



LOCAL AGENCY FORMATION COMMISSION

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May 11, 2022

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
Subject: Adoption of a Municipal Service Review for County Service Area 11 (Pescadero)

Summary and Background

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 Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the new requirement to prepare MSR in conjunction with or prior to SOI updates, LAFCo began the process of preparing MSRs and SOI updates in late 2003. This Circulation Draft Municipal Service Review (MSR) is the second MSR for County Service Area 11 – Pescadero (CSA 11). The previous MSR for CSA 11 was completed in 2011.

CSA 11 was formed in 1988 to provide water service to the portion of Pescadero included in the boundaries of the urban rural boundary established by the County's local coastal program. CSA 11 serves 101 customer connections and utilizes local groundwater. When CSA 11 was created in 1992, two supply wells (Well No. 1 and Well No. 2) were drilled to supply water to the community. In 2018, Well No. 3 was constructed as the primary supply well.

Many of the issues highlighted in the 2011 MSR for CSA 11 are still pertinent. Water levels at CSA 11 well field continue to decline, as they have since 1992 when the first well began operating. In studies conducted for the County of San Mateo, the wells, including Well No. 3 are able to continue to provide domestic water through the end of century even with modest growth, but the existing CSA 11 wells could be impacted if the aquifer recharges at a slower rate or higher level of growth is experienced.

Another challenge for CSA 11 is that current water rates do not support year-to-year operation of the water system, and do not include costs associated with capital improvements. The fund balance for CSA 11 continues to be drawn down due to expenses exceeding revenue. For large capital projects, CSA 11 is reliant on one-time funds in the form of State grants and County loans for capital projects.

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The challenges of development in Pescadero include the lack of a public wastewater system, septic system requirements, the Pescadero Creek floodway, water for fire flow, and persisting factors such as economic conditions. However, community efforts and other public agencies, including the La Honda-Pescadero Unified School District, are exploring potential developments and projects in the Pescadero Community. The development of a community or area plan by the County could be a useful tool to help identified issues and ways to address them.

Updates to Final Circulation MSR

Several minor updates were made between the Draft Circulation MSR and the Final MSR based on comments from the Commission. These changes include:

- A statement regarding soil subsidence and the CSA 11 aquifer. Per County staff, even as the aquifer is in overdraft there has been no evidence of soil subsidence at the well field over the years that CSA 11 wells have been in operation. In addition, the various studies done by consultants for the County to evaluate water supply sustainability have not identified soil subsidence as a concern or issue (Page 23 of the MSR).
- An addition to the recommendation regarding long-term planning for the CSA 11 aquifer. The recommendation now states:

As water levels of the Pigeon Point Formation aquifer continue to decline, the District should continue to monitor water levels and develop long term plans for the continued operation of the CSA 11 water system. *These long-term planning documents could explore ways to address aquifer decline, management of the existing aquifer, or alternate water sources for CSA 11* (Page 26).
- More background on the fund balance for CSA 11. Per County staff, the fund balance for CSA 11 was accrued over several years. After the passage of updated rates in 2012, there were years in which revenue exceeded the cost to operate the system, allow funds to be placed in reserve. However, with the new contract to operate the CSA 11 water system, operational expenses have increased beyond the service revenue received by the District (Page 29).
- The adding of a footnote with a definition of the Urban/Rural boundary (Page 2).

All edits are show in red in the MSR.

Current Key Issues

Key issues identified in compiling information on CSA 11 include the following:

- 1) Water levels at the CSA 11 well field are in decline. The future longevity of the well field and CSA 11 is dependent on how much growth is proposed in Pescadero, recharge of the aquifer and alternative domestic water sources. In 2018 a new well was drilled (Well No. 3) to provide greater water security for CSA 11. Numerous studies have been conducted by the County regarding the CSA 11 aquifer and the impacts of development on the water supply. While some development could be accommodated with a minimal impact on water levels, full buildout as project in the San Mateo Local Coastal Program, would significantly shorten the life span of the aquifer.

- 2) Current water rates do not support year-to-year operation of the water system, and do not include costs associated with capital improvements. The fund balance for CSA 11 continues to be drawn down due to expenses exceeding revenue.
- 3) Local community efforts, such as the Pescadero Town Planning Initiative, and recent efforts by the La Honda-Pescadero Unified School District illustrate the continued interest in development in Pescadero.
- 4) Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within the CSA 11 will occur. The parcels within CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. The development of a community plan and review of the projected buildout numbers for the Pescadero area may assist the public and County about development challenges and opportunities.
- 5) Pescadero's remote location and small population base inherently result in relatively high cost of services including municipal water and solid waste collection.
- 6) Flooding in the community continues to be a challenge, but efforts are being made to address this important topic. Since 2014, The County of San Mateo, the San Mateo Resource Conservation District (SMRCD) and partner agencies have worked to address flood impacts and sea level rise in the Pescadero area. The County and SMRCD have undertaken studies and projects regarding Pescadero Creek Road flooding and Butano Creek restoration. In 2019, SMRCD completed the Butano Creek Reconnection Project, a major project that helped reduce the risk of flooding along Pescadero Creek Road, as well as improving the habitat for threatened fish species.
- 7) Since 2014, the County of San Mateo and CAL FIRE have undertaken assessments regarding the relocation of Station 59 within the Pescadero community. The current station location is within a floodplain and can restrict emergency access within Pescadero. After studies and outreach in the community, the County has proposed to construct a replacement Station 59 at the Pescadero Middle/High School at 350-360 Butano Cut Off. It is anticipated that the County will submit an SOI amendment and annexation proposal to LAFCo for CSA 11 by the end of the year.

