects and either through sewer usage charges from the Sewer Enterprise Fund or through departmental charges for capital leases for wastewater related projects. No issues regarding the management of this debt have been identified.

In 2017, the City adopted a debt management policy that outlines when debt can be issued, the type of debt allowed, and the internal controls for debt management.

Financial Ability MSR Determination

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of "low", "moderate", and "high" risk, the City of South San Francisco is classified as "moderate" as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

The City conducts annual independent audits and has a finance division among its staff. Therefore, the City has ample financial oversight and the ability to provide services. The City continues to seek enhancements to revenue sources. Measure W is a local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that has been used to fund large capital improvement projects such as a new Civic Center Campus development

which includes a new police station, library, parks and recreation facilities and council chambers. As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens’ Oversight Committee. The Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

Like many public agencies, the City continues to address maintaining current levels of services as costs continue to rise. To address pension costs, the City established a CalPERS Stabilization Reserve to address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns. The City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

The City is well aware of these financial liabilities and a comprehensive MSR is unlikely to contribute additional valuable information.

.5) Shared Service and Facilities

Status of, and opportunities for, shared facilities	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?		X	
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?		X	

a) Ongoing shared services: The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of the following joint powers agencies/authorities:

- City/County Association of Governments (C/CAG)
- Peninsula Clean Energy Authority

- Peninsula Traffic Congestion Relief Alliance
- South San Francisco Unified School District
- San Mateo County Harbor District
- California Statewide Communities Development Authority; and
- City of South San Francisco Public Facilities Financing Authority

As noted previously, the City also provides 911 dispatch services for the City of Pacifica and the Town of Colma. The South San Francisco Police Department is service-provider of indoor firearms range training facilities for the City of Hillsborough, Burlingame, and the U.S. Marshall's Service.

In addition, it also shares extended sewer services with individual parcels and communities in the unincorporated territory of San Mateo County, with LAFCo approval.

The SSF Fire Department (SSFFD) has contracted with the County's Public Safety Communications for Emergency Dispatching of Fire and Ambulance resources. SSFFD also contracts with the County for OES support and the County HazMat team to assist with hazardous materials response in the City.

The City waste-water treatment staff shares services with the Town of Colma and the City of San Bruno for pretreatment inspection. Shared services also exist for the final effluent pumping for the Cities of San Bruno, Burlingame, Millbrae, and San Francisco International Airport.

The City's IT Department provides IT services to the Town of Hillsborough via a contract between the two agencies.

The City's Public Works Department provides traffic signal maintenance services for San Bruno, Colma, and Brisbane.

The Parks and Recreation Department coordinates community use of several sport fields owned by the SSFUSD through a Joint Powers Agreement (JPA) in which the City maintains these fields in exchange for community access. Also, through the JPA and a Childcare Memorandum of Understanding (MOU), the City operates Summer Camp at one elementary school campus and Before-and-After School programs on six elementary school campuses. For the first 15 months of the COVID-19 pandemic, the City operated full day Remote Learning programs at six elementary school sites for SSFUSD students who were participating in distance learning. In parallel with the reopening of in-person school programs, after school programs services have, as of August 2021, been restored. The City also is the provider of the Middle School Sports program for students enrolled in SSFUSD schools.

The City works collaboratively with the San Mateo County Harbor District as part of an agreement for the Oyster Point Marina. The City owns the Marina, but it has been operated by the District under a JPA since 1977. The City and the Harbor District entered into a MOU in 2018 which clearly delineates each parties' roles and responsibilities as it relates to shared maintenance, capital improvements, and sea level rise.

The 2018 MOU requires the City and the Harbor District to conduct an annual review of the MOU to ensure compliance with operational performance indicators as well as to update the joint liaison committee on the progress and implementation of the budget, any future planning, and recommended improvements. The most recent Oyster Point Marina Liaison Committee meeting was held on August 16, 2022. Per the 2022 Oyster Point Marina Annual Report, all operational performance indicators were satisfied.

b-c) Potential shared services: City staff reports that, in 2008, Emergency Services Consulting Inc. analyzed the feasibility of Pacifica contracting with South San Francisco Fire Department to provide fire protection and back-up ambulance services. The consultant determined that this option would be costlier than the City of Pacifica's membership in the North County Fire Authority.

Fire department consolidations in San Mateo County were also reviewed as part of 2010 Grand Jury Report. The reports concluded that the Fire Department for the City was not a candidate for consolidation at the time.

The City's boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within the Westborough neighborhood within the City limits. Calwater provides water service to the City, with the exclusion of WWD territory.

A 2015 Grand Jury report titled "San Mateo County's Cottage Industry of Sanitary Districts" recommended that WWD and the Cities of South San Francisco and Daly City discuss the assumption of services provided by WWD into Daly City and/or South San Francisco. Per City staff response to LAFCo, the City does not currently desire to become a water utility and noted that the costs of connecting the WWD sanitary sewers to the City sanitary systems are prohibitive. The City also notes that it is unlikely that the State Water Resources Control Board would approve the WWD addition to the SSF-SBWQCP because of the San Francisco Bay's assimilative capacity limitations.

Similarly, WWD staff reported to LAFCo that the District has explored options for providing sewer service, including connecting WWD's system to the City's sanitary system. In WWD's opinion this service option is not feasible due to the lack of an existing tie into the City's sewer system, the costs for construction of a line to that connects WWD sewer lines to the City's system, and the potential regulatory issues with increasing sewer discharge to the San Francisco Bay, where the current City treatment plant discharges (WWD sewer effluent flows to the treatment plant operated by the North San Mateo County Sanitation District). WWD notes that any potential construction or regulatory costs for a connection to the City's sewer system would be borne by the ratepayers of WWD.

Shared Services MSR Determination

The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the San Mateo County Harbor District. The City provides sewer service to several parcels in Country Club Park. The City is also the first responder for emergency fire and medical calls in this unincorporated neighborhood. LAFCo is not aware of any other opportunities that are not being utilized.

Recommendations:

1. LAFCO supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Section 6 of this report.
2. LAFCo supports **the** continued engagement **and collaborative working relationship** between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	Yes	Maybe	No
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?			X
b) Are there any issues with staff turnover or operational efficiencies?			X
c) Is there a lack of regular audits, adopted budgets and public access to these documents?			X
d) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?			X
e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?			X
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?		X	

a) Public meetings governance: The City of South San Francisco is governed by a five-member City Council elected by district. The five members are elected to four-year Council terms. Elections are held in even-numbered years. Three members are elected together, and the other two are elected in the next election. For 2020, residents within District 2 and District 4 will vote for one councilmember each. In 2022, elections will be held for District 1, 3, and 5. The election for the positions of City Treasure and City Clerk remain at-large.

The Council meets on the second and fourth Wednesday of each month at 6:00 p.m. The City complies with all Brown Act requirements in publicly noticing its meetings.

The City has a robust website with agenda packets, meeting minutes, and video for City Council meetings and various boards and commissions.

In response to restrictions brought on by COVID-19, the public has been able to participate in City Council meetings and other public meetings and events via Zoom, email, and phone.

b-c) Staffing: The City has not had any notable turnover in staff.

d) Transparency: The City annually produces an Annual Comprehensive Financial Report (ACFR) document which includes an independent audit. The City posts the ACFR on the City's website, along with past ACFRs. The audits have not found any deficiencies for 2021.

South San Francisco also undertakes a bi-annual operating budget and capital improvement plan. However, due to economic uncertainties stemming from the COVID-19 global pandemic, the City switched to an annual budget cycle starting from FY 2021-22 so the budget can reflect the dynamically changing conditions. The budget process and documents are accessible to the public.

e-f) Changes in governance structure: LAFCo has not identified any changes to the City's governance structure that will increase accountability, enhance services, or eliminate deficiencies.

g) Overlap with other agencies: The City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. WWD was formed in 1961 to provide domestic water and sewer service to an undeveloped area of unincorporated of South San Francisco. The area was later annexed to the City in 1963 and 1964, but WWD continued to provide water and sewer service to this area (Attachment B).

Accountability, Structure, and Efficiencies MSR Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2020, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investments, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

However, the City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. While there is no proposal for reorganization of either agency at this time, the MSR should evaluate potential reorganization options.

Recommendations:

1. WWD has a Sphere of Influence designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District’s SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

- a. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco, with the City Council serving as the governing board of the subsidiary district and the sewer water service becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates of those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCS D transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
- b. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCS D transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.

- c. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City’s system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

7) Other

Any other matter related to effective or efficient service delivery, as required by commission policy.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?		X	
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?	X		
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a) Other topics to be addressed: As noted in this MSR, the City of South San Francisco provides both emergency police and fire response to the unincorporated areas of California Golf and Country Club Park.

b.i) Water resiliency and sea level rise: While the City is not a water supply agency, the City coordinates development with both California Water Service and the Westborough Water District regarding water supply to development and residents in the City.

b.ii) The City of South San Francisco is actively involved in preparing for issues of both sea level rise and climate change. The City is party to two separate agreements with the U.S. Army Corps of Engineers (USACE) wherein USACE will study and design protections against sea level rise along the City's Bayfront. One USACE initiative is specifically focused on a solution to sea level rise impacting the City's Water Quality Control Plant; the second USACE initiative is focused on the broader Bayfront area within the boundaries of South San Francisco. The City's goal for each initiative is to have a USACE approved design developed, positioning the City well for future federal funding to actually construct the required protections.

The City requires that any new development adjoining the San Francisco Bay incorporate appropriate sea level rise protections into the development design and construction. Additionally, the City has initiated a city-sponsored study of a portion of Oyster Point which is owned by the City and which is at risk due to sea level rise. The City will seek grant funding to offset costs to taxpayers. Lastly, the City is currently rewriting its General Plan and will include a section in the Plan that addresses sea level rise and climate change. This effort includes development of a new Climate Action Plan.

The City collaborates with San Mateo County government, San Mateo County Flood and Sea Level Rise Resiliency District and the Colma Creek Commission. The City Manager and Public Works Director sit on the Colma Creek Advisory Committee which meets regularly with San Mateo County Flood and Sea Level Rise Resiliency District staff to discuss needed improvements in and along Colma Creek. Two projects that are currently underway are the Colma Creek Adaptation Plan and the Orange Memorial Park Stormwater Capture Project. The Stormwater Project, a partnership between the City and California Department of Transportation, is first of its kind in Northern California and will divert all dry-weather flow and the dirty first flush of urban stormwater runoff from Colma Creek into an underground system integrated within Orange Memorial Park. When the Stormwater Capture Project is complete, the underground storage will be able to hold up to 110 million gallons of run off, clean and treat the water, and then return the water to the creek and flow back into the Bay.

c.i-c.ii) Natural hazard planning: The City has a dedicated Emergency Services Manager who works full-time to train city staff, residents and others to respond to these hazards, as well as to ensure the City is well equipped to manage the impact of such disasters. The City follows the National Preparedness System, which outlines an organized process for everyone in the whole community to move forward with their preparedness activities and achieve the National Preparedness Goal. City staff are also trained in emergency preparedness and participate in disaster training.

The South San Francisco Community Emergency Response Team (CERT) is sponsored by the South San Francisco Fire Department and managed by the Emergency Services Manager. The program educates volunteers about disaster preparedness for the hazards that impact their area and trains them in basic disaster response skills, such as fire safety, light search and rescue, team organization, CPR and first-aid, HAM communications, incident command system, basic hazmat responder training, and emergency center operations.

The City participates in the Multi-jurisdictional Hazard Mitigation Plan for San Mateo County. The City has also developed fire disaster strategies to reduce the risk of wildland fires in the City. These efforts include fuel reduction, the creation of an Urban Forest Master Plan, Sign Hill Master Plan (in progress) and public outreach events. The City maintains a budget reserve equating to at least 20% of annual revenues in the event of a disaster.

Other Issues MSR Determination

The City is engaged in activities to address natural hazard mitigation and sea level rise for the City residents, business, and infrastructure.

Recommendation:

1. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and to continue to coordinate with partner agencies.

Section 6. Sphere of Influence Review and Update

Determinations

Section 56425 requires the Commission to make determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency. These include the following determinations:

1. The present and planned land uses in the area, including agricultural and open space lands.

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. Country Club Park is developed with single family homes, churches, and residential care facilities. The City's proposed General Plan update would maintain these residential and open space land uses.

2. The present and probable need for public facilities and services in the area.

The majority of Country Club Park is developed, and most properties utilize on-site septic systems. However, several properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years as properties have redeveloped or when septic systems have failed.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco.

Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The City's proposed General Plan update calls for an annexation planning study for the City's unincorporated area and has a policy that will allow for individual annexations.

As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. **LAFCo supports the City's intention to include in the Plan Update an evaluation of infrastructure needs, including sewer and right of way improvements, identification of funding for these improvements and an assessment of the different approaches to annexation for these areas into the annexation plan.**

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A

comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The unincorporated areas in the City's SOI are wholly surrounded by the City. The City and these unincorporated areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the Sphere of Influence of the City of South San Francisco is proposed at this time.

On the basis of the Municipal Service Review:

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

Appendix A. City of South San Francisco Fact Sheet

Mike Futrell, City Manager

City of South San Francisco

400 Grand Avenue

South San Francisco, CA 94080

CityInfo@ssf.net

(650) 877-8500

Date of Incorporation: September 19, 1908

City Councilmembers: Five-member board of directors elected to four-year terms. November 2020 marked the first South San Francisco by-district election, at which representatives from Districts 2 and 4 were elected. Until the November 2022 election, the other three Councilmembers will continue to serve the City At Large. At the November 2022 election, Districts 1, 3, and 5 will vote for their representatives.

Membership and Term Expiration Date: Mark Nagales, Mayor (District 2 - December 2024), Buenaflor Nicolas, Vice Mayor (At Large - December 2022), Mark Addiego, Councilmember (At Large - December 2022), James Coleman, Councilmember (District 4 - December 2024), and Eddie Flores, Councilmember (At Large - December 2022).

Compensation: This is a part-time, salaried position

City Treasurer: The City Treasurer is elected to a four-year term and is a part-time salaried position

Membership and Term Expiration Date: Frank Risso (December 2022)

Compensation: This is a part-time, salaried position

City Clerk: The City Clerk is an elected position and serves a four-year term.

Membership and Term Expiration Date: Rosa Govea Acosta (December 2022)

Compensation: This is a full-time, salaried position

Public Meetings: The second and fourth Wednesday of each month at 6:00 p.m., Municipal Services Building, Council Chambers, 33 Arroyo Dr., South San Francisco, CA 94080

Services Provided: Law enforcement, Fire, Parks and Recreation, Library, Transportation and streets, Wastewater (with the exception of the Westborough neighborhood), Storm water, and Solid waste

Area Served: 9.5 square miles

Population: 66,105

Number of Personnel: 581.22 full-time equivalent employees

Sphere of Influence: Status quo

Budget: See the City of South San Francisco Budget page

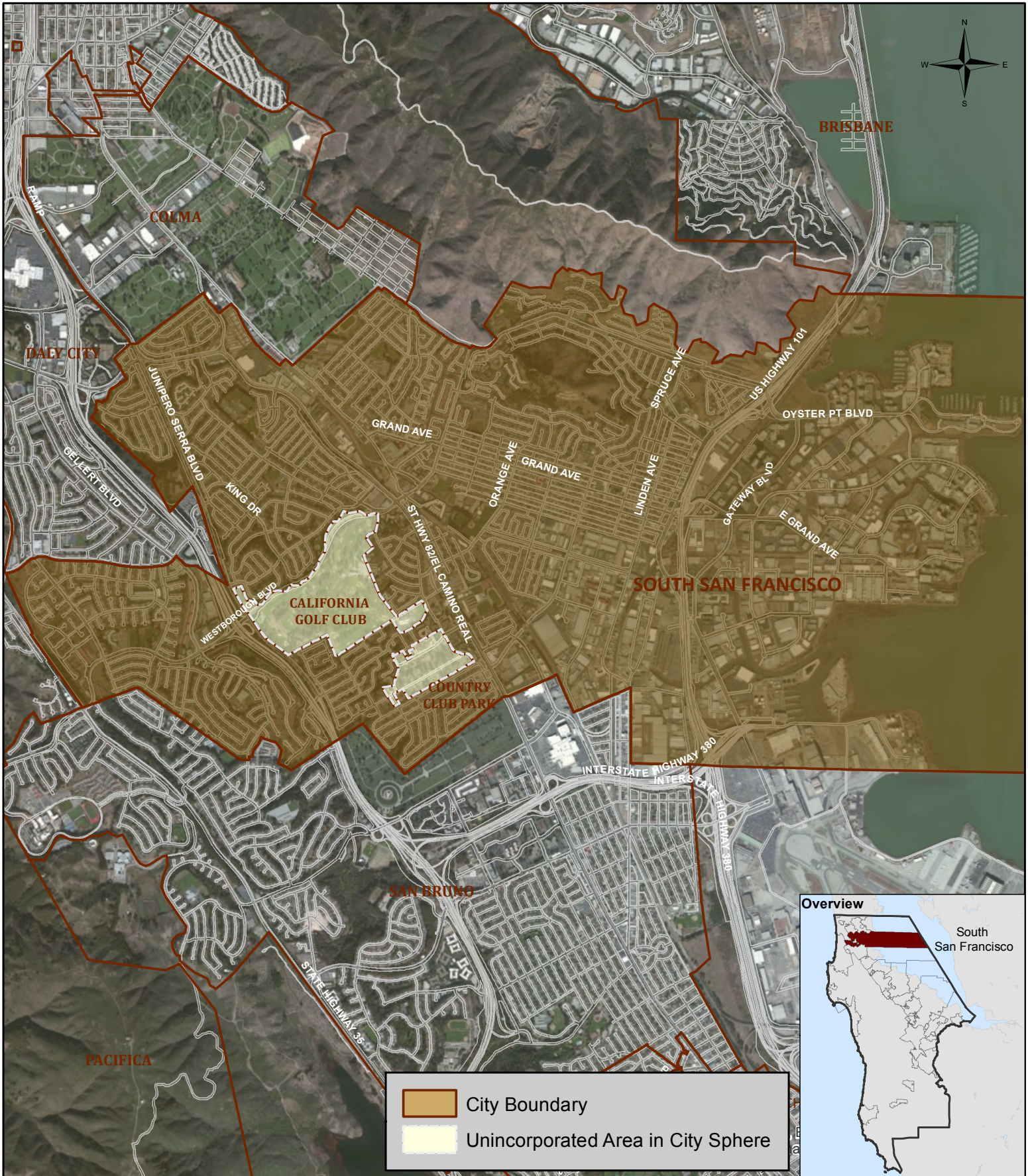
(<https://www.ssf.net/departments/finance/financial-reports/operating-budget>)