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 communities 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 including the following:
 - i. Water Resiliency and Climate Change
 - ii. Impact of Natural Hazards and Mitigation Planning

For the Circulation Draft, LAFCo has the following determinations and recommendations:

Growth and Population Determination and Recommendations

Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within CSA 11 will occur. The parcels within CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. Due to these factors, the County's growth projections may be overstated.

Recommendations -

- Local community efforts, such as the Pescadero Town Planning Initiative, and recent efforts by the La Honda-Pescadero Unified School District illustrate the continued interest in development in Pescadero. In recognition of these efforts and of the constraints in Pescadero regarding development, it is recommended that the County consider the preparation of an area or community plan for Pescadero. This plan would work to resolve local issues and unique physical and land use situations found in Pescadero. The development process of the plan would allow for the community and stakeholders to engage with County staff and understand the community's thoughts on development, the regulatory framework that development occurs in, and the constraints and opportunities for long-term development in Pescadero.
- It is also recommended that the County reevaluate the buildout projected in the LCP and General Plan for Pescadero, due to the constraints in the Pescadero area. This evaluation could occur in conjunction with the development of a community plan for the area.

Disadvantaged Unincorporated Communities Determination

CSA 11 does provide water services to an unincorporated area. However, as the 2013 survey has not been updated and based on the most recent data available to LAFCo, the median household income of Pescadero is higher than 80% of the statewide median income, therefore the provisions of related to Disadvantaged Unincorporated Communities does not apply.

Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

The aquifer that CSA 11 wells rely on is considered to be in overdraft, meaning that more water is being pulled out of the aquifer than can be replenished. It is estimated that the CSA 11 wells would still be able to provide water into the future, even if the additional demand of the existing Pescadero Middle/High School and a new fire station is added to the District. However, if the

aquifer does not recharge at its current rate or if additional demand as identified in the County's LCP is added to CSA 11, the lifespan of the existing wells will be negatively impacted.

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 -

- As water levels of the Pigeon Point Formation aquifer continue to decline, the District should continue to monitor water levels and develop long term plans for the continued operation of the CSA 11 water system. *These long-term planning documents could explore ways to address aquifer decline, management of the existing aquifer, or alternate water sources for CSA 11.*
- If a community plan is developed by the County for Pescadero, the plan should explore the improvements needed for the CSA 11 system to meet fire flow and evaluate the financial costs to implement the project. The community plan should also review the projected growth of Pescadero and revise buildout numbers if appropriate.

Financial Ability Determination and Recommendations

Current CSA 11 water rates do not support year-to-year operation of the water system and will continue to negatively impact the District's fund balance. While there are no short-term capital improvement projects proposed for the District, current water rates and reserves would not be able to support additional projects. Recent capital projects have been supported by one-time funds in the form of State grants and County loans for capital projects.

Recommendations –

- Based on previous fiscal years and the loss of one-time funding for capital projects, it is recommended that County staff prioritize a review of the rates for CSA 11.
- The District should identify long-term capital projects that will be needed and evaluate ways that project could be funded.

Shared Service and Facilities Determination

The CSA 11 water system serves the rural community of Pescadero and is one of the few public water systems on the South Coast. As recommended in the 2011 CSA 11 MSR, San Mateo County Department of Public Works staff did explore options for shared services or contracting. However, other water purveyors were not interested in shared services or transfer of the CSA 11 system. LAFCo supports any new exploration of shared services for CSA 11.

Accountability, Structure, and Efficiencies Determination

CSA 11 is a dependent special district and the San Mateo County Board of Supervisors acts as its board, the County of San Mateo Public Works Department is responsible for District operations. The Department of Public Works maintains a website with water rate and other information about water service. CSA 11 receives annual independent audits as part of the County of San Mateo Comprehensive Annual Financial Report (CAFR). LAFCo is not aware of management or staffing issues. The existing governance structure for CSA 11 is as efficient as possible.