Appendix B. References

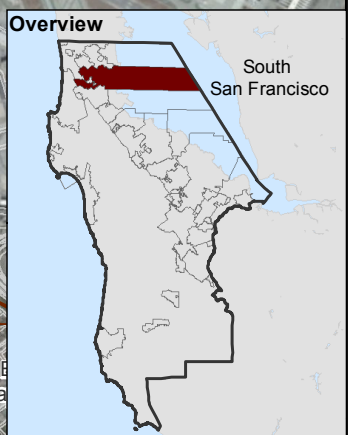
California State Auditor, Local Government High Risk Dashboard
https://www.auditor.ca.gov/local_high_risk/lhr-main-landing

Futrell, Mike (2020 and 2022) City Manager, City of South San Francisco. *Personal Communication and MSR response letter*

Futrell, Mark, (2022) City Manager, City of South San Francisco. *Personal Communication and Administrative Draft MSR response letter*

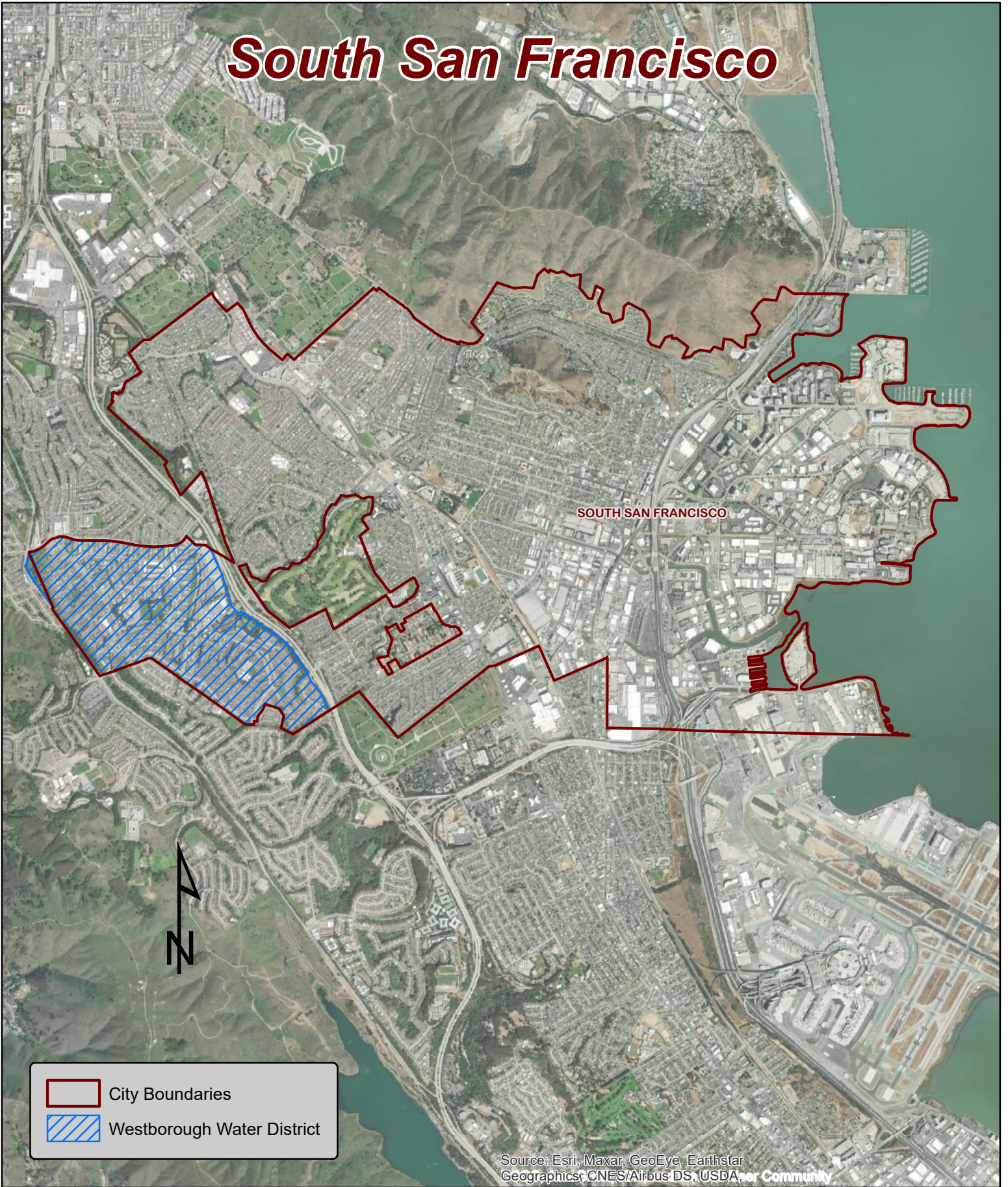


City Boundary
 Unincorporated Area in City Sphere



SOUTH SAN FRANCISCO SPHERE OF INFLUENCE

South San Francisco



Westborough County Water District

RESOLUTION NO. 1298

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTION 56430 FOR THE CITY OF SOUTH SAN FRANCISCO**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo, State of California, that

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, set forth in Government Code Section 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Section 56000 et seq.,

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo or Commission) to develop and determine the sphere of influence of each local governmental agency within the County; and

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the City of South San Francisco

WHEREAS, the Executive Officer prepared a written report of the Municipal Service Review that was provided to the Commission and affected agencies; and

WHEREAS, the Executive Officer set a public hearing date for November 16, 2022, for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on November 16, 2022; and

WHEREAS, a public hearing by this Commission was held on the report and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's report; and

WHEREAS, the Commission is required pursuant to Government Code Section 56430 to make statement of written determinations with regards to certain factors; and

WHEREAS, the Commission is required pursuant to Government Code Section 56425 and local

Commission policy to make statement of written determinations with regards to the following factors:

1. The present and planned land uses in the area, including agricultural and open-space lands.

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. Country Club Park is developed with single family homes, churches, and residential care facilities. The City's proposed General Plan update would maintain these residential and open space land uses.

2. The present and probable need for public facilities and services in the area.

The majority of Country Club Park is developed, and most properties utilize is on-site septic systems. However, several properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years as properties have redeveloped or when septic systems have failed.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco.

Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The City's proposed General Plan update calls for an annexation planning study for the City's unincorporated area and has a policy that will allow for individual annexations.

As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to

support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. The annexation plan should evaluate infrastructure needs, including sewer and right-of-way improvements, of the unincorporated areas as well. The annexation plan should address infrastructure improvements, identify funding for these improvements, and assess different approaches to annexation of the areas.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The unincorporated areas in the City's SOI are wholly surrounded by the City. The City and these unincorporated areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the SOI of the City of South San Francisco is proposed at this time.

WHEREAS, based on the results of the MSR, staff has determined that the SOI for the City of South San Francisco is coterminous and does not need to be updated at this time; and

WHEREAS, the Municipal Service Review is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The Municipal Service Review collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The Municipal Service Review also is exempt from CEQA under the section 15061(b)(3), the

common-sense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of San Mateo DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated November 16, 2022, Final Municipal Service Review for the City of South San Francisco, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

Section 2. By Motion, the Commission adopts the Municipal Service Review determinations set forth in "Exhibit B" which is attached and hereby incorporated by reference

Regularly passed and adopted this ____ day of _____.

Ayes and in favor of said resolution:

Commissioners: _____

Noes and against said resolution:

Commissioners Absent and/or Abstentions:

Commissioners: _____

Chair
Local Agency Formation Commission
County of San Mateo
State of California

ATTEST:

Date: _____

Executive Officer
Executive Officer
Local Agency Formation Commission

I certify that this is a true and correct copy of the resolution above set forth.

Date: _____

Clerk to the Commission
Local Agency Formation Commission

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for the City of South San Francisco

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

The latest estimate of the population of the City was 66,105. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030, a projected increase of 983 new residents a year, representing a growth rate of 1.4%. It is anticipated that City services will be adequate for this potential increase in population. The City should consider a plan for service and capital improvements for development in the City's unincorporated areas.

Recommendation

- None

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.

Determination

City of South San Francisco provides wastewater and fire protection, however there are no Disadvantaged Unincorporated Communities within the City's SOI.

Recommendation

- While there are no Disadvantaged Unincorporated Communities within the City's SOI, unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.

Determination

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

As noted in previous sections of the MSR, the unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The proposed General Plan update calls for an annexation study for the City's unincorporated area that is anticipated to be completed in the medium-term (6-10 years) time frame. The City has a policy that will allow for individual annexations, which includes a request for waivers of protests against future annexation from said property owners as a condition of receiving services to preserve the path for orderly development. If demand continues, the City intends to fund a master sewer service plan/study for the unincorporated area of Country Club Park, which would identify infrastructure costs, including sidewalk, curb, gutters and right of way.

Absent improvements to the CSA 11 system to meet fire flow, new commercial construction in Pescadero would require individual developers to include on-site water systems for fire suppression that meet specifications approved by CAL FIRE.

Recommendations

- LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.
- LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. LAFCo supports the City's intention to include an evaluation of infrastructure needs, identification of funding for these improvements and an assessment of the different approaches to annexation for these areas into the annexation plan.

Financial ability of agencies to provide services.

Determination

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of "low", "moderate", and "high" risk, the City of South San Francisco is classified as "moderate" as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

The City conducts annual independent audits and has a finance division among its staff. Therefore, the City has ample financial oversight and the ability to provide services. The City continues to seek enhancements to revenue sources. Measure W is a local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that has been used to fund large capital improvement projects such as a new Civic Center Campus development which includes a new police station, library, parks and recreation facilities and council chambers. As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens' Oversight Committee. The Oversight Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

Like many public agencies, the City continues to address maintaining current levels of services as costs continue to rise. To address pension costs, the City established a CalPERS Stabilization Reserve to address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns. The City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

The City is well aware of these financial liabilities and a comprehensive MSR is unlikely to contribute additional valuable information.

Recommendations

- None

Status of, and opportunities for, shared facilities.

Determination

The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the San Mateo County Harbor District. The City provides sewer service to several parcels in Country Club Park. The City is also the first responder for emergency fire and medical calls in this unincorporated neighborhood. LAFCo is not aware of any other opportunities that are not being utilized.

Recommendation

- LAFCo supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Section 6 of this report.
- LAFCo supports the continued engagement and collaborative working relationship between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.

Accountability for community service needs, including governmental structure and operational efficiencies.

Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2020, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

However, the City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. While there is no proposal for reorganization of either agency at this time, the MSR should evaluate potential reorganization options.

Recommendations

- WWD has a Sphere of Influence (SOI) designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District’s SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

1. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco, with the City Council serving as the governing board of the subsidiary district and the sewer water service becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates of those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCSD transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
2. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCSD transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
3. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City’s system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

Any other matter related to effective or efficient service delivery, as required by LAFCo policy including the following:

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

The City is engaged in activities to address natural hazard mitigation and sea level rise for the City residents, business, and infrastructure.

Recommendation

- LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and to continue to coordinate with partner agencies.



CITY COUNCIL 2022

MARK NAGALES, MAYOR (DIST. 2)
 FLOR NICOLAS, VICE MAYOR
 MARK ADDIEGO, MEMBER
 JAMES COLEMAN, MEMBER (DIST. 4)
 EDDIE FLORES, MEMBER

MIKE FUTRELL, CITY MANAGER

OFFICE OF THE CITY MANAGER

October 17, 2022

Local Areas Formation Commission
 455 County Center, 2nd Floor
 Redwood City, CA 94063-1663
 Attn: Rob Bartoli, Executive Officer

RE: Comments on Draft Municipal Service Review for the City of South San Francisco

Dear Chair and Commission:

The City of South San Francisco (City) appreciates the review of our services, the draft recommendations, and the opportunity to provide comments of the draft Municipal Service Review (MSR) for South San Francisco. We thank and acknowledge the role that LAFCo has played in providing insight and guidance in improving governance and programs.

We offer our response to your recommendations below.

Draft Recommendation	South San Francisco Comment
<p>1. LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic</p>	<p>As a part of the City's General Plan Update process, the City adopted a policy allowing annexation on a case-by-case basis for lots that are contiguous to South San Francisco City limits, replacing the previous policy to only allow annexation of the area in its entirety or not at all. As indicated in LAFCO's draft recommendation, the General Plan Update also includes an Action to conduct a study that considers long-term planning for the unincorporated Sphere of Influence; this is anticipated to be completed in a medium-term (6-10 years) timeframe.</p> <p>The City is reviewing and approving individual requests for sewer connection. The City also requests waivers of protests against future annexation from said property owners as a condition of receiving services to preserve the path for orderly development. If demand continues, the City will fund a master sewer service plan/study for this community. The</p>

<p>systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.</p>	<p>referenced report/study would identify all infrastructure costs of incorporating this community to the city including sidewalk, curb, gutters, and right of way.</p>
<p>2. LAFCO supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Accountability, Structure, and Efficiencies Determination of this report.</p>	<p>In 2015, the San Mateo County Grand Jury provided a report titled “San Mateo County’s Cottage Industry of Sanitary Districts” which recommended that the WWD and City Councilmembers from South San Francisco and Daly City discuss the assumption of services provided by WWD into Daly City and/or South San Francisco.</p> <p>South San Francisco does not provide water service to its residents or businesses anywhere in the City, as this is largely provided by California Water Service, and to a lesser degree by Westborough Water District. At this time the City of South San Francisco, as a policy decision, does not desire to become a water utility and does not have the necessary skills or experience to assume this function and related tasks in the place of the Westborough Water District.</p> <p>The costs of connecting the Westborough Water District sanitary sewers to the South San Francisco sanitary sewer system are economically prohibitive.</p> <p>It is unlikely that the State Water Resources Control Board (SWRCB) would approve Westborough’s sewage addition to the SSF-SB WQCP because of the San Francisco Bay’s assimilative capacity limitations.</p>
<p>3. LAFCo supports continued engagement between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.</p>	<p>The City and the San Mateo County Harbor District maintain a collaborative working relationship, governed by multiple operating agreements. The City supports continued engagement with the Harbor District related to the operation of Oyster Point Marina.</p>
<p>4. WWD has a Sphere of Influence designation of</p>	<p>In 2015, the San Mateo County Grand Jury provided a report titled “San Mateo County’s Cottage Industry of Sanitary Districts” which</p>

<p>“status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.</p> <p>The MSR should explore potential governance/service options that could be considered for WWD.</p>	<p>recommended that the WWD and City Councilmembers from South San Francisco and Daly City discuss the assumption of services provided by WWD into Daly City and/or South San Francisco.</p> <p>South San Francisco does not provide water service to its residents or businesses anywhere in the City, as potable water is largely provided by California Water Service, and to a lesser degree by Westborough Water District. At this time the City of South San Francisco, as a policy decision, does not desire to become a water utility and does not have the necessary skills or experience to assume this function and related tasks in the place of the Westborough Water District.</p> <p>The costs of connecting the Westborough Water District sanitary sewers to the South San Francisco sanitary sewer system are economically prohibitive.</p> <p>It is unlikely that the State Water Resources Control Board (SWRCB) would approve Westborough’s sewage addition to the SSF-SB WQCP because of the San Francisco Bay’s assimilative capacity limitations. To gain SWRCB approval, Scientist and Engineers will need to conduct comprehensive water studies that then must conclude that the addition of Westborough’s sewage to the SSF-SB WQCP treatment plant would not pose any adverse impacts to San Francisco Bay.</p>
<p>5. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.</p>	<p>The City will continue to work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies. Currently, the City is undergoing multiple studies of the City’s shoreline relating to Sea Level Rise. The City continues to partner with agencies such as the U.S. Army Corps of Engineers, the San Mateo County Transit Authority, and the San Mateo County Flood and Sea Level Rise Resiliency District to mitigate against flooding and inundation along the City’s shoreline.</p>

On behalf of the City of South San Francisco, I thank you for the opportunity to provide comments on the draft service review and to highlight our work. Please do not hesitate to contact me for additional information at mike.futrell@ssf.net.

Sincerely,

A handwritten signature in black ink that reads "Mike Futrell". The signature is written in a cursive, flowing style.

Mike Futrell
City Manager
City of South San Francisco
5206732.1



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

November 9, 2022

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
 Sofia Recalde, Management Analyst
Subject: Adoption of a Municipal Service Review for the Westborough Water District

Summary and Background

LAFCo prepared comprehensive Sphere of Influence (SOI) studies and adopted SOIs for cities and special districts in 1985 and has subsequently reviewed and updated SOIs on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the new requirement to prepare MSRs in conjunction with or prior to SOI updates, LAFCo began the process of preparing MSRs and SOI updates in late 2003. This Final Municipal Service Review (MSR) is the first MSR for the Westborough Water District.

The Westborough Water District (WWD or the District) was created in 1961 to provide domestic water and sewer service to an undeveloped area of unincorporated San Mateo County located west of South San Francisco, north of San Bruno, and south of Daly City. In 1964, this area was annexed to the City of South San Francisco and is now known as the Westborough neighborhood.

WWD serves approximately 12,000 customers, about 20% of the population of the City of South San Francisco, in the Westborough area of the City. The District purchases water from the San Francisco Public Utilities Commission (SFPUC) and has an agreement with the North San Mateo County Sanitation District for wastewater treatment. WWD Service fees are adequate to cover water and wastewater costs.

The boundaries of the WWD overlap with the City of South San Francisco (City). The City provides sewer service to residents in the City, with the exception of WWD. WWD has a Sphere of Influence designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY
 ▪ WARREN SLOCUM, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: VACANT, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

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 ANGELA MONTES, CLERK

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation or a subsidiary district, merger with South San Francisco, or dissolution.

The boundaries of the District WWD overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR does explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.

Updates to the Final Circulation MSR

Between the Draft Circulation MSR and the Final MSR, LAFCo staff received an update from Westborough Water District that the District received a Transparency Certificate of Excellence from the Special Districts Leadership Foundation (SDLF). The Transparency Certificate is presented to the special district recognition of an agency’s outstanding efforts to promote transparency and good governance. This has been incorporated into the Final MSR (page 22).

In addition, LAFCO staff held a virtual public workshop for the Draft Circulation MSR on October 17th, 2022. Staff did not receive any comments during the workshop that impact the content of the Final MSR.

All changes are shown in red.