Other Issues Determinations and Recommendations

While this Municipal Service Review focuses on County Service Area 11, which is limited to the urban rural boundaries of the Pescadero Rural Service Center, it identifies service or infrastructure challenges within Pescadero community. This includes the issues of solid waste, wastewater, and natural hazards such as sea level rise, flooding, and wildfire. Community planning efforts, fire service, the future relocation of the fire Station 59 and existing water situation at the Pescadero Middle/High School is also described in this report.

County staff have continued to work on the issue of water resiliency for CSA 11. Since the 2011 MSR, a new well has been brought on-line (Well No. 3), and several studies have been conducted about the water capacity of CSA 11 and the impacts of buildout on the system.

Water supply studies have also been conducted as part of the relocation project for Fire Station 59. A portion of the Pescadero Middle/High School site has been proposed by the County to be the new location for the fire station. Students and staff at the school have been supplied bottled water since 2015 as the domestic well onsite does not currently meet regulatory standards. To provide domestic water to the future fire station and the existing school, the County has proposed a project scope that includes an extension of CSA 11. It is anticipated that the County will submit an SOI amendment and annexation proposal to LAFCo for CSA 11 by the end of the year.

On the topic of sea level rise and natural hazard planning, the County, SMRCD, and partner agencies have worked to address flood impacts in the Pescadero area. Since 2014, the County and SMRCD have undertaken studies and projects regarding Pescadero Creek Road flooding and Butano Creek restoration. In 2019, SMRCD completed the Butano Creek Reconnection Project.

The County and SMRCD have also begun mapping sea level rise risks to the south coast of the County and will produce a vulnerability assessment for south coast communities, sea level rise solutions and case studies for key assets and resources later in the year.

Recommendations -

- The County should evaluate costs and solid waste rates for the Pescadero Transfer Station. Currently, the rates for use of the transfer station do not cover the cost of operations. A subsidy from the Solid Waste Fund has been used to subsidize the transfer station budget.
- As recommended elsewhere in this report, a community plan should be developed by the County for Pescadero. The plan could evaluate challenges of development in Pescadero and potential opportunities to address the challenges. Topics that could be discussed include growth projections, water availability, specific systems limitations, exploration of the development of a wastewater system and the impacts natural disasters such as wildfire, flooding and sea level rise. The development process of the plan would allow for the community and stakeholders to engage with County staff and the County to review existing community efforts, such as the Pescadero Town Planning Initiative.
- LAFCo supports the efforts to address flooding and sea level rise in the Pescadero community.

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.

Land use designations in County Service Area 11 (Pescadero) include primarily residential use with some institutional and commercial uses. The area is surrounded by, but does not include, agricultural lands.

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

Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within the CSA 11 will occur. The parcels within CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. Due to these constraints, development and population increase in the near term is limited.

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

The aquifer that CSA 11 wells rely on is considered to be in overdraft, meaning that more water is being pulled out of the aquifer than can be replenished. It is estimated that the CSA 11 wells would still be able to provide water into the future, even if the additional demand of the existing Pescadero Middle/High School and a new fire station is added to the District. However, if the aquifer does not recharge at its current rate or if additional demand as identified in the County's LCP is added to CSA 11, the lifespan of the existing wells will be negatively impacted.

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.

Pescadero and the surrounding area is an important farming community in the County. The CSA 11 service area is a community of interest in that it represents the community eligible for and dependent upon municipal-type services that can be provided by the County.

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 CSA 11 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 March 7, 2022 a Notice of Availability was released by LAFCo that requested written comments from the public and stakeholders by April 7, 2022. In addition, notices were sent to every "affected agency", meaning all other agencies and schools with overlapping service areas. No comments were received by LAFCo for this MSR.

On April 27, 2022 a Notice of Public Hearing for the Final MSR was released by LAFCo and sent to interested parties. Notice was also published in both the San Mateo County Time and the Half Moon Bay Review.

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 also is exempt from CEQA under the section 15061(b)(3), the commonsense 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.

The MSR 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 for County Service Area 11; and
3. Adopt the Municipal Service Review Determinations and Recommendations contained in this report; and

Attachment

- A. Municipal Service Review Circulation Final for CSA 11
- B. Resolution



LOCAL AGENCY FORMATION COMMISSION

**Municipal Service Review and Sphere of Influence
Review for San Mateo County Service Area 11
(CSA 11)**

Final

May 11, 2022

Approved

May 18, 2022

Municipal Service Review and Sphere of Influence Review for Mateo County Service Area 11
(CSA 11)

SUBJECT AGENCY:

County Service Area 11

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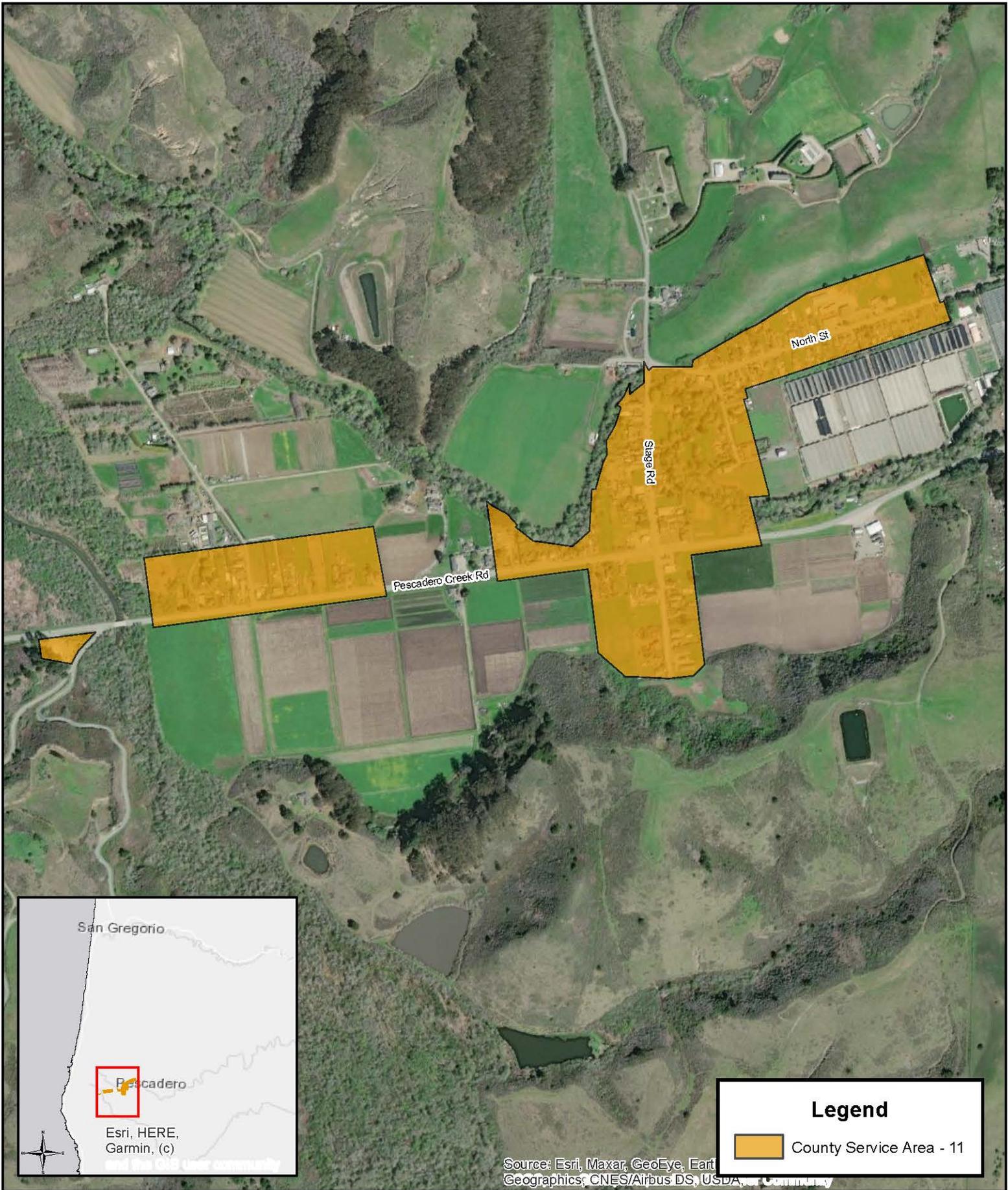
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County Service Area - 11

**Circulation Final
LAFCo Municipal Service Review
County Service Area 11 (Pescadero)
May 11, 2022**

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EXECUTIVE SUMMARY

The following Municipal Service Review (MSR) focuses on County Service Area 11 (CSA 11). The District was formed in 1988 to provide water service to the portion of Pescadero included in the boundaries of the Urban/Rural boundary established by the County’s local coastal program¹. CSA 11 serves 101 customer connections and utilizes local groundwater. When CSA 11 was created in 1992, two supply wells (Well No. 1 and Well No. 2) were drilled to supply water to the community. In 2018, Well No. 3 was constructed as the primary supply well.

Many of the issues highlighted in the 2011 MSR for CSA 11 are still pertinent. Water levels at CSA 11 well field continue to decline, as they have since 1992 when the first well began operating. In studies conducted for the County of San Mateo, the wells, including Well No. 3 are able to continue to provide domestic water through the end of century even with modest growth, but the existing CSA 11 wells could be impacted if the aquifer recharges at a slower rate or higher level of growth is experienced.

Another challenge for CSA 11 is that current water rates do not support year-to-year operation of the water system, and do not include costs associated with capital improvements. The fund balance for CSA 11 continues to be drawn down due to expenses exceeding revenue. For large capital projects, CSA 11 is reliant on one-time funds in the form of State grants and County loans for capital projects.

The challenges of development in Pescadero include the lack of a public wastewater system, septic system requirements, the Pescadero Creek floodway, water for fire flow, and persisting factors such as economic conditions. However, community efforts and other public agencies, including the La Honda-Pescadero Unified School District, are exploring potential developments and projects in the Pescadero Community. The development of a community or area plan by the County could be a useful tool to help identified issues and ways to address them.

Section 1: Overview

This report is a municipal service review (MSR) and sphere of influence (SOI) update for the San Mateo County Service Area 11 (CSA 11). California Government Code Section 56430 requires that the Local Agency Formation Commissions (LAFCo) complete MSR 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 proposal² for reorganization of agencies, but rather a State-mandated study of service provision in regard to the following seven areas of determination as set forth in Section 56430:

¹ The Urban/Rural boundary was created through the adoption of the San Mateo County Local Coastal Program (LCP) in 1981. The Urban/Rural boundary is defined in the LCP “as a stable line separating urban areas and rural service centers from rural areas in the Coastal Zone and establish this line on the LCP Land Use Plan Map.” The LCP directs development to areas within the urban areas and rural service centers and permits urban levels of services in these areas.

² 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.

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities³ 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.

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).

³ “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.

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 second MSR for County Service Area 11.

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.

Purpose of a Municipal Service Review Update

This MSR examines County Service Area 11 (CSA 11).

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 and Local Coastal 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.

MSR Areas of Determination:

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
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 Commission 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 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 four 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 CSA 11 includes the unincorporated community of Pescadero, located in the south coastal area of San Mateo County. The SOI for the District is coterminous with the District’s boundaries which are determined by the San Mateo County Local Coastal Program. Under the County’s LCP, the area around Stage Road and Pescadero Creek Road in Pescadero is designated as a rural service center and is eligible for water and sewer services. As established by LAFCo in 2011, the adopted Sphere of Influence is 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 SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited 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.

DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

Organization of MSR 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 CSA 11 while providing required LAFCo's MSR 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:

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

Section 2. Summary of Key Issues

Key issues identified in compiling information on CSA 11 include the following:

- 1) Water levels at the CSA 11 well field are in decline. The future longevity of the well field and CSA 11 is dependent on how much growth is proposed in Pescadero, recharge of the aquifer and alternative domestic water sources. In 2018 a new well was drilled (Well No. 3) to provide greater water security for CSA 11. Numerous studies have been conducted by the County regarding the CSA 11 aquifer and the impacts of development on the water supply. While some development could be accommodated with a minimal impact on water levels, full buildout as project in the San Mateo Local Coastal Program, would significantly shorten the life span of the aquifer.
- 2) Current water rates do not support year-to-year operation of the water system, and do not include costs associated with capital improvements. The fund balance for CSA 11 continues to be drawn down due to expenses exceeding revenue.
- 3) Local community efforts, such as the Pescadero Town Planning Initiative, and recent efforts by the La Honda-Pescadero Unified School District illustrate the continued interest in development in Pescadero.
- 4) Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within the CSA 11 will occur. The parcels with CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. The development of a community plan and review of the projected buildout numbers for the Pescadero area may assist the public and County about development challenges and opportunities.
- 5) Pescadero's remote location and small population base inherently result in relatively high cost of services including municipal water and solid waste collection.

- 6) Flooding in the community continues to be a challenge, but efforts are being made to address this important topic. Since 2014, The County of San Mateo, the San Mateo Resource Conservation District (SMRCD) and partner agencies have worked to address flood impacts and sea level rise in the Pescadero area. The County and SMRCD have undertaken studies and projects regarding Pescadero Creek Road flooding and Butano Creek restoration. In 2019, SMRCD completed the Butano Creek Reconnection Project, a major project that helped reduce the risk of flooding along Pescadero Creek Road, as well as improving the habit for threatened fish species.
- 7) Since 2014, the County of San Mateo and CAL FIRE have undertaken assessments regarding the relocation of Station 59 within the Pescadero community. The current station location is within a floodplain and can restrict emergency access within Pescadero. After studies and outreach in the community, the County has proposed to construct a replacement Station 59 at the Pescadero Middle/High School at 350-360 Butano Cut Off. It is anticipated that the County will submit an SOI amendment and annexation proposal to LAFCo for CSA 11 by the end of the year.

Section 3: County Service Area 11

Background

County Service Area 11 (CSA 11) was formed in 1988 pursuant to enabling legislation permitting creation of a county service area (Government Code Section 25210 et seq.) to provide water service to the portion of Pescadero included in the boundaries of the Urban/Rural boundary established by the County’s local coastal program. The urban rural boundary is coterminous with the rural service center boundary and designates the area as eligible for municipal water service under the County of San Mateo General Plan and Local Coastal Program⁴.