Current Key Issues

Key issues identified in compiling information on Westborough Water District include the following:

- WWD has adequate capacity to serve the existing and future needs of customers within the District’s boundaries. The District prepared an Urban Water Management Plan in 2021 that identifies the potential growth and impacts of this growth on the District’s water service. The District encompasses 1 square mile and the service area is highly developed, with only a small portion of new additional customers anticipated to be added to the District over the next 25 years.

The District reviews Capital Improvement Projects (CIP) annually. Per WWD staff, the District currently uses the “Pay-As-You-Go” budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

A multi-year CIP could help identify critical projects over a longer planning period, prioritize the projects, and identify funding in subsequent budgets. Consistent with best practices WWD should prioritize improvements and identify financing mechanisms to fund CIP projects over time. WWD is a small district with limited potential for new customers. The

CIP should take into consideration this constraint and seek economies of scale where appropriate.

It is recommended that the District document the age of its system and conduct comparative analysis to determine what percentage of the effective life of the segment has been used as input to develop long-term CIP priorities and schedule.

As limited development is expected within the WWD service area, the District should analyze the impact of the different types funding for these needed infrastructure projects on rate payers.

- The boundaries of the WWD overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a Sphere of Influence designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.
- While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution. Current water and sewer rates support year-to-year operations and over the last five budget years, the District has had net income gains. The District has annual independent audits, which have not found any deficiencies.
- WWD complies with all Brown Act requirements in publicly noticing its meetings. Audio recordings of the meetings are created but are currently not on the District’s website. The District maintains a website with water rate and other information about water service.
- Currently, staff reports for Board of Director agenda items are not produced. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Board of Directors. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.

Proposed MSR Recommendations

As required by State law, there are seven areas of determination, including local policies as set forth in Section 56430.

1. Growth and population projections for the affected area.

2. The location and characteristics of any disadvantaged unincorporated communities¹ within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

For the final circulation, LAFCo has the following determinations and recommendations:

Growth and Population Determination

At this time the WWD’s territory, is not projected to experience any significant development or population growth that might impact the District’s ability to deliver water or wastewater services, as there is a low projected growth rate for the area.

Disadvantaged Unincorporated Communities Determination

While WWD does provide water and sewer services, the service area only includes incorporated areas, therefore the provisions of SB 244 do not apply, and Disadvantaged Unincorporated Communities are not an issue.

Recommendation -

1. LAFCo recommends that the District continue to support its customers throughout the COVID-19 pandemic and continue its policies regarding affordable housing.

Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

WWD has adequate capacity to serve the existing and future needs of customers within the District’s boundaries. The District prepared an Urban Water Management Plan in 2021 that identifies the potential growth and impacts of this growth on the District’s water service. The District encompasses 1 square mile and the service area is highly developed, with only a small portion of new additional customers anticipated to be added to the District over the next 25 years.

There are no known issues regarding sewer treatment or capacity issues with District lines or with North San Mateo County Sanitary District(NSMCSD).

¹ “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. This area of determination does not apply to the study area.

The Urban Water Management Plan also identifies actions related to droughts that the District can undertake as well as possible reductions in water that SFPUC will impose on member agencies. The District offers rebate programs for customers to replace their existing washing machine or toilet with low flow models. WWD also provides information about water-efficient landscaping, water leak repair, and water conservation. LAFCo encourages WWD to continue to make efforts to encourage customers to conserve water when possible. The District has identified \$38 million worth of potential capital projects and is in the process of assessing the need to accelerate the District's CIP implementation and is actively looking at alternate ways to finance these projects. Recommendations regarding the District's infrastructure finances is discussed in the Financial Ability Section of this MSR.

Financial Ability Determination and Recommendations

Current water and sewer rates support year-to-year operations. Over the last five budget years, the District has had net income gains. As of 2020, WWD had a net position of \$9.7 million. The District has an adopted reserve policy and reserve fund of \$4.3 million. WWD has no debt, as reserve funds and capital facility revenue pay for capital improvements. As of 2019, 81% of District's pension liability was funded. The Other Post-Employment Benefits (OPEB) was 55% funded as of 2019.

The District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the "Pay-As-You-Go" budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

Recommendations –

1. Update District Capital Improvement Plan – WWD's CIP was last updated in 2020-2021 and is adopted on a one-year cycle. The plan should be updated on an annual basis and consideration of a multi-year capital improvement plan. A multi-year plan could help identify critical projects over a longer planning period, prioritize the projects, and identify funding in subsequent budgets. Consistent with best practices WWD should prioritize improvements and identify financing mechanisms to fund CIP projects over time. WWD is a small district with limited potential for new customers. The CIP should take into consideration this constraint and seek economies of scale where appropriate.

It is recommended that the District document the age of its system and conduct comparative analysis to determine what percentage of the effective life of the segment has been used as input to develop long-term CIP priorities and schedule.

LAFCo supports the District's efforts to explore funding strategies for CIP projects. CIP projects could be funding through pursuing grants and low-interest loans, as well as through the use of "Pay-as-you-go." As limited development is expected within the WWD service area, the District should analyze the impact of the different types funding for these needed infrastructure projects on rate payers.

Funding for these CIP projects should be clearly allocated in both the CIP documents and in annual budgets.

2. The District should consider posting the staff report or other budget narrative on the District's website along with the annual budget. This would allow for a greater understanding

of the District's finances and would improve transparency for the public. Budget documents should also show the District's reserve amount and funds allocated to the District's Capital Improvement Plan projects.

3. The District should consider expanding its financial polices to cover additional topics, such as budget preparation process and audit requirements. The District should also review the existing Operating Reserve Policy for potential amendments regarding the annual allocation of funds to the District's reserve.

Shared Service and Facilities Determination and Recommendations

WWD currently has an agreement with NSMCSO for sewer treatment and sewer system maintenance. The District has explored connections to the City of South San Francisco's sanitary system, but is currently not considered a feasible option by the District due to lack of existing infrastructure and financial impact to rate payers.

Recommendation -

1. LAFCo supports any new exploration of shared services for WWD.

Accountability, Structure, and Efficiencies Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2020, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

However, the City of South San Francisco boundaries do overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. While there is no proposal for reorganization of either agency at this time, the MSR should evaluate potential reorganization options.

Recommendation -

1. LAFCo recommends the creation of staff reports for Board of Director agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Board of Directors. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
2. WWD has a Sphere of Influence designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed

deficiencies. Any change to the District's SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

- a. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco City Council serving as the governing board of the subsidiary district and the sewer water service becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates for those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCS D transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
- b. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCS D transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
- c. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City's system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCS D. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

3. WWD should consider posting full the board meeting agenda packet to the District's website, in addition to the meeting agenda and minutes.
4. As the District Board is currently meeting remotely over Zoom, it is recommended that the videos of these meetings be posted on the District's website.

Other Issues Determinations and Recommendations

WWD is engaged in activities to address water resiliency and natural hazard migration for the District's infrastructure.

Recommendation -

1. LAFCo encourages the District to continue its work in the areas of water resilience and natural hazards mitigation and to continue to coordinate with partner agencies.

Sphere of Influence Determination

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(e)):

1. The present and planned land uses in the area, including agricultural and open-space lands.

The WWD territory is located in the western portion of the City of South San Francisco and is highly developed with residential and commercial uses. The predominate type of residential developments in the service area are single-family homes.

2. The present and probable need for public facilities and services in the area.

Only six acres of vacant land is located within the WWD boundaries, limiting additional development. The number of commercial customers within the District's service boundaries has been consistent and is projected to remain as such. The City of South San Francisco is currently in the process of updating the City's General Plan, but there are no indications that the existing land use patterns will be greatly altered. In addition, the areas surrounding the district are within the boundaries of cities, other special districts, or private companies which provide utility services.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

WWD has adequate capacity to serve the existing and future needs of customers within the District's boundaries. The District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the "Pay-As-You-Go" budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The WWD SOI is coterminous and does not include any territory outside of the District's existing boundaries. The City of South San Francisco and the WWD areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the Sphere of Influence of the Westborough Water District is proposed at this time.

Public/Agency Involvement

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budget, reports, policies, etc. On August 31, 2022 a Notice of Public Hearing for the Draft MSR was released by LAFCo and published in the San Mateo County Times. On September 14, 2022, a Notice of Availability was released by LAFCo that requested written comments from the public and stakeholders by October 17, 2022. No written comments were received from the public or stakeholders. In addition, notices were sent to every “affected agency”, meaning all other agencies and school districts with overlapping service areas. Finally, LAFCo staff held a virtual workshop for the public during the comment period for both City of South San Francisco and Westborough Water District MSRs on October 17, 2022.

California Environmental Quality Act

The MSR is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for the of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The MSR collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The MSR is also exempt from CEQA under the section 15061(b)(3), the commonsense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA.

The MSR and SOI update will not have a significant effect on the environment as there are no land use changes associated with the documents.

Recommendation

1. Open the public hearing and accept public comment; and
2. Accept the Final Municipal Service Review for the Westborough Water District; and
3. Adopt the Municipal Service Review Determinations and Recommendations contained in this report.

Attachment

- A. Final Circulation of the Municipal Service Review for Westborough Water District
- B. Resolution No. 1299



Municipal Service Review and Sphere of Influence Review for the Westborough Water District

Final Draft

Released November 9, 2022

Municipal Service Review and Sphere of Influence Review for the Westborough Water District

SUBJECT AGENCY:

Westborough Water District

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Final
 LAFCo Municipal Service Review
 and Sphere of Influence Update
 Westborough Water District
November 16, 2022

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EXECUTIVE SUMMARY

The following Municipal Service Review (MSR) focuses on the Westborough Water District (WWD or the District). The District was created in 1961 to provide domestic water and sewer service to an undeveloped area of unincorporated San Mateo County located west of South San Francisco, north of San Bruno, and south of Daly City. In 1964, this area was annexed to the City of South San Francisco and is now known as the Westborough neighborhood.

WWD serves approximately 13,486 customers, about 20% of the population of the City of South San Francisco, in the Westborough area of the City. The District purchases water from the San Francisco Public Utilities Commission (SFPUC) and has an agreement with the North San Mateo County Sanitation District (NSMCS) for wastewater treatment. WWD service fees are adequate to cover water and wastewater costs.

The boundaries of the WWD overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of Westborough neighborhood. WWD has a Sphere of Influence(SOI) designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.

Section 1: Overview

This report is a MSR and SOI update for the WWD. California Government Code Section 56430 requires that the Local Agency Formation Commissions (LAFCo) complete MSRs and SOI reviews on all cities and special districts. LAFCo is an independent entity with jurisdiction over the boundaries of cities and special districts. An SOI is a plan for the boundaries of a city or special district. The MSR and SOI update do not represent a proposal¹ for reorganization of agencies, but rather a State-mandated study of service provisions of an agency.

Once adopted, the service review determinations are considered in reviewing and updating the SOI pursuant to Section 56425. The SOI, which serves as the plan for boundaries of a special district, is discussed in the second part of this report. This State-mandated study is intended to identify municipal service delivery challenges and opportunities and provides an opportunity for the public and affected agencies to comment on city, county, or special district services and finance; and opportunities to share resources prior to LAFCo adoption of required determinations.

¹ An application for annexation may be submitted by 5 percent of the voters or landowners of territory proposed for annexation or by resolution of the District.

San Mateo Local Agency Formation Commission

San Mateo Local Agency Formation Commission (LAFCo or “the Commission”) is a State-mandated, independent commission with county-wide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations, and dissolutions. LAFCo also has authority over extension of service outside city or district boundaries and activation or divestiture of special district powers. Among the purposes of the Commission are discouraging urban sprawl, preserving open space and prime agricultural lands, planning for the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. LAFCo operates pursuant The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) contained in Government Code Sections 56000 and 57000. The Commission includes two members of the County Board of Supervisors, two members of city councils from the 20 cities, two board members from 21 of the 22 independent special districts, a public member, and four alternate members (county, city, special district, and public).

LAFCo prepared comprehensive SOI studies and adopted SOIs for cities and special districts in 1985 and has subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the CKH Act and the new requirement to prepare MSRs in conjunction with or prior to SOI updates, LAFCo began the process of preparing MSR and SOI updates in late 2003. Studies were first prepared on sub-regional and County-wide independent special districts, followed by South County cities and special districts. This is the first MSR for Westborough Water District.

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County, 20 cities, 22 independent special districts, five subsidiary districts governed by city councils, and 33 County-governed special districts. It merits emphasis that the County plays a dual role that differs from cities or districts. Districts provide a limited set of services based on enabling legislation, while cities generally provide basic services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the State, provides a vast array of services for all residents, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. Along with independent water, sewer, and fire districts, the County also provides basic municipal services for residents who live in unincorporated areas. According to Census 2020 data, 63,205 of the County’s total 765,417 residents live in unincorporated areas.

This MSR/SOI Update examines the Westborough Water District.

LAFCo prepares MSRs and SOI updates based on source documents that include Adopted Budgets, Basic Financial Reports and Audits, Capital Plans, Urban Water Management Plans, and Planning Documents, including the General Plan. Draft MSRs and SOI updates are then circulated to the agencies under study and interested individuals and groups. The Final MSR and SOI update will include comments on the circulation draft and recommended

determinations for Commission consideration. MSR determinations must be adopted before the Commission updates or amends an SOI.

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

Sphere of Influence Determinations:

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(e)):

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing SOI.

² “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. This area of determination does not apply to the study area.

This SOI update incorporates information and determinations in the MSR as well as changes that have taken place since the SOI was originally adopted and provides for public input on the five areas of determination listed above. Comments to LAFCo by affected agencies, organizations, or individuals are requested in order to be included in the Executive Officer’s report to the Commission.

The territory of WWD includes the Westborough neighborhood located within the city limits of South San Francisco. It does not include any unincorporated areas. The SOI for the District is coterminous with the District’s boundaries. As established by LAFCo in 1976 and reaffirmed in 1987 and 1992, the adopted SOI is coterminous with existing boundaries and status quo.

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of MSR determination #3 and SOI determination #5 listed above. Disadvantaged unincorporated communities(DUCs) are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

WWD service area is wholly located with the City of South San Francisco, so this provision does not apply to this MSR.

Organization of MSR/SOI Study

This report has been organized in a checklist format to focus the information and discussion on key issues that may be particularly relevant to the subject agency while providing required LAFCo’s MSR and SOI determinations. The checklist questions are based on the CKH Act, the LAFCo MSR Guidelines prepared by the Governor’s Office of Planning and Research and adopted San Mateo LAFCo local policies and procedures. This report provides the following:

1. A description of the subject agency;
2. Any new information since the last MSR and a determination regarding the need to update the SOI;
3. MSR and SOI determinations for public and Commission review; and
4. Identifies any other issues that the Commission should consider in the MSR/SOI.

Section 2. Summary of Key Issues

Key issues identified in compiling information on WWD include the following:

WWD has adequate capacity to serve the existing and future needs of customers within the District’s boundaries. The District prepared an Urban Water Management Plan in 2015 that identifies the potential growth and impacts of this growth on the District’s water service. The District encompasses 1 square mile and the service area is highly developed, with only a small portion of new additional customers anticipated to be added to the District over the next 25 years.

The District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the “Pay-As-You-Go” budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

A multi-year Capital Improvement Plan could help identify critical projects over a longer planning period, prioritize the projects, and identify funding in subsequent budgets. Consistent with best practices WWD should prioritize improvements and identify financing mechanisms to fund CIP projects over time. WWD is a small district with limited potential for new customers. The CIP should take into consideration this constraint and seek economies of scale where appropriate.

It is recommended that the District document the age of its system and conduct comparative analysis to determine what percentage of the effective life of the segment has been used as input to develop long-term CIP priorities and schedule.

As limited development is expected within the WWD service area, the District should analyze the impact of the different types funding for these needed infrastructure projects on rate payers.

The boundaries of the WWD overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of Westborough neighborhood. WWD has a Sphere of Influence designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution. Current water and sewer rates support year-to-year operations and over the last five budget years, the District has had net income gains. The District has annual independent audits, which have not found any deficiencies.

WWD complies with all Brown Act requirements in publicly noticing its meetings. Audio recordings of the meetings are created but are currently not on the District’s website. The District maintains a website with water rate and other information about water service.

Currently, staff reports Board of Director agenda items are not produced. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Board of Directors. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.

Section 3: Westborough Water District

Background

The Callan Park County Water District, renamed a short time after to the Westborough Water District, was created prior to the establishment of LAFCo in 1961 to provide domestic water

and sewer service to an undeveloped area of unincorporated San Mateo County located west of South San Francisco, north of San Bruno, and south of Daly City. Also, in 1961, the District entered into an agreement with the North San Mateo County Sanitation District (at the time an independent special district, before becoming a subsidiary district of the City of Daly City in 1985) for sewage disposal and treatment. In 1964, this area was annexed to the City of South San Francisco and is now known as the Westborough neighborhood.

Boundaries

The original WWD boundaries have had only minor changes since its creation in 1961. The District encompasses the Westborough neighborhood in South San Francisco. These changes included minor adjustment and detachments in 1970 and 1971 to areas at the boundaries of the cities of San Bruno and Daly City. In 1972, LAFCo approved annexation of a parcel near Skyline Boulevard and Sharp Park Road in the City of Pacifica that contains a District water tank. The area of the District is approximately 1 square mile. The LAFCo adopted SOI for the District is conterminous with District boundaries (Attachment A).

Enabling Legislation

WWD operates according to California Water Code Section 3000 et seq. and is authorized to provide water and wastewater services within its boundaries. Districts formed under this section are authorized to sell, distribute and use of water in district boundaries. A district may also store and conserve water for present or future beneficial use, and may operate recreational facilities ancillary to water facilities, sanitation facilities, and fire protection if these powers are activated by LAFCo.

Mission Statement

The adopted mission statement of WWD is to provide a stable supply of high quality safe drinking water at a fair price to all customers of the District. In addition, the District has the mission to provide reliable sewer service through the North San Mateo County Sanitation District.

Structure and Governance

WWD is governed by a five-member Board of Directors elected by registered voters that reside within the District boundaries. The members of the Board must reside within the District and be registered voters. On July 9, 2020, the WWD Board of Directors approved a transition from a District-wide election to zone-based elections for Board of Directors. Starting November 2022, two of the District's Board members will be elected from zones and the remaining three Board members will be elected by zones in 2024.

The Board of Directors meets regularly on the second Thursday of every month at 7:30 pm at the District Office at 2263 Westborough Boulevard, South San Francisco, California 94080.