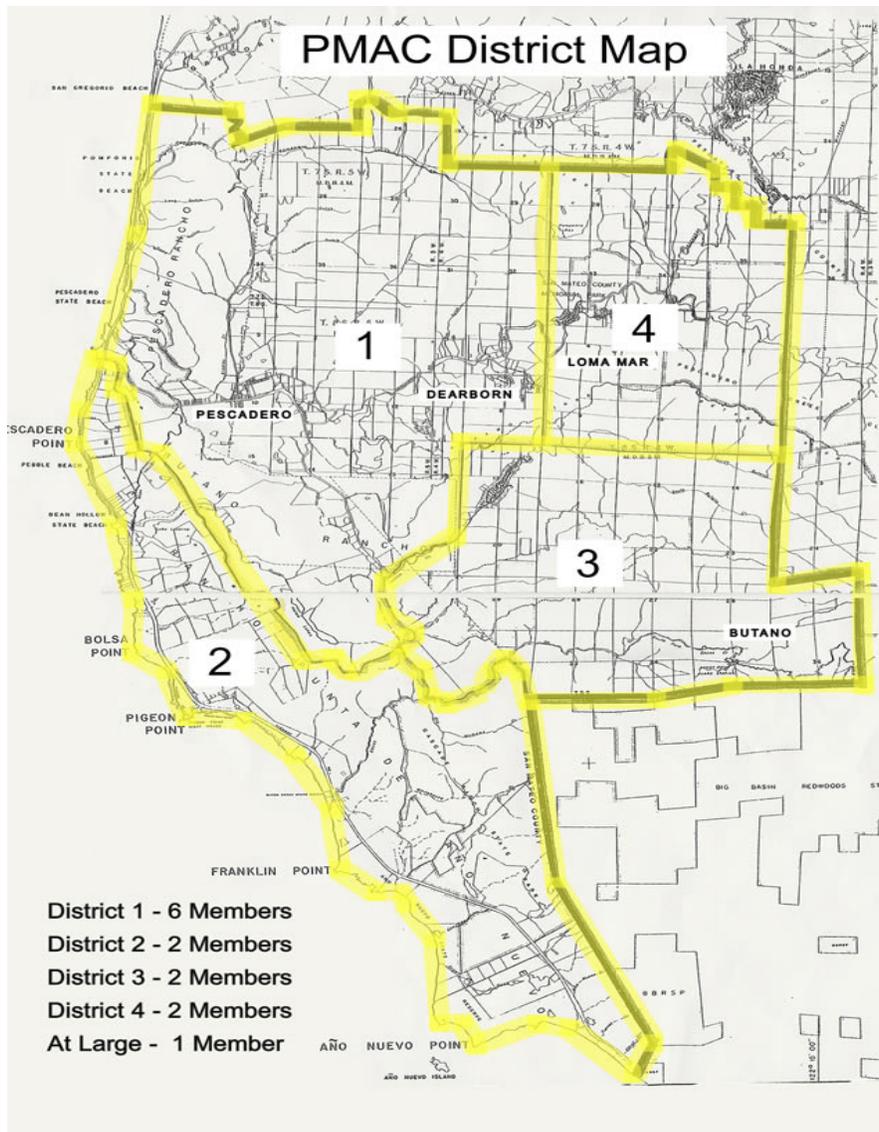
At the time of formation, the only water supply was individual domestic wells, water from surface impoundments, and locally derived groundwater from wells installed in the alluvial aquifer of Pescadero and Butano Creeks. In the 1970’s and 1980’s these sources were found to contain relatively high concentrations of nitrate and other naturally occurring salts. This prompted the development of a public groundwater source. The water system was constructed in 1991-1992 and water rates were established at that time. Well No. 1, the primary well at the time, was constructed in 1992. Well No. 2, a backup well that can only be used during emergencies, was built in 1983. In 2018, Well No. 3 was completed and became the primary supply well in 2020.

⁴ The County of San Mateo Local Coastal Plan (LCP) defines Rural Service Centers as small rural communities having a combination of land uses which provide services to rural areas. The LCP identifies Pescadero and San Gregorio as Rural Service Centers. County General Plan Policy 9.16 (a) provides for the Urban/Rural boundary to be coterminous with the Rural Service Center boundaries.

Pescadero

Located in San Mateo County’s rural south coast approximately 14 miles south of the City of Half Moon Bay and two miles east of Highway One, Pescadero is an unincorporated community with a Census 2020 population of 643 and comprising 77.4 acres. First settled in the 1800’s on the flood plain of the Pescadero Creek, Pescadero is designated a rural service center in the County’s General Plan and Local Coastal Program. The Pescadero Rural Service Center boundaries are coterminous with Urban/Rural boundary, which designates areas eligible for urban services. The Rural Service Center area of Pescadero consists of three non-contiguous areas: the eastern area has residential and commercial land uses as well as Pescadero Elementary School, to the west is an area of residential uses, and further west on Pescadero Road is San Mateo County Fire Station 59, which was annexed to CSA 11 in 1994.