Agendas, budget and finance information, and meeting action minutes are available on the District's website. Per District staff, WWD does not prepare staff reports due to the District's small staff size.

Services

Water

WWD serves approximately **13,486** customers, about 20% of the population of the City of South San Francisco, in the Westborough area of the City. The District was formed in 1961 to provide water to an unincorporated area that was later incorporated into the City of South San Francisco over a series of annexations starting in 1963.

As of 2020, the District provides water service through 3,970 connections. WWD is a member of the Bay Area Water Supply & Conservation Agency (BAWSCA) and purchases all of its portable water from the San Francisco Public Utilities Commission (SFPUC). As part of the allocation agreement between SFPUC and BAWSCA, WWD has an individual supply guarantee of 1.32 million gallons per day (MGD). Of this 1.32 MGD, the District utilizes 0.78 MGD as of 2019. The District does not provide treatment, as all water is pre-treated by SFPUC and delivered through SFPUC's Hetch Hetchy Water System. The District relies solely on SFPUC's surface water and does not have access to groundwater resources.

The District maintains a connection to a SFPUC transmission pipeline which deliver water to the District's storage tanks. The District maintains and operates a distribution system that includes three water pressure zones, five pumps, three water tanks, four pressure regulating valves and 25 miles of water pipe. The District also utilizes a portion of a fourth water tank that is owned by the North Coast County Water District (NCCWD). WWD has interconnections with NCCWD and the City of Daly City to allow for SFPUC to transfer water and to allow for potential emergency connections. The District does not provide recycled water.

Wastewater

WWD operates and maintains the sewage collection system within its boundaries. The sewage is transferred to the North San Mateo County Sanitation District (NSMCSD), a dependent district of the City of Daly City, which treats the sewage and discharges the treated effluent into the Pacific Ocean. In fiscal year 2019-2020, WWD transferred 244 million gallons per year of wastewater to the NSMCSD Wastewater Treatment Plant. The District has 20 miles of gravity sanitary sewer mains and a three-quarter mile of sewer force main. Both treatment of the sewage and the maintenance of the sewer system is contracted to NSMCSD.

Inventory of Active Services

Provisions of the CKH Act require that LAFCo identify which of the services of a multi-purpose district are actively provided and which are inactive. Pursuant to Government Code Section 56425(i), in preparing a MSR and SOI, LAFCo is required to prepare a statement of the nature and location of functions and services provided by the districts. If a district proposes to add a new service permitted under district enabling legislation, the District must apply to LAFCo for approval.

WWD provides the following services in the areas as specified and any other services authorized by County Service Area enabling legislation are inactive:

- District-wide Water Service

- District-wide Wastewater Service

If in the future it is determined that other services permitted in California Water Code Section 3000 et seq. enabling legislation should be provided and funded by WWD, the District could apply to LAFCo. The application would include a plan for providing services and a proposed budget including revenues to fund service and any associated revenue sources such as an assessment, fee, or tax.

Section 4: Affected Agencies

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a SOI. Notice shall be provided at least 21 days in advance and mailed notice shall be provided to each affected local agency or affected County, and to any interested party who has filed a written request for notice with the LAFCo Executive Officer. Per Government Code Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (included proposed changes to the SOI).

The affected local agencies for this MSR/SOI are:

County

County of San Mateo

Cities

City of South San Francisco

City and County of San Francisco (WWD processes sewer for San Bruno Jail)

School Districts

South San Francisco Unified School District

Dependent Special Districts

North San Mateo County Sanitation District (City of Daly City)

Independent Special Districts

North Coast County Water District

Westborough Water District

Section 5: Potentially Significant MSR Determinations

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a SOI update/amendment is not warranted.

	Growth and Population		Disadvantaged Unincorporated Communities
X	Capacity, Adequacy & Infrastructure to Provide Services	X	Financial Ability
X	Shared Services	X	Accountability
X	Other		

1) Growth and Population

Growth and population projections for the affected area.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?			X
b) Will population changes have an impact on the subject agency’s service needs and demands?			X
c) Will projected growth require a change in the agency’s service boundary?			X

Discussion:

a-c) Anticipated growth: The WWD territory is located in the western portion of the City of South San Francisco and is highly developed with residential and commercial uses. The predominate type of residential developments in the service area are single-family homes. The Department of Water Resources estimates that the population of the area will grow from 12,452 residents to 14,388 residents by 2045, a 12% total increase. Currently WWD is only utilizing 59% of its potential water allocation from SFPUC.

WWD transferred approximately 244 million gallons of wastewater to NSMCSD in 2019-2020. Per correspondence with the District, there are no sewer moratoriums in place.

Only six acres of vacant land is located within the WWD boundaries, limiting additional development. The number of commercial customers within the District’s service boundaries has been consistent and is projected to remain as such. The City of South San Francisco is currently in the process of updating the City’s General Plan, but there are no indications that the existing land use patterns will be greatly altered. In addition, the areas surrounding the district are within the boundaries of cities, other special districts, or private companies which provide utility services.

Growth and Population MSR Determination

At this time the WWD’s territory, is not projected to experience any significant development or population growth that might impact the District’s ability to deliver water or wastewater services, as there is a low projected growth rate for the area.

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	X		
b) Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?			X
c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if “no” to either a) or b), this question may be skipped)?			X

Discussion:

a) Services provided: WWD provides water and sewer services to a portion of the City of South San Francisco known as Westborough.

b-c) Disadvantaged unincorporated communities: While WWD does provide water and sewer services, the service area only includes incorporated areas of the City of South San Francisco, therefore the provisions of SB 244 do not apply, and Disadvantaged Unincorporated Communities are not an issue.

The District does have adopted policies and procedures for providing priority service to affordable housing projects. While there are legal limits on the District’s ability to provide lifeline benefits, during the COVID-19 pandemic, WWD has assisted customers by waiving all late charges, eliminating shutoff for non-payment, and creating payment arrangements.

Disadvantaged Unincorporated Communities MSR Determination

While WWD does provide water and sewer services, the service area only includes incorporated areas, therefore the provisions of SB 244 do not apply, and Disadvantaged Unincorporated Communities are not an issue.

Recommendations:

LAFCo recommends that the District continue to support its customers throughout the COVID-19 pandemic and continue its policies regarding affordable housing.

3) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X

d) Are there any significant infrastructure needs or deficiencies to be addressed?		X	
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?			X

Discussion:

a-b) Capacity to serve existing customers:

Water

As previously mentioned, WWD is currently utilizing 59% of the water allocation from SFPUC. The population of the District is projected to grow 12% over the next 20 years. All developed parcels in the boundaries of the District currently receive water and sewer services from WWD. The District’s 2021 Urban Water Management Plan stated that the District will be able to maintain capacity to serve any near-term growth.

Sewer

The District has 20 miles of gravity sanitary sewer mains and a three-quarter mile of sewer force main. Both treatment of the sewage and the maintenance of the sewer system is contracted to NSMCSD. The last update to the contract with NSMCSD was in 1981. WWD transferred approximately 244 million gallons of wastewater to NSMCSD in 2019-2020. Per correspondence with the District, there are no known issues regarding treatment capacity with NSMCSD.

c) Adequacy of public services: LAFCo has not identified any adequacy issues with the services provided by WWD. WWD does not have any violations or compliance issues with regulatory agencies for water or sewer service. Per the District, 21 complaints received over the last five years have been in regards to water rate increases. The District reports sewer system overflows on its website. The last report is from 2018 and identifies one overflow that occurred in 2017.

d) Infrastructure needs or deficiencies: As of 2015, the District provides water service through 3,882 residential and commercial connections. The District receives wholesale water via a connection to a SFPUC transmission pipeline and water is delivered to the District’s storage

tanks. The District maintains and operates a distribution system that includes 25 miles of pipe, three water pressure zones, five pumps, three water tanks, and four pressure regulating valves. The District also utilizes a portion of a fourth water tank that is owned by the NCCWD.

As part of the allocation agreement between SFPUC and BAWSCA, WWD has an individual supply guarantee of 1.32 million gallons per day (MGD). Of this 1.32 MGD, the District utilized 0.78 MGD as of 2019. The District does not provide treatment, as all water is pre-treated by SFPUC and delivered through SFPUC’s Hetch Hetchy Water System. The Department of Water Resources estimates that the population of the area will grow from 12,481 residents to 14,388 residents by 2045, a 12% total increase. Currently WWD is only utilizing 59% of its potential water allocation from SFPUC.

The District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the “Pay-As-You-Go” budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects. The District is assessing the need to accelerate the District’s CIP implementation and is actively looking at alternate ways to finance these projects. Recommendations regarding the CIP are in Section 4 of this MSR.

e) Changes in state regulations impacting the District: District staff is not aware of any state legislation on the horizon that will impact the District’s ability to provide services.

f) Deficiencies for disadvantaged unincorporated communities: As discussed in the Disadvantaged Unincorporated Communities section (Determination #2), while WWD does provide water and sewer services, the service area only includes the incorporated areas of the City of South San Francisco, therefore the provisions of SB 244 do not apply, and Disadvantaged Unincorporated Communities are not an issue.

Capacity and Adequacy of Public Facilities and Services MSR Determination

WWD has adequate capacity to serve the existing and future needs of customers within the District’s boundaries. The District prepared an Urban Water Management Plan in 2015 and in 2021 that identifies the potential growth and impacts of this growth on the District’s water service. The District encompasses 1 square mile and the service area is highly developed, with only a small portion of new additional customers anticipated to be added to the District over the next 25 years.

There are no known issues regarding sewer treatment or capacity issues with District lines or with NSMCSD.

The Urban Water Management Plan also identifies actions related to droughts that the District can undertake as well as possible reductions in water that SFPUC will impose on member agencies. The District offers rebate programs for customers to replace their existing washing machine or toilet with low flow models. WWD also provides information about water-efficient landscaping, water leak repair, and water conservation. LAFCo encourages WWD to continue to made efforts to encourage customers to conserve water when possible. The District has identified \$38 million worth of potential capital projects and is in the process of assessing the need to accelerate the District’s CIP implementation and is actively looking at alternate ways to

finance these projects. Recommendations regarding the District’s infrastructure finances is discussed in Section 4 of this MSR.

4) Financial Ability

Financial ability of agencies to provide service	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			X
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?			X
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?		X	
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?		X	
f) Is the organization’s debt at an unmanageable level?			X

a) Budget: WWD routinely adopts and operates an annual budget with a budget cycle of July 1 through June 30. The annual budget is prepared by the General Manager, and then presented to the Board of Directors for adoption.

The District receives annual independent audits, with the most recent audit being completed on January 13, 2022 for the governmental activities and the major funds of the District for fiscal years ended of June 20, 2021. The audit revealed no instances of non-compliance or material weakness in internal controls. Also, an outside firm, Chavan and Associates, provides accounting services to the District.

Expenses are mainly composed of the purchasing of water, the sewer service contract with NSMCSD, and salary and benefits of staff. In FY 19-20, these three areas equaled 81% of the total budget and in FY 20-21 83%. In FY 20-21, the sewer contract with NSMCSD equaled 37% of the budget, the purchase of water was 28%, and salaries and benefits represented 18%.

WWD Budget Summary 2018-2023					
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Operating Revenue					
Water Sales	\$3,001,095	\$2,992,477	\$2,987,477	\$3,965,217	\$4,058,845
Sewer Service	\$2,894,259	\$2,967,633	\$3,009,027	\$2,838,845	\$3,200,831
Total Operational Income	\$5,895,354	\$5,960,110	\$5,996,671	\$6,804,062	\$7,259,676
Operating Expenditures					
Water	\$2,397,789	\$2,449,673	\$2,540,511	\$2,614,210	\$2,702,930
Sewer Service	\$2,377,986	\$2,448,268	\$2,474,274	\$2,379,874	\$2,771,431
Administrative and General	\$984,146	\$1,018,326	\$1,045,798	\$1,101,460	\$1,213,815
Other	\$250,117	\$314,450	\$330,135	\$363,005	\$365,000
Total Operation Expenditures	\$2,377,986	\$6,230,717	\$6,390,718	\$6,458,549	\$7,053,177
Gain/Loss from Operations	\$114,684	\$270,607	\$394,047	\$345,513	\$206,500
Non-Operating Revenue					
Property Taxes	\$420,000	\$455,000	\$475,000	\$530,000	\$613,231
Other	\$66,489	\$92,323	\$96,157	\$50,956	\$48,052
Total Nonoperation Income		\$547,323	\$571,175	\$580,956	\$661,283
Total Net Income	\$371,805	\$276,716	\$177,128	\$926,469	\$867,783

The District's revenues and expenditures, in total, have been fairly stable during the past five years. As noted, the District primarily receives revenue through the sales of water and sewer service charges. In FY 18-19, FY 19-20, and FY 20-21, the District did have an overall loss from operations, which was covered by non-operating revenue (taxes, rental revenue, etc.). In the last two years, operations have posted a surplus due in large part to an increase in service charges that went into effect in September 2021.

The District's revenue comes primarily from water and sewer service charges to customers. In the FY 22-23 budget, these charges made up 92% of the total revenue of \$7.3 million for WWD. Property tax revenue makes up 7% of the revenue. With the recent increase to service charges for both water and sewer, the District is no longer subsidizing operational costs with non-operational revenue.

WWD is a participant in the California Public Employees' Retirement System (CalPERS.) Currently, the District pays 11.484% of payroll to CalPERS for classic members and 7.732% of payroll for PEPRAs³. Employee contributions for their pension is 6% of payroll for classic members and 6.75% for PEPRAs.

WWD prepays the total annual unfunded pension liability. As of 2019, 81% of District's pension liability was funded. The Other Post-Employment Benefits (OPEB) was 55% funded as of 2019.

b) Reserves: In the approved FY 19-20 budget, and previous budgets, there are no specific allocations to a reserve fund. However, the District has an adopted policy that established a reserve fund in 1979. As part of this policy funds were transferred to a water facilities reserve, sewer reserve, and contingency operations reserve. The reserve policy only specified that transfer of these funds in the 1979 budget year and not for on-going transfers. The amount of these reserve funds are not shown in the District's adopted budget nor are funds shown to be allocated to reserve. Per the District's financial documents, WWD has \$4.3 million in reserves. Capital improvement costs are paid for through reserve funds and capital facility revenue as a component of sewer rates.

c) Rates and Charges: The District's rates were last updated in 2022. Per staff, the rates for the District are reviewed annually and only increased when required to meet budget needs. The water rate is currently \$8.58 per unit, with one unit equaling 748 gallons of water or 100 cubic feet. There is no minimum charge. Per review of the Bay Area Water Supply & Conservation Agency 2019-20 annual survey, the average monthly rate for water service for a single-family house was approximately \$45 or \$540 annually. Per the same service, the average monthly cost for California Water Service – South San Francisco was \$60 or \$720 annually.

The sewer service rate for the District is currently \$11.05 per unit of sewer. There is a minimum charge of 12 units annually or \$132.60. On average, the sewer service charge per property is \$775 per year in 2020-21 (calculated by dividing the sewer system revenue by the number of

³ The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. The changes included setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension

active connections). The sewer charges are uniform for all users based on the average January and February water consumption.

WWD also has adopted fees for new development as well. These fees include a water storage and supply fee and sanitary sewer connection fee. Per WWD staff, there are typically no specific development infrastructure needs due to the built-out nature of the District. Connections fees are allocated to capital projects needed to upgrade the District's system.

In comparison, the City of South San Francisco has a different basis of calculation for the City's sewer rates. For FY 21-22, the City's rate for a single-family home is \$775 and \$695 for a multi-unit residence such as an apartment complex. Per the City's adopted sewer rate plan, sewer rates are calculated by the number of dwelling units on a property. The rate assumes an average annual effluent flow of 8,400 cubic feet for a single-family home and a flow of 7,500 cubic feet for multi-family units.

d) Infrastructure Funding: As noted previously in the MSR, the District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the "Pay-As-You-Go" budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects. The District is assessing the need to accelerate the District's CIP implementation and is actively looking at alternate ways to finance these projects.

These capital projects including repairs and upgrades to an existing water tank, removing an asbestos cement pipe, and replacing a service of gate and check valves at two sanitary sewer lift stations. The website states that these costs were approved in the 2018-2019 budget, however, the District budget documents do not show the allocation of these funds. It is unclear if there is a separate CIP and budget that allocates these funds. These funds are shown in the independent audit documents for the District.

Per WWD staff, for FY 2022-2023, the District approved sewer pump station improvement, lift station improvements, and is exploring fixes for an existing water tank. For the FY, \$200,000 has been allocated for these CIP projects.

e) Financial policies: The District has adopted two financial policies:

- Reimbursement and Compensation Policy (2008)
- Operating Reserve Policy (1979)
- Investment Policy (2022)

f) District Debt: According to District staff, WWD does not have debt. The District uses reserve funds and capital facility revenue to pay for capital improvements. A portion of the sewer and water rates go towards capital projects that address deficiencies with the existing utility system.

Financial Ability MSR Determination

Current water and sewer rates support year-to-year operations. Over the last five budget years, the District has had net income gains. As of 2020, WWD had a net position of \$9.7 million. The District has an adopted reserve policy and reserve fund of \$4.3 million. WWD has no debt, as

reserve funds and capital facility revenue pay for capital improvements. As of 2019, 81% of District’s pension liability was funded. The Other Post-Employment Benefits (OPEB) was 55% funded as of 2019.

The District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the “Pay-As-You-Go” budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

Recommendations:

1) Update District Capital Improvement Plan – WWD’s CIP was last updated in 2020-2021 and is adopted on a one-year cycle. The plan should be updated on an annual basis and consideration of a multi-year capital improvement plan. A multi-year plan could help identify critical projects over a longer planning period, prioritize the projects, and identify funding in subsequent budgets. Consistent with best practices WWD should prioritize improvements and identify financing mechanisms to fund CIP projects over time. WWD is a small district with limited potential for new customers. The CIP should take into consideration this constraint and seek economies of scale where appropriate.

It is recommended that the District document the age of its system and conduct comparative analysis to determine what percentage of the effective life of the segment has been used as input to develop long-term CIP priorities and schedule.

LAFCo supports the District’s efforts to explore funding strategies for CIP projects. CIP projects could be funding through pursuing grants and low-interest loans, as well as through the use of “Pay-as-you-go.” As limited development is expected within the WWD service area, the District should analyze the impact of the different types funding for these needed infrastructure projects on rate payers.

Funding for these CIP projects should be clearly allocated in both the CIP documents and in annual budgets.