The Pescadero community and surrounding rural areas are represented by the Pescadero Municipal Advisory Council (PMAC). Established by the Board of Supervisors in 1992, PMAC advises the San Mateo County Board of Supervisors on issues affecting residents of Pescadero, Loma Mar, Butano Canyon and other South Coast communities. PMAC is comprised of thirteen members twelve of whom must reside in one of four districts and there is one member-at-large. Pescadero is part of PMAC District 1. The Council meets the second Tuesday of the month at 7:30 p.m. More information about PMAC is available at: <http://www.pescaderocouncil.org>.



Map 2 - Pescadero Municipal Advisory Council Boundaries

(Source – PMAC Website)

Enabling Legislation

CSA 11 operates according Government Code Section 25210 et seq. and is authorized to provide domestic water services within its boundaries. Districts formed under this section may provide a broad set of municipal services, in essence all services a city may provide (except land use) if these powers are activated by LAFCo. Services can include, police and fire protection, parks and recreation, sewer and water services, and flood control and drainage.

Structure and Governance

The five-member San Mateo County Board of Supervisors acts as the governing body for CSA 11. The members of the Board of Supervisors are elected by registered voters that reside within

the each of the five Board of Supervisors district boundaries. The members of the Board must reside within the one of the five district and be registered voters.

The San Mateo County Board of Supervisors generally meets on the first and third Tuesday of every month at 9:00 am at the Board of Supervisors Chambers at 400 County Center Redwood City, CA 94063.

The San Mateo County Board of Supervisors as the rate setting body is subject to the Ralph M. Brown Act and Proposition 218 governing public meetings and public hearings to set rates. The Board of Supervisors adopts a budget for CSA 11 annually.

The County of San Mateo Public Works Department is responsible for District operations. The Department of Public Works maintains a website with water rate and other information about water service (<https://www.smcgov.org/publicworks/csa-11-county-service-area-11>). The Department of Public Works publishes an Annual Water Quality Report for CSA 11.

Services

Water

CSA 11 currently has 101 customer connections. When CSA 11 was created in 1992, a 140,000-gallon storage tank and two supply wells (Well No. 1 and Well No. 2) were constructed on a County owned parcel to supply water to the community. When the system was designed and constructed it met the then current local fire flow requirement for Pescadero, which was 500 gallons per minute (GPM) for 2 hours with a residual pressure of 20 pounds per square inch at the fire hydrant.

Wells Nos. 1 and 2 are 260 and 247 feet deep, respectively. From 1992 to 2020, Well No. 1 was the primary supply well, with a pumping rate of 60-70 GPM. During this period, Well No. 2 served as a standby well for use in case Well No. 1 is out of service.

Unlike many other public water systems in San Mateo County, the water supply system relies solely on groundwater from the local aquifer. CSA 11 does not have a connection to other public water systems, as the nearest other system, Coastside County Water District, is over 14 miles to the north.

In 2002, a study prepared by Todd Groundwater for CSA 11 identified the limited life of the aquifer. Analysis concluded that wells could fail in 8 to 15 years due to the decline of the water in the wells and that installation of a new deeper well in the vicinity of the existing wells would extend the life of the CSA 11 water supply to at least 38 years.

In 2018, Well No. 3 was constructed in the vicinity of the two existing wells (Map 3). This well was drilled to a depth of 360 feet. During pump testing, the well was capable of pumping at a rate of 100 gallons per minute. Since 2020, Well No. 3 serves as the primary supply well for CSA 11. Wells No. 1 and No. 2 are standby/emergency wells, used only when Well No. 3 is out of service. As part of the new well (Well No. 3) project a second 160,000-gallon storage tank was constructed as part of the CSA 11 system.



Map 3 – CSA 11 Well Location (source – 2019 Todd Ground Water Report)

The water that is pumped out of the aquifer is transferred to the two storage tanks, with a net total storage capacity of approximately 298,000 gallons.

The original Coastal Development Permit (CDP) issued for the construction of the water system in the 1990s required that CSA 11 water be for household uses, limited landscape irrigation, commercial offices/restaurants, etc. and fire protection. The CDP encouraged, but did not require, the use of on-site private wells for irrigation.

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 municipal service review and update, 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.

CSA 11 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

If in the future it is determined that other services permitted in CSA enabling legislation should be provided and funded by CSA 11, the County Board of Supervisors as governing body of 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.

Status of Previous MSR Recommendations

The first MSR for CSA 11 in 2011 included several recommendations. The following is the status of those recommendations:

- 1) Current water rates do not support year-to-year operation of the water system, and do not include costs associated with capital improvements that would allow the system to meet commercial fire flow requirements or drilling of an additional well to address the limited aquifer. Rates for CSA 11 water service should be reviewed.