2) The District should consider posting the staff reports or other budget narratives on the District’s website along with the annual budget. This would allow for a greater understanding of the District’s finances and would improve transparency for the public. Budget documents should also show the District’s reserve amount and funds allocated to the CIP projects.

3) The District should consider expanding its financial polices to cover additional topics, such as budget preparation process and audit requirements. The District should also review the existing Operating Reserve Policy for potential amendments regarding the annual allocation of funds to the District’s reserve.

5) Shared Service and Facilities

Status of, and opportunities for, shared facilities	Yes	Maybe	No
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?		X	

a) Existing shared services: Per District staff, WWD coordinates with the City of South San Francisco and the City’s Fire Department regarding future development with the District boundaries.

The District has had a long-standing working relationship with NSMCSD for sewer treatment and sewer system maintenance.

WWD also shares a water tank with the North Coast County Water District (NCCWD). WWD shares water capacity for a WWD water tank with the NCCWD, and the NCCWD shares capacity from their water tank with WDD to ensure proper pressure for both districts’ water service zones.

b) Potential shared services: WWD boundaries overlap with the City of South San Francisco, which provides sewer services to residents and businesses elsewhere in the City. Cal Water provides water service to South San Francisco, with the exclusion of WWD territory. Per WWD staff responses to LAFCo, WWD has considered options for providing sewer service, including connecting to the City of South San Francisco’s sanitary system. In the District’s opinion this service option is not feasible due to the lack of an existing connection into the City’s sewer system, the costs for construction and operation of a sewer force main that would connect WWD sewer lines to the City’s system, and the potential regulatory issues with increasing sewer discharge to the San Francisco Bay, where the current City treatment plant discharges. The District notes that any potential construction or regulatory costs for a connection to the City of South San Francisco’s sewer system would be borne by the rate payers of the District. In the opinion of WWD staff, the current system, which is largely gravity flow to the NSMCSD facility and the disposal of the treated effluent into the Pacific Ocean is operationally, fiscally, and environmentally superior.

Shared Services MSR Determination

WWD currently has an agreement with NSMCSD for sewer treatment and sewer system maintenance. The District has explored connections to the City of South San Francisco’s sanitary system, but is currently not considered a feasible option by the District due to lack of existing infrastructure and financial impact to rate payers.

Recommendations:

LAFCo supports any new exploration of shared services for WWD.

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	Yes	Maybe	No
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?			X
b) Are there any issues with filling board vacancies and maintaining board members?			X
c) Are there any issues with staff turnover or operational efficiencies?			X
d) Is there a lack of regular audits, adopted budgets and public access to these documents?			X
e) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?			X
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?			X
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase		X	

the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?			
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a) Public meetings: WWD is governed by an elected five-member Board of Directors who must be registered voters within District boundaries. Public meetings of the Board are the second Thursday of each month at 7:30 p.m. at District Office Board Room located at 2263 Westborough Boulevard, South San Francisco, CA 94080. The District complies with all Brown Act requirements in publicly noticing its meetings. The District posts copies of meeting agendas to their website, however, the full meeting packet is not available. Audio recordings of the meetings are created but are currently not on the District’s website. Per District staff, written staff reports are not created for Board meeting agenda items.

b) Board composition and governance: The District reports that there are no difficulties with filling positions for the Board of Directors. The District is a member of the Association of California Water Agencies and the California Special Districts Association. The Board members receive \$100 per meeting, up to \$65 for internet services and access to a \$10,000 life insurance policy which costs the District \$42 per month for all five members.

c) Staffing: Staffing is currently at six full-time employees, with a General Manager, ~~Office Supervisor Assistant General Manager~~, Field Supervisors, Senior Field Maintenance position, Field Maintenance position, and Office Assistant. Per the District, there has not been high levels of turnover among these positions with the average tenure of employees at 18.5 years. The District has stated that it does not anticipate the need to hire additional staff or transfer positions to consultants or contractors to complete the work of the District.

d) Audits and transparency: The District works to maintain transparency by receiving annual independent audits and producing annual adopted budgets. The audits have not found any deficiencies for 2018 or 2019. The District also produces newsletters for interested parties, which provides additional information on District activities. The last newsletter published was December 2020.

On October 20, 2022, WWD received a District Transparency Certificate of Excellence from the Special District Leadership Foundation (SDLF), a non-profit organization that recognizes special district officials and employees for their dedication to being transparent as well as open and accessible to the public and other stakeholders.

e) Change in governance: LAFCo staff is not aware of any possible changes to the WWD’s governance structure that will increase accountability.

f-g) WWD boundaries overlap with the City of South San Francisco, which provides sewer services to residents within the City limits, excluding WWD territory.

Accountability, Structure, and Efficiencies MSR Determination

WWD recently received recognition from the Special Districts Leadership Foundation for being transparent as well as open and accessible to the public and other stakeholders. WWD complies with all Brown Act requirements in publicly noticing its meetings. Audio recordings of the

meetings are created but are currently not on the District’s website. Staff reports for agenda items are not currently produced. The District maintains a website with water rates and other information about water service. Water and sewer rates are adopted at public meetings in accordance with State law. The District has annual independent audits, which have not found any deficiencies.

The boundaries of the WWD overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of Westborough neighborhood.

Recommendations:

- 1) LAFCo recommends the creation of staff reports for Board of Director agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Board of Directors. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
- 2) WWD has a Sphere of Influence designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District’s SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include

- a. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco City Council serving as the governing board of the subsidiary district and the sewer water service becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates for those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCS D transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.

- b. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCSD transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service
- c. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City’s system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

3) WWD should consider posting the full board meeting agenda packet to the District’s website, in addition to the meeting agenda and minutes.

4) As the District Board is currently meeting remotely over Zoom, it is recommended that the videos of these meetings be posted on the District’s website.

7) Other

Any other matter related to effective or efficient service delivery, as required by commission policy.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?			X
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhance and provide a more robust water supply capacity?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea	X		

level rise and other measures to adapt to climate change?			
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a) Other topics to be addressed: None.

b.i-c.ii) Water resiliency and natural hazard planning: WWD has been engaged in coordinating efforts for water resiliency and natural hazard planning. The District is a member of BAWSCA which, among other activities, assists in the coordination of water reliance for its member agencies. BAWSCA and SFPUC, the District’s wholesale supplier, have adopted plans and procedures regarding water supply. This includes a BAWSCA report for long-term water reliability, which evaluated the water supply through the year 2040. SFPUC is currently undertaking a Hetch Hetchy Capital Improvement Project that is focused on resiliency of its transmission system.

WWD has also participated in the San Mateo County Multi-Jurisdictional Local Hazard Mitigation Plan (LHMP) in both 2016 and 2021. The LHMP assesses hazard vulnerabilities and identifies mitigation actions that jurisdictions will pursue in order to reduce the level of injury, property damage, and community disruption that might otherwise result from such events. The LHMP addresses natural and human-caused hazards, including flooding, drought, wildfire, landslides, severe weather, terrorism, cyber threats, pandemic, and the impact of climate change on hazards, as well as other hazards. The 2016 Plan identified several jurisdiction specific vulnerabilities such as the need for backup power at pump sites and improving the resiliency of the water system. Several of these projects have been completed as part of the District Capital Improvement Program.

Other Issues MSR Determination

WWD is engaged in activities to address water resiliency and natural hazard migration for the District’s infrastructure.

Recommendations:

LAFCo encourages the District to continue its work in the areas of water resilience and natural hazards mitigation and to continue to coordinate with partner agencies.

Section 6. Sphere of Influence Review and Update

Determinations

Section 56425 requires the Commission to make determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency. These include the following determinations:

1. The present and planned land uses in the area, including agricultural and open space lands.

The WWD territory is located in the western portion of the City of South San Francisco and is highly developed with residential and commercial uses. The predominate type of residential developments in the service area are single-family homes.

2. The present and probable need for public facilities and services in the area.
Only six acres of vacant land is located within the WWD boundaries, limiting additional development. The number of commercial customers within the District’s service boundaries has been consistent and is projected to remain as such. The City of South San Francisco is currently in the process of updating the City’s General Plan, but there are no indications that the existing land use patterns will be greatly altered. In addition, the areas surrounding the district are within the boundaries of cities, other special districts, or private companies which provide utility services.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

WWD has adequate capacity to serve the existing and future needs of customers within the District’s boundaries. The District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the “Pay-As-You-Go” budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The WWD SOI is coterminous and does not include any territory outside of the District’s existing boundaries. The City of South San Francisco and the WWD areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the Sphere of Influence of the Westborough Water District is proposed at this time.

On the basis of the Municipal Service Review:

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

Appendix A. Westborough Water District Fact Sheet

2263 Westborough Blvd.
South San Francisco, CA 94080

Patricia Mairena
General Manager
650-589-1435
650-589-5167/fax

wwd@westboroughwater.org
<https://www.westboroughwater.org/>

Date of Incorporation: March 7, 1961 as Callan Park County Water District, later reformed as the Westborough Water District.

Board of Directors: Five-member board of directors elected to four-year terms. Members will be elected by zones starting in 2022.

Membership and Term Expiration Date: Perry Bautista, President (November 2022), Tom Chambers, Board Member (November 2022), Janet Medina , Vice President (November 2024), Don Amuzie, Board Member (November 2022), and Julie Richards, Board Member (November 2022)

Compensation: The Board members receive \$100 per meeting, up to \$65 for internet services and access to a \$10,000 life insurance policy which costs the District \$42 per month for all five members.

Public Meetings: Second Thursday of each month at 7:30 p.m. at District Office Board Room located at 2263 Westborough Boulevard, South San Francisco, CA 94080

Services Provided: Domestic water service and sanitary sewer service

Area Served: 1 square miles

Population: 13,486 (estimate)

Number of Personnel: 6 Full-time Equivalent Employees (FTEs)

Staffing is currently at six full-time employees, with a General Manager, Office Supervisor, ~~Assistant General Manager~~, Field Supervisors, Senior Field Maintenance position, Field Maintenance position, and Office Assistant

Sphere of Influence: Status quo (Coterminous with boundaries of 1987)

Budget: See the WWD Accountability page (<https://www.westboroughwater.org/finances>)

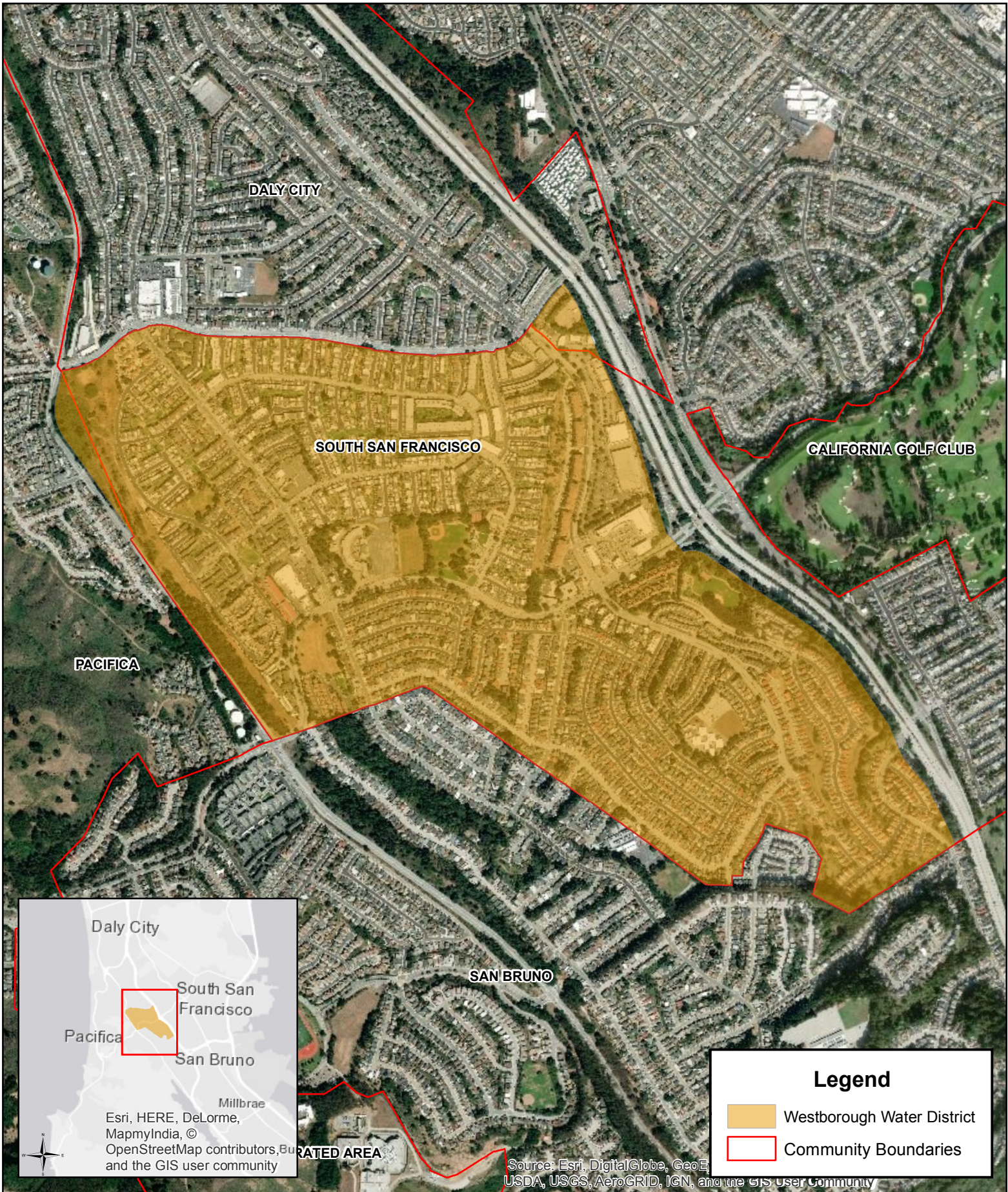
Appendix B. References

Barrow, Darryl, (2020) General Manager, Westborough Water District. *Personal Communication and MSR response letter*

Mairena, Patricia (2022) General Manager, Westborough Water District. *Personal Communication and Administrative Draft MSR response letter*

Westborough Water District 2015 Urban Water Management Plan
<https://www.westboroughwater.org/water-quality-report.php>

Westborough Water District Draft 2020 Urban Water Management Plan
<https://www.westboroughwater.org/water-quality-report.php>



DALY CITY

SOUTH SAN FRANCISCO

CALIFORNIA GOLF CLUB

PACIFICA

SAN BRUNO

UNINCORPORATED AREA

Daly City

South San Francisco

Pacifica

San Bruno

Millbrae

Esri, HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors, and the GIS user community

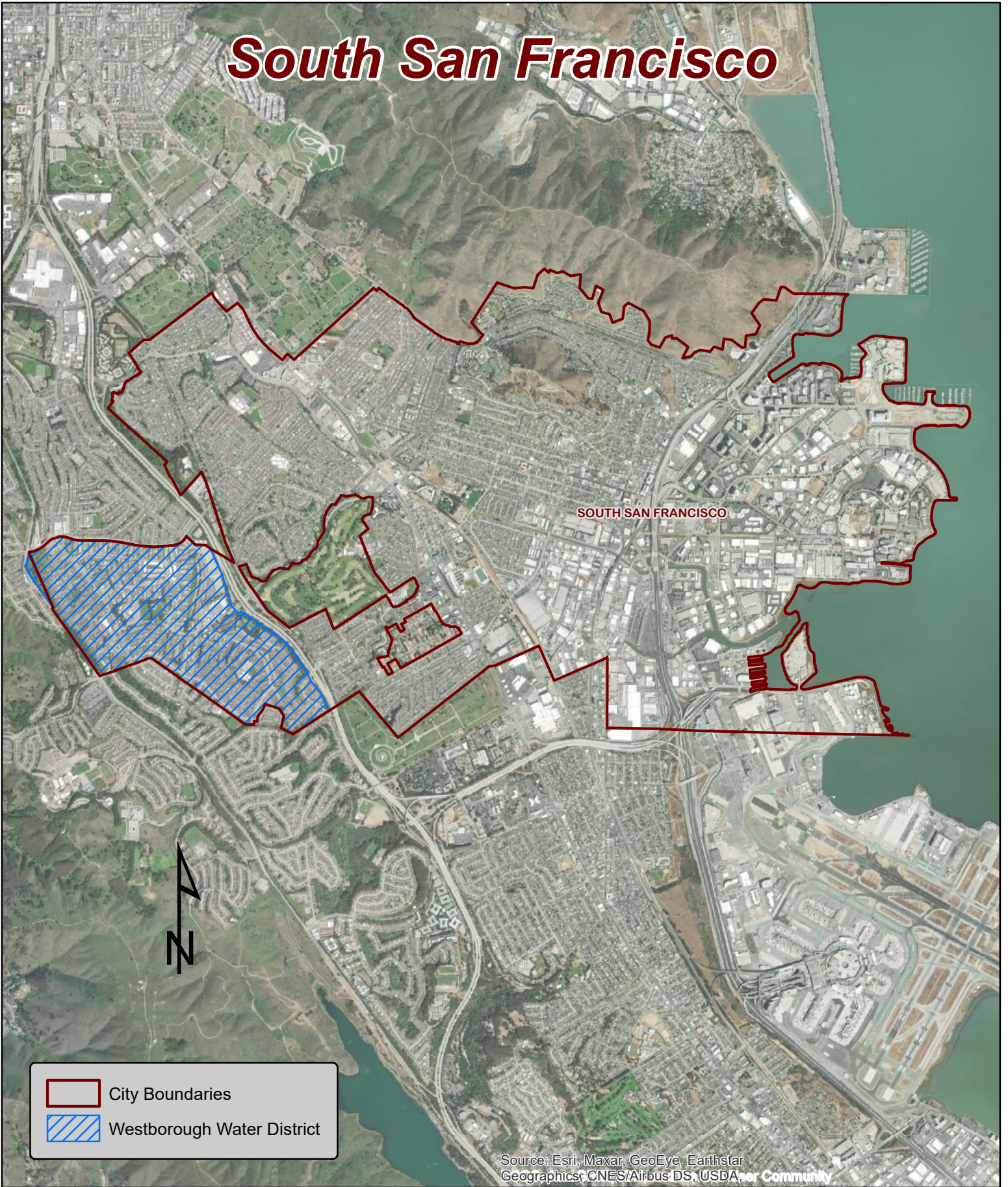
Legend

- Westborough Water District
- Community Boundaries

Source: Esri, DigitalGlobe, GeoEye, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Westborough Water District

South San Francisco



Westborough County Water District

RESOLUTION NO. 1299

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTION 56430 FOR THE WESTBOROUGH WATER DISTRICT (WWD)**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo, State of California, that

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, set forth in Government Code Section 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Section 56000 et seq.,

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo or Commission) to develop and determine the sphere of influence of each local governmental agency within the County; and

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the Westborough Water District (WWD);

WHEREAS, the Executive Officer prepared a written report of the Municipal Service Review that was provided to the Commission and affected agencies; and

WHEREAS, the Executive Officer set a public hearing date for November 16, 2022, for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on November 16, 2022; and

WHEREAS, a public hearing by this Commission was held on the report and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's report; and

WHEREAS, the Commission is required pursuant to Government Code Section 56430 to make statement of written determinations with regards to certain factors; and

WHEREAS, the Commission is required pursuant to Government Code Section 56425 and local Commission policy to make statement of written determinations with regards to the following factors:

1. The present and planned land uses in the area, including agricultural and open-space lands.

Westborough Water District is located in the western portion of the City of South San Francisco, and the District's land designations include primarily residential and commercial uses. The predominate type of residential development in the service area are single family homes.

2. The present and probable need for public facilities and services in the area.

Only six acres of vacant land exist within WWD boundaries, limiting additional development. The number of commercial customers within the District's service boundaries has been consistent and is projected to remain as such. The City of South San Francisco is currently in the process of updating the City's General Plan, but there are no indications that the existing land use patterns will be greatly altered. Additionally, the areas surrounding the district are within the boundaries of cities, other special districts, or private companies that provide utility services to those areas.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

WWD has adequate capacity to serve the existing and future needs of customers within the District's boundaries. WWD reviews Capital Improvement Projects annually. WWD staff report that the District currently uses the "Pay-As-You-Go" budget rule to pay for capital projects. WWD is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The WWD SOI is coterminous and does not include any territory outside of the District's existing boundaries. The City of South San Francisco and the WWD areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the Sphere of Influence of Westborough Water District is proposed at this time.

WHEREAS, based on the results of the MSR, staff has determined that the SOI for Westborough Water District is coterminous and does not need to be updated at this time; and

WHEREAS, the Municipal Service Review is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which

allows for basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The Municipal Service Review collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The Municipal Service Review also is exempt from CEQA under the section 15061(b)(3), the common-sense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of San Mateo DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. By Resolution, the Commission accepts the Executive Officer’s Report dated November 16, 2022, Final Municipal Service for Westborough Water District, and all written comments and attachments incorporated herein and contained in attached “Exhibit A.”

Section 2. By Motion, the Commission adopts the Municipal Service Review determinations set forth in “Exhibit B” which is attached and hereby incorporated by reference.

Regularly passed and adopted this ____ day of _____.

Ayes and in favor of said resolution:

Commissioners: _____

Noes and against said resolution:

Commissioners Absent and/or Abstentions:

Commissioners: _____

Chair
Local Agency Formation Commission
County of San Mateo
State of California

ATTEST:

Date: _____

Executive Officer
Executive Officer
Local Agency Formation Commission

I certify that this is a true and correct copy of the resolution above set forth.

Date: _____

Clerk to the Commission
Local Agency Formation Commission

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for Westborough Water District (WWD)

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

At this time the WWD's territory, is not projected to experience any significant development or population growth that might impact the District's ability to deliver water or wastewater services, as there is a low projected growth rate for the area.

Recommendation

- None

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.

Determination

While WWD does provide water and sewer services, the service area only includes incorporated areas, therefore the provisions of SB 244 do not apply, and Disadvantaged Unincorporated Communities are not an issue.

Recommendation

- LAFCo recommends that the District continue to support its customers throughout the COVID-19 pandemic and continue its policies regarding affordable housing.

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.

Determination

WWD has adequate capacity to serve the existing and future needs of customers within the District's boundaries. The District prepared an Urban Water Management Plan in 2021 that identifies the potential growth and impacts of this growth on the District's water service. The District encompasses 1 square mile and the service area is highly developed, with only a small portion of new additional customers anticipated to be added to the District over the next 25 years.

There are no known issues regarding sewer treatment or capacity issues with District lines or with North San Mateo County Sanitary District.

The Urban Water Management Plan also identifies actions related to droughts that the District can undertake as well as possible reductions in water that SFPUC will impose on member agencies. The District offers rebate programs for customers to replace their existing washing machine or toilet with

low flow models. WWD also provides information about water-efficient landscaping, water leak repair, and water conservation. LAFCo encourages WWD to continue to make efforts to encourage customers to conserve water when possible. The District has identified \$38 million worth of potential capital projects and is in the process of assessing the need to accelerate the District's CIP implementation and is actively looking at alternate ways to finance these projects.

Recommendations

- Recommendations regarding the District's infrastructure finances is discussed in Financial Ability section.

Financial ability of agencies to provide services.

Determination

Current water and sewer rates support year-to-year operations. Over the last five budget years, the District has had net income gains. As of 2020, WWD had a net position of \$9.7 million. The District has an adopted reserve policy and reserve fund of \$4.3 million. WWD has no debt, as reserve funds and capital facility revenue pay for capital improvements. As of 2019, 81% of District's pension liability was funded. The Other Post-Employment Benefits (OPEB) was 55% funded as of 2019.

The District reviews Capital Improvement Projects annually. Per WWD staff, the District currently uses the "Pay-As-You-Go" budget rule to pay for capital projects. The District is in the process of conducting a rate and fee study to address \$38 million worth of potential capital projects.

Recommendations

- Update District Capital Improvement Plan – WWD's CIP was last updated in 2020-2021 and is adopted on a one-year cycle. The plan should be updated on an annual basis and consideration of a multi-year CIP. A multi-year plan could help identify critical projects over a longer planning period, prioritize the projects, and identify funding in subsequent budgets. Consistent with best practices WWD should prioritize improvements and identify financing mechanisms to fund CIP projects over time. WWD is a small district with limited potential for new customers. The CIP should take into consideration this constraint and seek economies of scale where appropriate.

It is recommended that the District document the age of its system and conduct comparative analysis to determine what percentage of the effective life of the segment has been used as input to develop long-term CIP priorities and schedule.

LAFCo supports the District's efforts to explore funding strategies for CIP projects. CIP projects could be funded through pursuing grants and low-interest loans, as well as through the use of "Pay-As-You-Go." As limited development is expected within the WWD service area, the District should analyze the impact of the different types funding for these needed infrastructure projects on rate payers.

Funding for these CIP projects should be clearly allocated in both the CIP documents and in annual budgets.

- The District should consider posting the staff reports or other budget narratives on the District's website along with the annual budget. This would allow for a greater understanding of the

District's finances and would improve transparency for the public. Budget documents should also show the District's reserve amount and funds allocated to the District's Capital Improvement Plan projects.

- The District should consider expanding its financial polices to cover additional topics, such as budget preparation process and audit requirements. The District should also review the existing Operating Reserve Policy for potential amendments regarding the annual allocation of funds to the District's reserve.

Status of, and opportunities for, shared facilities.

Determination

WWD currently has an agreement with NSMCSD for sewer treatment and sewer system maintenance. The District has explored connections to the City of South San Francisco's sanitary system, but is currently not considered a feasible option by the District due to lack of existing infrastructure and financial impact to rate payers.

Recommendation

- LAFCo supports any new exploration of shared services for WWD.

Accountability for community service needs, including governmental structure and operational efficiencies.

Determination

WWD recently received recognition from the Special Districts Leadership Foundation for being transparent as well as open and accessible to the public and other stakeholders. WWD complies with all Brown Act requirements in publicly noticing its meetings. Audio recordings of the meetings are created but are currently not on the District's website. Staff reports for agenda items are not currently produced. The District maintains a website with water rates and other information about water service. Water and sewer rates are adopted at public meetings in accordance with State law. The District has annual independent audits, which have not found any deficiencies.

The boundaries of the WWD overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD.

Recommendations

- LAFCo recommends the creation of staff reports for Board of Director agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Board of Directors. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
- WWD has a Sphere of Influence designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District's SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

1. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco City Council serving as the governing board of the subsidiary district and the sewer water service becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates for those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCSD transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
2. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCSD transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
3. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City's system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

- WWD should consider posting the full board meeting agenda packets to the District's website, in addition to the meeting agenda and minutes.
- As the District Board is currently meeting remotely over Zoom, it is recommended that the videos of these meetings be posted on the District's website.

Other Issues

Determination

WWD is engaged in activities to address water resiliency and natural hazard migration for the District's infrastructure.

Recommendation

- LAFCo encourages the District to continue its work in the areas of water resilience and natural hazards mitigation and to continue to coordinate with partner agencies.



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

November 9, 2022

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: Consideration of a Circulation Draft for LAFCo Special Study for Broadmoor Police District

Summary and Background

This report is a Special Study for the Broadmoor Police Protection District (BPPD or the District). Section 56378 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides LAFCo with the authority to initiate and make studies of existing government agencies. The studies shall include but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities.

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the BPPD. As part of the 2022-2023 LAFCo workplan, the Commission authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the MSR. This Special Study focuses on BPPD's operations, finances, and governance.

The Broadmoor Police Protection District was formed in 1948 to provide police and ambulance services to the unincorporated community of Broadmoor and surrounding incorporated area. In 1957, BPPD contracted with the Town of Colma to provide ambulance and radio dispatch services. That contract was amended in 1964 to include partial police protection services. In 1967, ambulance services were discontinued, and police patrol services to the Town of Colma ended in 1976, at which time Colma established its own full-time police department.

BPPD's service boundaries total 0.55 square miles and include the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD's service territory also includes three small parcels in unincorporated Daly City directly west of Broadmoor Village, each of which is developed with a single-family home.

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY
▪ WARREN SLOCUM, COUNTY ▪ JOSHUA COSGROVE, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: KATI MARTIN, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪
ANGELA MONTES, CLERK

District's boundaries are irregular and include non-contiguous areas that resulted from annexation of areas to the City of Daly City over time. As these annexations occurred, the territory was concurrently detached from the BPPD since the City has a full-service police department. The BPPD service area includes single and multi-family housing, and commercial and retail development.

Governance

BPPD was formed under California Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California that employs its own officers.

The formation of new Police Protection Districts now is prohibited. Code Section 20007 of Health and Safety Code states: "No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter." Per Code Section 20008, "...any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection."

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month.

Current Key Issues

Key issues identified in compiling information on Broadmoor Police Protect District include the following:

- 1) BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of FY 17. The BPPD Commission has adopted unbalanced budgets for FY 17, FY 18, FY 19 and FY 23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.
- 2) BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.
- 3) The District does have independent audits which are shared with staff and Board members, however it does not appear that these audits are agenzized for discussion at Board meetings.
- 4) BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles.
- 5) The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.

- 6) BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.
- 7) The District has a high officer to population ratio, but also has high cost for calls for service per police officer.
- 8) In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Proposed Special Study Recommendations

For the Circulation Draft of this Special Study, LAFCo has the following determinations and recommendations:

Capacity and Adequacy of Public Facilities and Services Summary and Recommendations

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant, 7 volunteers, and one administrative staff member. The District has a higher ratio of officer per 1,000 persons compared to the City of Daly City, but the cost for service call per police officer is more than four times the amount for BPPD.

Recommendations

The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.

Financial Ability Summary and Recommendations

BPPD has had significant budget deficits in five of the last six fiscal years. BPPD's net position has been negative every year since the end of FY 17. The BPPD Commission has adopted unbalanced budgets for FY 17, FY 18, FY 19 and FY 23. For these budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.

BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

The District does have independent audits which are shared with staff and Board members, however it does not appear that these audits are agenzized for discussion at Board meetings. Delays in the timely production of audits can negatively impact budget preparation.

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR.

Recommendations

- 1) Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.
- 2) Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
- 3) Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
- 4) Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
- 5) Develop accounting, financial, governance and general administrative polices to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.
- 6) Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.
- 7) Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight and transparency.
- 8) Adopt annual Gann Appropriation Limit resolutions.
- 9) Post budget documents and audits on the District's website.

Accountability, Structure, and Efficiencies Summary

Public meeting agendas are posted on the District's website, but staff reports are not typically available. The District does record Board meetings, but currently, the recordings are not posted to the website and are only available at cost to members of public who request copies. The Police Chief/General Manager provides all administrative and human resource function for the District.

In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Recommendations:

- 1) LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
- 2) Video/audio of Board meetings should be posted on the District's website for public viewing.
- 3) Provide Brown Act training for all Commissioners.
- 4) Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
- 5) Post position salary and compensation data on the District's website.
- 6) Post contracts and hiring policies on District's website.

Service/Governance Options

Status Quo

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District.

Merge Broadmoor Police Protection District with City of Daly City

Merging BPPD with the City of Daly City (with concurrent annexation of BPPD's service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. San Mateo LAFCo has identified Daly City (through adoption of the spheres of influence) as the long-term, logical service provider for both Broadmoor and unincorporated Colma. Daly City has its own full-service police department with its headquarters located less than one-quarter mile from the BPPD headquarters. Furthermore, the Broadmoor Unincorporated area is wholly surrounded by the City of Daly City and unincorporated Colma islands are fully bordered by Daly City on three sides and the Town of Colma.

Formation of a County Service Area (CSA) or a Community Services District (CSD) and Contract with the County or Daly City for Services

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The District could reorganize either to a County Service Area (a dependent district under the jurisdiction of the County) or as a Community Services District (an independent special district with a five-member board). The reorganized agency could contract for police services. As discussed in the 2015 MSR, the CSA or CSD could also consider contracting for fire and solid waste services.

Contracting with Another Agency without Reorganization

An additional alternative for the District that was not included in the 2015 MSR is that the District could consider contracting for service with another public safety agency to provide police services to the BPPD service area. Under this scenario, no LAFCo action would be required to enter into a service contract and the District remains intact. In California, there are three remaining Police Protection Districts, BPPD, the Fig Garden Police Protection District, and the Orange Cove Police. These two other districts, both located in Fresno County, contract with the Fresno County Sheriff's Office for enhanced police protection. The Board of Commissioners for these two districts continue to meet and the district themselves continue to operate.

BPPD could explore the option of contracting for service as a way for the District to better control costs and provide for improved economies of scale. Administrative functions such as Human Resources and payroll could be provided by the contracting agency and would no longer need to be provided by the District. Contracting with a public safety agency could also allow greater access to additional police resources and services for the Broadmoor community. While the scope of this special study does not include the fiscal analysis for contracting for services, if contracting is pursued, the District should analyze if there would be the potential for reducing or eliminating the special parcel tax.

Public/Agency Involvement

The primary source of information used in this Special Study has been information collected from District staff, including crime logs, service maps, organizational charts, audits, budgets, CalPERS documents, policies, resolutions, MOUs, Commission meeting minutes, etc. BPPD submitted a response to the administrative draft of the special study on November 8, 2022 and staff has incorporated comments as appropriate into the draft circulation report. LAFCo staff will work with BPPD to schedule a presentation of the report to the District's Board prior to the next LAFCo hearing.

California Environmental Quality Act

This Special Study is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for the of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. This Special Study collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

This Special Study is also exempt from CEQA under the section 15061(b)(3), the common sense provision, which state that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA.

Recommendation

1. Open the public hearing and accept public comment.
2. Provide Commissioner comment.

3. Direct the Executive Officer to schedule the Final Special Study for the Broadmoor Police Protection District for a public hearing at the January 18, 2023, Commission meeting and circulate it with any necessary amendments to the County, cities, and independent special districts.

Attachments

- A. Special Study for the Broadmoor Police Protection District
- B. Map of Broadmoor Police Protection District



**LAFCo Special Study for the Broadmoor Police
Protect District**

Circulation Draft

Released November 9, 2022

LAFCo Special Study for the Broadmoor Police Protect District

SUBJECT AGENCY:

Broadmoor Police Protect District

388 88th Street

Broadmoor CA 94015-1717

Contact: Mark Melville, Chief of Police/District Manager

CONDUCTED BY:

San Mateo Local Agency Formation Commission

455 County Center, 2nd Floor

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Ann Draper, Vice Chair, Public Member

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Don Horsley, County Member

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Angela Montes, Commission Clerk

Tim Fox, Legal Counsel

**Circulation Draft
LAFCo Special Study for
Broadmoor Police Protect District
November 9, 2022**

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Section 1: Introduction

This report is a Special Study for the Broadmoor Police Protection District. Section 56378 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides LAFCo with the authority to initiate and make studies of existing government agencies. The studies shall include but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities.

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the Broadmoor Police Protection District (BPPD). As part of the 2022-2023 LAFCo workplan, the Commission has authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the Municipal Service Review. This Special Study focuses on BPPD's operations, finances, and governance.

Section 2. Summary of Key Issues

Key issues identified in compiling information on Broadmoor Police Protect District include the following:

- 1) BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.
- 2) BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.
- 3) The District does have independent audits which are shared with staff and Board members, however it does not appear that these audits are agenized for discussion at Board meetings.
- 4) BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles.
- 5) The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.
- 6) BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.

- 7) The District has a high officer to population ratio, but also has high cost for calls for service per police officer.
- 8) In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Section 3: Broadmoor Police Protection District

Background

The Broadmoor Police Protection District was formed in 1948 to provide police and ambulance services to the unincorporated community of Broadmoor and surrounding incorporated area. In 1957, BPPD contracted with the Town of Colma to provide ambulance and radio dispatch services. That contract was amended in 1964 to include partial police protection services. In 1967, ambulance services were discontinued, and police patrol services to the Town of Colma ended in 1976 after Colma established its own full-time police department.

Boundaries

BPPD's service boundaries total 0.55 square miles and include the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD's service territory also includes three small parcels in unincorporated Daly City directly west of Broadmoor Village, each of which is developed with a single-family home (600 Washington Street, 620 Washington Street, and 1590 Annie Street) (Attachment A).

District's boundaries are irregular and include non-contiguous areas that resulted from annexation of areas to the City of Daly City over time. As these annexations occurred, the territory was concurrently detached from the BPPD since the City has a full-service police department. The BPPD service area includes single- and multi-family housing, and commercial and retail development.

Enabling Legislation

Broadmoor Police Protection District was formed under California Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California that employs its own officers.

The formation of new Police Protection Districts now is prohibited. Code Section 20007 of Health and Safety Code states: "No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter." Per Code Section 20008, "...any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection."

Structure and Governance

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. The

District also publishes a newsletter and sends email updates from staff and the Board to residents of the District.

Section 4: Areas of Review

The boxes checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages.

1) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X

Discussion:

a-c) Capacity to serve customers: BPPD operates out of its headquarters building located at 388 88th Street in Daly City, just outside of the District’s boundaries. The facility, completely rebuilt between 2001 and 2003, provides 3,000 square feet. Two other police department headquarters are located in close proximity to the BPPD: (1) the Daly City Police Department headquarters, located at 333 90th Street, Daly City, is less than one-quarter mile from the BPPD headquarters; and (2) the Town of Colma Police Department headquarters, located at 1199 El Camino Real, Daly City, is approximately two miles away.

BPPD operates with 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant (per-diem officers can work only 960 hours per year), 7 volunteers, and one administrative staff member. Prior to 2021, BPPD had a reserve officer unit that was staffed with a minimum of 10 reserve officers. Per District staff, In October 2021, the reserve officer unit was decommissioned due a lack of participation by the reserve officers.

Since 2019, BPPD provides patrol services through 12-hour shifts, with two officers per shift. Per District staff, prior to 2019, assistance from the San Mateo County Sheriff’s Office was required to supplement BPPD patrols. Per-diem officers fill patrol vacancies as needed and also provide administrative functions for the District. BPPD is a signatory to the countywide emergency response joint powers authority (JPA) and has received assistance on a few occasions from neighboring police agencies as well as assisted other agencies when requested.

Table 1. Officers Per Residents

Agency	Residents	Full Time-Officers	Officers Per 1,000 Residents
BPPD (FY21)	4,411	9	2.04
City of Daly City PD (FY22)	104,901	111	1.06
Town of Colma PD (FY22)	1,507	19	12.61
County Service Area 1 (Contacted with San Mateo County Sheriff) (FY22)	4,767	3 ¹	0.63

¹ The contract with County Service Area 1 (Highlands) includes 18 hours of patrol service, 12 deputy hours per day shift and six deputy hours per night shift seven days a week. Response outside of those hours is provided out of the San Mateo County Sheriff’s Office and response requiring more than one deputy or additional service such as detectives, etc. are funded by the Sheriff’s Budget

Table 2. Comparison of Costs of Police Services

Agency	Police Budget	Calls for Service	Cost per Call for Service
BPPD (FY21)	\$2,692,985	750 ²	\$3,591
City of Daly City PD (FY22)	\$48,030,642	57,177	\$840
Town of Colma PD (FY22)	\$9,167,209	23,458	\$390
County Service Area 1 (Sheriff Service) (FY22)	\$866,555	2,110	\$411

The Broadmoor Police Protection District handles a variety of public assistance, patrol, traffic enforcement, as well as emergency Priority 1 response calls. The overall calls for service totaled approximately 750 calls and with a budget of \$2,692,985, that equates to \$3,591 per call response. This cost per call for service is more than four times the Daly City police department cost per call but is expected with BPPD’s higher rate of sworn officers per 1,000 residents (Table 1). This cost factor indicates that there may be an opportunity to consider cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.

Capacity and Adequacy of Public Facilities and Services Summary and Recommendations

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant, 7 volunteers, and one administrative staff member. The District has a higher ratio of officer per 1,000 persons compared to the City of Daly City, but the cost for service call per police officer is more than four times the amount for BPPD.

Recommendations

The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs. Potential options are explored in more detail in Section 5 - Service/Governance Options.

² Estimate

2) Financial Ability

Financial ability of agencies to provide service	Yes	Maybe	No
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?		X	
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?		X	
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?		X	
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?		X	
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?	X		
f) Is the organization’s debt at an unmanageable level?			X

a) Budget and Audit process:

The BPPD Commission reviews and adopts budget proposals each fiscal year. Budget proposals include anticipated revenue and expenditures for the upcoming fiscal year along with a summary of prior year revenues and expenditures. The District reports that it does not have a reserves fund and that the operating budget carries excess funds from one year to the next. The adopted budget proposals do not indicate how prior year surplus or losses impact the current year’s budget. BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

Actual revenue and expenditures for each fiscal year can be found in the annual audit reports and are described in Table 3. The largest expenditures are employee salary and benefits, including CalPERS pension contributions. BPPD experienced a budget loss each year from FY17 through FY20. Although expenditures did not exceed revenue in FY21, the budget underestimated its expenditures by over \$300K. While not explicated stated in budget documents, it appears from audit documents that the District’s fund balance is being utilized to address these losses.

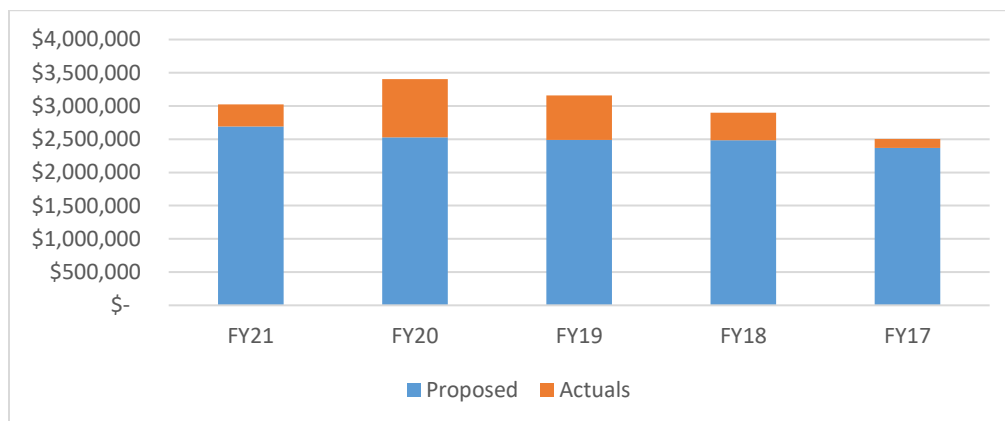
The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. This was planned for this in FY17 (due to increased costs related to a lawsuit) and FY23 (increased insurance fees as result of lawsuits), but there were no explanations in FY18 and FY19. Although BPPD received more revenue than projected between FY17 through FY21, it underestimated annual expenditures from as little as \$134,183 in FY17 to as much as \$874,958 in FY20 (Figure 1). The budget items that were most significantly underestimated were salaries and wages, retirement, contracts, professional services and insurance (Table 4). While final audited actuals for FY21-22 are not available in review of data provided by the District and analyzed by LAFCo, it appears that BPPD experienced another year of budget deficits, with a loss of approximately \$280,000³.

³ BPPD Trail Balance for FY2021-2022

Table 3. Actual FY17 through FY21 Year-end Revenues and Expenditures⁴

	FY22	FY21	FY20	FY19	FY18	FY17
Revenue						
Property taxes	\$1,549,733	\$2,708,371	\$1,513,527	\$1,404,010	\$1,300,497	\$1,236,826
ERAF	\$566,781		\$420,737	\$395,540	\$302,068	\$267,015
Other special charges	\$716,207		\$684,129	\$651,210	\$651,210	\$620,852
Other misc.	\$330,845	\$330,142	\$330,963	\$356,781	\$406,283	\$331,749
TOTAL REVENUE	\$3,163,566	\$3,038,513	\$2,949,356	\$2,807,541	\$2,660,058	\$2,456,442
Expenditures						
Personnel	\$2,187,396	\$2,049,242	\$2,495,139	\$2,294,409	\$2,233,012	\$1,739,329
<i>Salary & wages</i>			\$1,521,182	\$1,357,711	\$1,368,420	\$1,296,052
<i>Benefits</i>			\$973,957	\$936,698	\$864,592	\$443,277
Office expenses	\$83,777	\$920,274	\$189,449	\$207,209	\$138,999	\$327,396
Insurance	\$322,189		\$278,251	\$144,716	\$113,942	\$93,838
Professional contract services	\$597,638		\$231,142	\$210,465	\$220,765	\$200,193
Other professional services	\$136,952		\$78,072	\$194,551	\$120,209	\$65,652
Vehicle maintenance	\$70,831		\$131,583	\$106,928	\$72,393	\$78,845
Other	\$49,887	\$55,168				
TOTAL EXPENDITURES	\$3,448,670	\$3,024,684	\$3,403,636	\$3,158,278	\$2,899,320	\$2,505,253
<i>Surplus (loss)</i>	<i>(\$285,104)</i>	<i>\$13,829</i>	<i>(\$454,280)</i>	<i>(\$350,737)</i>	<i>(\$239,262)</i>	<i>(\$48,811)</i>

Figure 1. Proposed versus Actual Budget Expenditures for FY17 through FY20



⁴ Lamorena & Chang CPA audits for BPPD

Table 4. Proposed versus actual expenditures FY17-20

Retirement	Proposed	Actual
FY17	\$246,895	\$238,795
FY18	\$536,345	\$515,608
FY19	\$395,672	\$603,300
FY20	\$393,226	\$682,820

Other professional services	Proposed	Actual
FY17	\$52,500	\$65,652
FY18	\$69,300	\$120,209
FY19	\$91,700	\$194,551
FY20	\$91,700	\$78,072

Contracts	Proposed	Actual
FY17	\$147,696	\$200,193
FY18	\$148,132	\$220,765
FY19	\$159,632	\$210,465
FY20	\$167,632	\$231,142

Insurance	Proposed	Actual
FY17	\$91,000	\$93,838
FY18	\$51,442	\$113,942
FY19	\$95,000	\$144,716
FY20	\$120,000	\$278,251

BPPD’s net position has been negative every year since the end of FY17. The amount of change in net position is volatile (e.g., a 23% decrease in FY17 and 490% decrease in FY19). This negative net position is due to the District’s liabilities exceeding its assets. The majority of this outstanding liability is related to long-term pension costs.

Between FY17 and FY20 the general fund balance decreased annually. The general fund increased minimally in FY21 by \$13,829 and reported an ending fund balance of \$1,104,416 at the end of FY21⁵.

Per the District’s audits, the District has had at least four years of consecutive net losses FY18 through FY21, totaling a reduction of \$1.3 million dollars in the District’s net position. Final audited actuals are not yet available for the fiscal year ending on June 30, 2022, however if the actuals from the District trail balance for FY21-FY22 and if the proposed FY22-23 budget is realized, the District’s fund balance will decrease to \$561,624 by the end of this fiscal year.

Per the District’s audits and correspondence with District staff, one legal case is still pending, and there is a potential liability payment of \$750,000. If there is a payment, the District risk pool insurance will cover expense and settlements, but there may be impacts to liability insurance costs for the District with impacts to the District’s General Fund.

While the District does undertake independent audits, LAFCo staff was unable to determine if independent audits are brought to the District’s Board at a public meeting for review and approval. Per District staff, the audits are shared with staff and the Board, but past Board meeting agendas do not include these discussions. The same firm that conducts the District’s audits also acts as the accountant for BPPD.

The most recent audit for the fiscal year ending on June 30, 2021 was completed in June of 2022. Audits have typically taken a year to complete. Since the 2018 audit, there has not been a

⁵ Lamorena & Chang CPA audits for BPPD

discussion about any recommendations in the audit process. In 2017 a separate Management Letter was drafted highlighting several recommendations for financial accounting, internal controls, depreciation, and the creation of several policies. While some of these were implemented, there is no follow up documentation in subsequent audits for the majority of these recommendations.

Pension Liability

BPPD is currently contending with a CalPERS investigation in which CalPERS alleges that several retirees of the District received full-time compensation as employees while also receiving retirement benefits and two retirees received large lump sum payments in addition to their regular pay. In a letter submitted by CalPERS to BPPD, CalPERS “noted instances of non-compliance with employment of retire annuitants, publicly available pay schedules, and incorrect reporting or non-reporting of payrates, earnings, and special compensation.”⁶

In response, District staff has noted that they have initiated a more robust hiring process that includes a review of an employee’s status with CalPERS. The District is continuing to work with CalPERS to address this issue.

The District is seeing rising pension costs and increases to the District’s net pension liability (Table 5). At the end of FY21, BPPD’s net pension liability had increased \$638,612 since FY17, bringing the total long-term liabilities to \$3,301,465. BPPD offers four plans, a Safety Plan, a PEPRSA Safety Police Plan, a Miscellaneous Plan and a PEPRSA Miscellaneous Plan⁷. Currently, the largest liability is with the Safety Plan.

Table 5. Annual Pension Contributions and Long-Term Pension Liability

	CalPERS Pension Contribution	Long-Term Pension Liability	Change from Prior Year
FY21	\$571,490	\$3,301,465	\$237,944
FY20	\$682,820	\$3,063,521	\$167,823
FY19	\$603,300	\$2,895,698	\$(31,664)
FY18	\$515,608	\$2,927,362	\$ 309,509
FY17	\$238,795	\$2,617,853	Not available

In review of the FY22-23 BPPD budget, CalPERS Unfunded Liability is budgeted at \$224,742. However, CalPERS documents show the Unfunded Liability amount to be paid during this fiscal year to be \$287,891 across all plans.

⁶ CalPERS Office of Audit Services Employer Compliance Review – “Review of Broadmoor Police Protection District” December 2021

⁷ The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. The changes included setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension

Other Post-Employment Benefits (OPEB)

BPPD does not provide any other post-employment benefits for medical or life insurance.

b) Agency Reserves: The District does not have a reserve to protect against unexpected events or upcoming significant costs. Instead, the District relies on the fund balance for unanticipated expenses. As noted previously, budget documents do not track the fund balance amount.

c) Service charges and other revenue sources: BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000.

In 1978, voters passed Proposition 13, which limited local agencies to a fixed 1% property tax, and each County Controller determines how to allocate the resulting revenues among various districts and agencies. The property tax revenue received by BPPD is unrestricted and can be used for all District business. Between FY17 and FY20 property taxes accounted for 50% of BPPD's revenue. Property taxes are a consistent source of revenue but are subject to economic growth and decline.

The supplemental parcel tax is the second largest source of revenue and accounts for an average of 22% of BPPD's revenue. The parcel tax was established in 2005 after receiving voter approval from Broadmoor residents in 2000 and is restricted to police activities. The supplemental parcel tax is a reliable source of funding, as each parcel is subject to a flat fee annually. The tax includes an escalation factor of up to five percent (per fiscal year) based upon the Consumer Price Index. The FY22-23 rate for residential dwellings is \$483 and \$1,055.25 for commercial or industrial parcels. While the rate for FY22-23 is the same as FY21-22, the District is projecting more revenue to be collected in this fiscal year. There is no sunset date for this special parcel tax. Noticing is required every year to continue the existing rate, decrease or increase the rate. Per District staff, public hearing was held for the FY22-23 budget, which includes the parcel tax.

Between FY17 and FY20, Excess ERAF accounted for approximately 12% of BPPD's revenue and represents the District's third largest source of revenue⁸. BPPD receives this revenue through the County as part of the ERAF calculation that limits funding shifts to school districts. When property tax revenues exceed a calculated amount, excess funds are allocated to other agencies, like BPPD, that receive property taxes. The County Controller does not recommend that agencies budget these supplemental funds for ongoing operations as they are determined each year and are not a reliable source of revenue on an ongoing basis.

⁸ In the early 1990s, the Legislature permanently redirected a significant portion of the property tax revenue from cities, counties, and special districts to schools and community colleges. Revenue from ERAF is allocated to schools and community colleges to offset the funding these entities otherwise would receive from the state General Fund. In a few counties (including San Mateo), ERAF revenue is more than enough to offset all of the General Fund allocated to schools and community colleges. The portion of ERAF not needed for schools and community colleges is dispersed to other agencies in the county. The revenue shifted through this process is known as excess ERAF. (Source: California Legislative Analyst's Office)

For example, in 2022 as part of the proposed California State Budget, Excess ERAF was proposed to be capped at current levels for cities and counties and completely eliminated for special districts. While the proposal did ultimately not move forward, the issue of Excess ERAF will continue to be of interest to the State.

Other sources of revenue include BPPD's trust fund, court fines, interest, grant revenue and bad debt recovery.

Gann Appropriation Limits

In 1979, California voters approved the Gann Appropriation Limit Initiative, which established requirements for cities, counties, and most special districts that used property taxes or proceeds from property taxes to calculate an appropriation limit each year to reduce the amount of growth in expenditures for each agency⁹. This requirement applies to all cities and districts that receive 12.5% or more of the 1% property tax. The District receives approximately 26% of the 1% property tax in District boundaries. A formula was developed to increase the limit by the change in agency population and the Consumer Price Index (CPI) from the prior year.

In the 2015 Municipal Service Review (MSR) for North County Cities and Special District, which included BPPD, noted that the District had not adopted an annual resolution setting the Gann Appropriation Limit. The MSR recommended that BPPD should complete an analysis of its Gann Appropriation Limit and adopt resolutions annual. In a review of records and correspondence from the BPPD Police Chief, resolutions for the Gann Appropriation Limit have not been adopted.

d) Infrastructure maintenance: BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future.

e) Fiscal policies and administrative polices: Per District staff, BPPD does not have any adopted financial policies. The District does not have a Board-approved policy on setting reserves.

f) Agency debt: BPPD does not report any outstanding debt.

Financial Ability Summary and Recommendations

BPPD has had significant budget deficits in five of the last six fiscal years. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. For these budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.

⁹ Government Code Section 7900 et seq.

BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

The District does have independent audits which are shared with staff and Board members, however it does not appear that these audits are agenzized for discussion at Board meetings. Delays in the timely production of audits can negatively impact budget preparation.

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR.

Recommendations

- 1) Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.
- 2) Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
- 3) Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
- 4) Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
- 5) Develop accounting, financial, governance and general administrative polices to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.

- 6) Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.
- 7) Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight and transparency.
- 8) Adopt annual Gann Appropriation Limit resolutions.
- 9) Post budget documents and audits on the District’s website.

3) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	Yes	Maybe	No
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?		X	
b) Are there any issues with staff turnover or operational efficiencies?		X	
c) Is there a lack of regular audits, adopted budgets and public access to these documents?	X		

a) Public meetings governance: BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. Meetings are open to the public and are held in the BPPD headquarters. The District posts copies of meeting agendas to their website, however, the full meeting packet is not available. Currently, staff reports for agenda items are not produced.

While all Commission meetings are recorded, video or audio recordings of Commission meetings are not available on the District’s website. Per District staff, recordings are available upon request and the requesting party would be responsible for all costs associated in preparing the recordings.

In 2019, a BPPD Commissioner was appointed Police Chief by the Commission. During this selection process, the Commissioner participated in the search and selection for a new Police

Chief and “advocated for a non-agendized vote on the decision that would result in his appointment.”¹⁰ The Commissioner was appointed to the Police Chief’s position on a 2-0 vote.