Status: The water rates for CSA 11 were last adjusted in 2012. This adjustment took into consideration the 2011 MSR recommendation of creating a tiered rate system, shifting from a flat rate for water consumption. New Well No. 3 was completed in 2018 with funding from the State Department of Water Resources Proposition 84 grant and County General Fund which extended the life of CSA 11's water supply.

- 2) It is also recommended that the County adopt a policy for the frequency of rate reviews to ensure that water service rates keep pace with the rising cost of operations and capital improvements to the extent possible.

Status: District staff are currently exploring potential water rate increases for CSA 11.

- 3) It is recommended that in updating the General Plan, the County reevaluate build out based on current infrastructure conditions and recognizing Pescadero's location within a flood plain. It is also recommended that the County and the Pescadero community consider preparation of an area plan also known as a community plan, which is a plan to resolve local issues and unique physical and land use situations found in various areas of the County

Status: The County has not made updates to the buildout projects for Pescadero nor created a community plan for the area.

- 4) Solid waste services for the Pescadero Rural Service Center and surrounding areas are provided via a County operated transfer station. Rates for use of the transfer station do not cover the cost of operations. A subsidy from the Solid Waste Fund has been used to subsidize the transfer station budget. As the Solid Waste Fund balance declines the subsidy will be eliminated. The County of San Mateo Public Works Department has deferred issuing a request for proposal for consultants to evaluate options for providing disposal/recycling without the Solid Waste subsidy pending a proposal from the Pescadero Municipal Advisory Council for operation of the transfer station by a non-profit.

Status: The County of San Mateo still operates the transfer station. Since the previous MSR, the responsibility for the station has moved from the Department of Public Works to the Office of Sustainability. While the operation responsibility of the transfer station has changed from the source of subsidized funding remains from the Solid Waste Fund .

- 5) Much of the Town of Pescadero and Pescadero Creek Road (main access from Highway 1 are located in the flood plain of the Pescadero and Butano Creeks and are subject to annually flooding. Frequent flooding causes physical damage and negative economic impact and is a threat to public safety, public health, and natural resources. Flooding on Pescadero Creek Road causes closure of the road and is a severe public safety problem.

Status: The County of San Mateo, the San Mateo Resource Conservation District (SMRCD), and partner agencies have worked to address flood impacts and sea level rise in the Pescadero area. Since 2014, the County and SMRCD have undertaken studies and projects regarding Pescadero Creek Road flooding and Butano Creek restoration. In 2019, SMRCD completed the Butano Creek Reconnection Project⁵.

- 6) Since the recommendations of San Mateo County Environmental Health and the California Water Board, efforts continue to identify a sewer collection system design, sewage treatment alternatives and funding sources. Challenges include availability of land on which to locate the sewage treatment plant and a location that is not in the flood plain or environmentally sensitive area and the cost of construction of the system for a relatively small customer base and funding.

Status: While an environmental document and study were completed for the creation of a public sewer system in Pescadero, per County staff, the project was abandoned due to the cost implication. No additional studies for sewer service in the CSA 11 area have been developed by the County.

Section 4: Affected Agencies

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a sphere of influence. 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

⁵ The Butano Creek Reconnection Project resorted over 10 miles of Butano Creek through the removal of sediment and the restoration of existing marshland

Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (included in proposed changes to the SOI).

The affected local agencies for this MSR are:

County

County of San Mateo

School District

La Honda-Pescadero Unified School District

Dependent Special Districts

County Service Area 11

Pescadero Highway Lighting 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 MSR update is not warranted.

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

1) Growth and Population

Growth and population projections for the affected area.	Yes	Maybe	No
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: CSA 11 serves the rural service center of Pescadero, comprised of neighborhood commercial businesses, and mix of single-family and small multi-family homes. Under the County’s 2013 Adopted Local Coastal Program (LCP), a maximum buildout of 250 dwelling units (125 existing plus 125 proposed units) would be possible.

TABLE 2.16				
ESTIMATE OF WATER CONSUMPTION DEMAND AT LAND USE PLAN BUILDOUT FOR THE TOWN OF PESCADERO				
	Existing	Proposed	Total	Demand GPD ⁵
Dwelling Units	125 ¹	125 ³	250	61,250–97,000
Commercial Outlets	20 ²	20 ⁴	40	9,800–15,520
Fire Station	1	1	1	1,000
TOTAL				72,050–113,520

Source - San Mateo County 2013 Local Coastal Program

In review of available maps from the County, there are eight properties within CSA 11 that are currently vacant. Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow, and factors such as economic conditions, will continue to dictate how development within the CSA 11 will occur. Due to the size of the Pescadero community, the California State