In 2021, this now former Commissioner and Police Chief plead no contest to Brown Act violations brought by the San Mateo County District Attorney’s Office.

b) Staffing: Per the BPPD staff, the District has been able to meet staffing requirements. While officers have left for different agencies, BPPD reports that they have been able to find qualified applicants to fill vacancies. District staff reports that training requirements have been met and a non-patrol staffer has been designated as training manager for the District.

The Police Chief/General Manager provides all administrative and human resource function for the District.

The District has a Memorandum of Understanding that covers all line personnel, civilian employees, and per-diems. The position of Chief of Police and Police Commander are covered by separate contracts. The BPPD Commission reviews and approves the initial contract and any amendments to the Chief of Police contract.

c) Audits and transparency: As of the publication of this report, the latest independent audits and budget documents are not available on the District’s website. The website does include budgets for 2016 through 2021, but the Fiscal Year 2021-2022 and 2022-2023 are not available. The only audit available for review on the District’s website is for FY 2017. In review of agenda and minutes for the District, LAFCo staff was unable to determine if independent audits are brought to the Commission for review and approval.

Lamorena & Chang CPA provides both accounting and independent auditing services to the District. While the County of San Mateo currently provides payroll services to the District, this contract will end on June 30, 2023. The District is searching for potential vendors to provide this service.

The Broadmoor Police Protection District’s website provides basic contact information, meeting notices, agendas, and minutes, and a community events calendar. However, agendas for 2022 are not available and copies of minutes and agendas are in various locations on the website. As mentioned previously, written staff reports are not created for agenda items.

While salary information for District positions is included in budget documents, adopted salary ranges for positions and classifications are not available on the District’s website.

Accountability, Structure, and Efficiencies Summary

Public meeting agendas are posted on the District’s website, but staff reports are not typically available. The District does record Board meetings, but currently, the records are not posted to the website and are only available at cost to members of public who request copies. The Police Chief/General Manager provides all administrative and human resource function for the District.

¹⁰ Jason Green and Robert Salonga “Ex-Broadmoor police chief pleads no contest to conflict-of-interest charge” *The Mercury News* 8/4/2021

In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Recommendations:

- 1) LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
- 2) Video/audio of Board meetings should be posted on the District’s website for public viewing.
- 3) Provide Brown Act training for all Commissioners.
- 4) Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
- 5) Post position salary and compensation data on the District’s website.
- 6) Post contracts and hiring policies on District’s website.

Section 5. Service/Governance Options

The 2015 MSR for BPPD identified three government structure alternatives for the District:

Status Quo

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District.

Merge Broadmoor Police Protection District with City of Daly City

Merging BPPD with the City of Daly City (with concurrent annexation of BPPD’s service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. San Mateo LAFCo has identified Daly City (through adoption of the spheres of influence) as the long-term, logical service provider for both Broadmoor and unincorporated Colma. Daly City has its own full-service police department with its headquarters located less than one-quarter mile from the BPPD headquarters. Furthermore, the Broadmoor Unincorporated area is wholly surrounded by the City of Daly City and unincorporated Colma islands are fully bordered by Daly City on three sides and the Town of Colma.

Formation of a County Service Area (CSA) or a Community Services District (CSD) and Contract with the County or Daly City for Services

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The District could reorganize either to a County Service Area (a dependent district under the jurisdiction of the County) or as a Community Services District (an independent special district with a five-member board). The

reorganized agency could contract for police services. As discussed in the 2015 MSR, the CSA or CSD could also consider contracting for fire and solid waste services.

Contracting with Another Agency without Reorganization

An additional alternative for the District that was not included in the 2015 MSR is that the District could consider contracting for service with another public safety agency to provide police services to the BPPD service area. Under this scenario, no LAFCo action would be required to enter into a service contract and the District remains intact. In California, there are three remaining Police Protection Districts, BPPD, the Fig Garden Police Protection District, and the Orange Cove Police. These two other districts, both located in Fresno County, contract with the Fresno County Sheriff's Office for enhanced police protection. The Board of Commissioners for these two districts continue to meet and the district themselves continue to operate.

BPPD could explore the option of contracting for service as a way for the District to better control costs and provide for improved economies of scale. Administrative functions such as Human Resources and payroll could be provided by the contracting agency and would no longer need to be provided by the District. Contracting with a public safety agency could also allow greater access to additional police resources and services for the Broadmoor community. While the scope of this special study does not include the fiscal analysis for contracting for services, if contracting is pursued, the District should analyze if there would be the potential for reducing or eliminating the special parcel tax.

Appendix A. Broadmoor Police Protection District Fact Sheet

Mark Melville, Chief of Police

Broadmoor Police Protection District

388 88th Street

Daly City, CA 94015-1717

(650) 755-3840

Date of Formed: December 21, 1948

Commissioners: Three-member board of commissioners elected to four-year terms.

Membership and Term Expiration Date: James Kucharszky (December 2022), Ralph Hutchens (December 2022), and Marie Brizuela, (December 2024)

Compensation: No compensation to Commissioners

Public Meetings: The Commission meets the second Tuesday of every month at 7:00 pm at Broadmoor Police Protection District headquarters.

Services Provided: Police Protection

Area Served: 0.55 square miles

Population: Approximately 4,411

Number of Personnel: 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant (per-diem officers can work only 960 hours per year), 7 volunteers, and one administrative staff member.

Sphere of Influence: Zero (Dissolution)

Budget: See the Broadmoor Police Protection District website page (<https://www.broadmoorpolice.com/>)

Appendix B. References

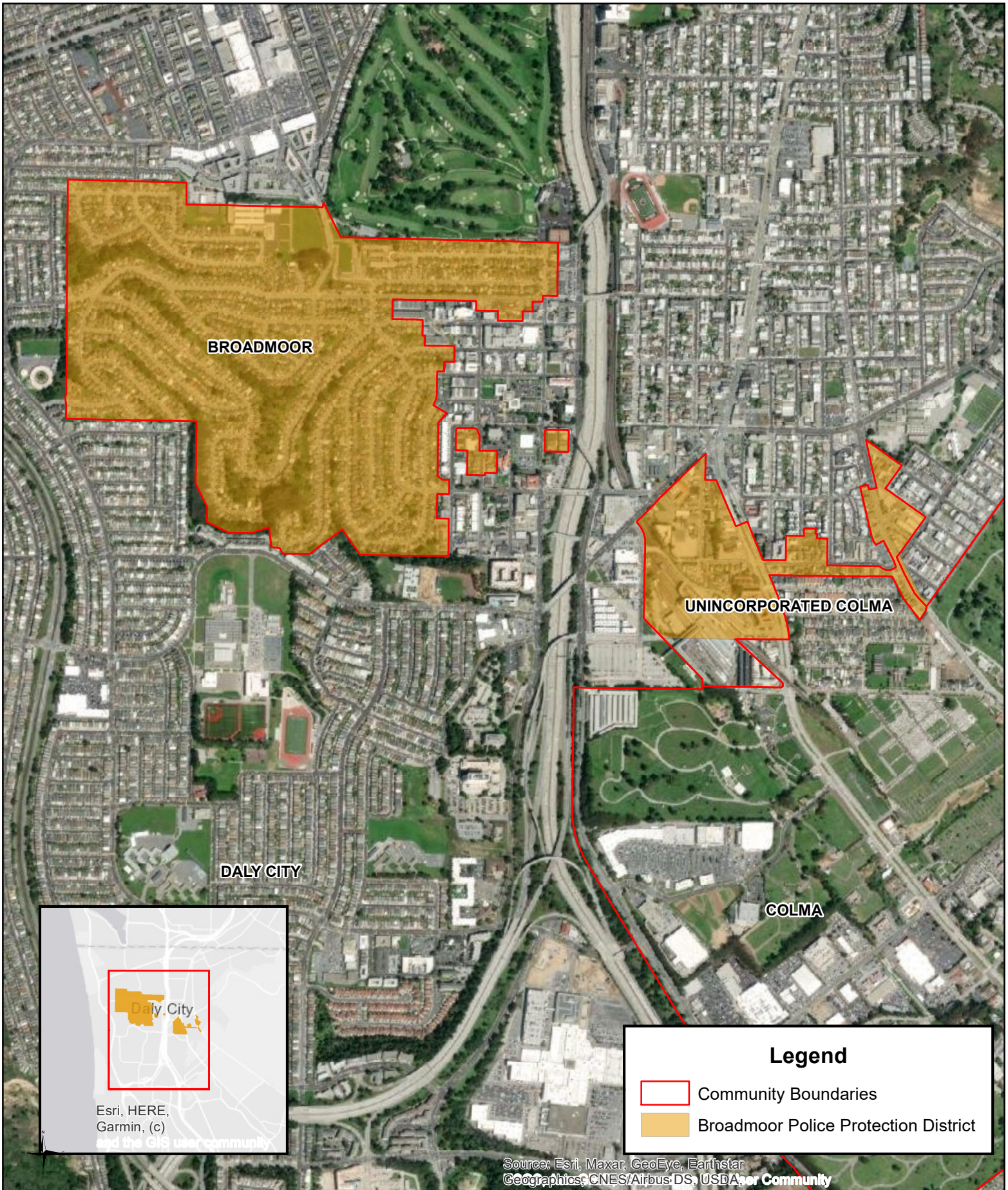
City Colma Police Department Budget and Calls for Service

City of Daly City Police Department Budget and Calls for Service

Melville, Mike (2022) Police Chief, Broadmoor Police Protection District. Personal Communication, Special Study Request for Information and Administrative Draft MSR response letters

San Mateo County Sheriff's Office and County Service Area 1 Budget and Calls for Service

San Mateo LAFCo "North County Cities and Special District Municipal Service Review and Sphere of Influence Study" September 16, 2015



BROADMOOR

UNINCORPORATED COLMA

DALY CITY

COLMA

Legend

- Community Boundaries
- Broadmoor Police Protection District

Source: Esri, Maxar, GeoEye, Earthstar
Geographics, CNES/Airbus/DS, USDA, and the Community

Broadmoor Police Protection District

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

November 9, 2022

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
 Sofia Recalde, Management Analyst
Subject: Appointment of Chair and Vice Chair for 2023

Summary

This staff report requests that the Commission appoint a Chair and Vice Chair for 2023. It is Commission practice to appoint the Chair and Vice Chair at the last meeting of the calendar year for the upcoming year. The custom has been that these positions rotate by type of Commission membership in the following order: County, City, Public, and Special District. If the Commission desires to follow the traditional rotation, with the current Vice Chair being Ann Draper to become Chair, it would be appropriate to appoint a Special District member as Vice Chair.

Recommended Commission Action:

By motion, appoint a Chair and Vice Chair for 2023.

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY ▪ WARREN SLOCUM, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: VACANT, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIMOTHY FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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November 9, 2022

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
Subject: CALAFCO 2022 Annual Conference Update – Information Only

Summary

CALAFCO held its 2022 Annual Conference in Orange County on October 19th through the 21st. This was the first in-person CALAFCO conference since 2019. Commissioners Mike O’Neill and Kati Martin and Executive Officer Rob Bartoli attended the Conference. There were several sessions on Municipal Service Reviews, a presentation regarding fire district consolidations, a mock LAFCo public hearing, and a mobile workshop and harbor tour that highlighted special district and city services along the Orange County coast.

As part of the Conference, CALAFCO Board of Directors elections were held. Those elected/re-elected to the Board for a two-year term are:

Coastal Region (Includes San Mateo) – District Member representative is Michael McGill of Contra Costa LAFCo and County Member representative is Chris Lopez of Monterey LAFCo

Central Region – District Member representative is Gay Jones of Sacramento LAFCo and County Member representative is Rodrigo Espinosa of Merced LAFCo

Northern Region – City Member representative is Tom Cooley of Plumas LAFCo and Public Member representative is Josh Susman of Nevada LAFCo

Southern Region – City Member representative is Acquanetta Warren of San Bernardino LAFCo and Public Member representative is Derek McGregor of Orange LAFCo

Recommended Commission Action:

Receive report.

COMMISSIONERS: MIKE O’NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY ▪ WARREN SLOCUM, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: VACANT, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O’NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIMOTHY FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

November 9, 2022

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
Subject: Update on Special District Election for Alternate Member Summary – Information Only

Summary

With the appointment of Kati Martin to a Regular Special District member position, the Alternate Member position is vacant. LAFCo is in the process of conducting the election for this vacant seat. Three candidates were nominated by members of the Independent Special District Selection Committee for the vacancy: Virginia Chang Kiraly, San Mateo County Harbor District, Donna Rutherford, San Mateo County Mosquito & Vector Control District, and Chris Mickelsen, Coastside County Water District.

Voting for the election started on September 16, 2022 with the deadline of October 17, 2022 to return ballots. However, as majority of ballots have not been returned to LAFCo, the deadline has been extended to December 16, 2022.

Recommended Commission Action:

Receive report.

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY ▪ WARREN SLOCUM, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: VACANT, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIMOTHY FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

**RESOLUTION
OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION
HONORING
MIKE O'NEILL
FOR HIS DEDICATED SERVICE**

RESOLVED, by the members of the Local Agency Formation Commission of the County of San Mateo, that

WHEREAS, Mike O'Neill has served as Alternate City member of the Local Agency Formation Commission from 2013 to 2014 and as City member from 2014 to 2022; and

WHEREAS, he served as Vice Chair of LAFCo in 2017 and 2021 and as Chair in 2018 and 2022; and

WHEREAS, he has made contributions to the Commission's deliberations on a number of complex and controversial proposals and studies, including the successful multi-year effort to dissolve the Los Trancos County Water District; and Municipal Service Reviews and Sphere of Influence Updates for the San Mateo County Harbor District, the North County Cities and Special Districts and the City of East Palo Alto, East Palo Alto Sanitary District and West Bay Sanitary District; and

WHEREAS, he regularly volunteered for the Commission's budget committee; and

WHEREAS, he served as Councilmember for the City of Pacifica from 2012 to 2022 and Mayor Pro Tem in 2016 and 2016; and

WHEREAS, he previously served on the Pacifica School District Board of Trustees from 1998 to 2012; and

WHEREAS, he has led and presided over numerous programs, projects and other notable efforts that have enhanced the quality of life for all residents of Pacifica, including the recent adoption of the City's General Plan Update, completion of the Sharp Park Specific Plan, support to Pacifica Coast TV to purchase its studio, amendments to the Local Coastal Plan to address sea level rise and erosion, and construction of a 2.1M-gallon wet weather flow equalization basin; and

WHEREAS, his willingness to serve, his understanding of and support for the Commission's policies and objectives and his knowledge of local government have been of great benefit to the work of the Commission and the community; and

WHEREAS, his presence and contributions will truly be missed by his colleagues on the Commission and by the Commission's staff.

NOW THEREFORE, this Commission does hereby express its deep appreciation and sincere thanks to **Mike O'Neill** for his willingness to serve and dedicated service to this Commission and to all the people and public agencies in San Mateo County. Best wishes on all his future endeavors.

Dated: November 16, 2022

Chair

**RESOLUTION
OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION
HONORING
DON HORSLEY
FOR HIS DEDICATED SERVICE**

RESOLVED, by the members of the Local Agency Formation Commission of the County of San Mateo, that

WHEREAS, **Don Horsley** has served as County member of the Local Agency Formation Commission from 2011 to 2022; and

WHEREAS, he served as Vice Chair of LAFCo in 2016 and as Chair in 2017; and

WHEREAS, he has made contributions to the Commission’s deliberations on a number of complex and controversial proposals and studies, including the successful multi-year effort to dissolve the Los Trancos County Water District; and Municipal Service Reviews and Sphere of Influence Updates for the San Mateo County Harbor District, the North County Cities and Special Districts, and the City of East Palo Alto, East Palo Alto Sanitary District and West Bay Sanitary District; and

WHEREAS, he regularly volunteered for the Commission’s Budget committee; and

WHEREAS, he served as a San Mateo County Board of Supervisor representing District 3 from 2010 to 2022 and served as Board President in 2013, 2017 and 2022; and

WHEREAS, he had previous served as San Mateo County Sheriff from 1993 until 2006 and as a board member for the Sequoia Healthcare District from 2006 to 2010; and

WHEREAS, he has led and presided over numerous programs, projects and other notable efforts that have enhanced the quality of life for all County residents, including the County Service Area 11 Waterline Extension and Fire Station 59 relocation project, the Midcoast Multimodal Trail, the Community Wellness and Crisis Response Pilot Project and the creation of the Farmworker Advisory Commission; and

WHEREAS, his willingness to serve, his understanding of and support for the Commission’s policies and objectives and his knowledge of local government have been of great benefit to the work of the Commission and the community; and

WHEREAS, his presence and contributions will truly be missed by his colleagues on the Commission and by the Commission’s staff.

NOW THEREFORE, this Commission does hereby express its deep appreciation and sincere thanks to **Don Horsley** for his willingness to serve and dedicated service to this Commission and to all the people and public agencies in San Mateo County. Best wishes on all his future endeavors.

Dated: November 16, 2022

Chair

**RESOLUTION
OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION
HONORING
DIANA REDDY
FOR HER DEDICATED SERVICE**

RESOLVED, by the members of the Local Agency Formation Commission of the County of San Mateo, that

WHEREAS, **Diana Reddy** has served as an Alternate City member of the Local Agency Formation Commission from 2021 to 2022; and

WHEREAS, she has made contributions to the Commission’s deliberations on a number of Municipal Service Reviews and Sphere of Influence Updates, including the City of South San Francisco, the Westborough Water District and the City of East Palo Alto, East Palo Alto Sanitary District and West Bay Sanitary District; and

WHEREAS, she served on the Redwood City Council 2018 to 2022 and served as Vice Mayor in 2022; and

WHEREAS, she has led and presided over numerous programs, projects and other notable efforts that have enhanced the quality of life for all residents in Redwood City, including her support for the new Veterans Memorial Building/Senior Center-YMCA project, her support for the lunch program during COVID-19 that handed out over 110,000 meals to seniors throughout the pandemic and for her work on homeless services; and

WHEREAS, her willingness to serve, her understanding of and support for the Commission’s policies and objectives and her knowledge of local government have been of great benefit to the work of the Commission and the community; and

WHEREAS, her presence and contributions will truly be missed by her colleagues on the Commission and by the Commission’s staff.

NOW THEREFORE, this Commission does hereby express its deep appreciation and sincere thanks to **Diana Reddy** for her willingness to serve and dedicated service to this Commission and to all the people and public agencies in San Mateo County. Best wishes on all her future endeavors.

Dated: November 16, 2022

Chair

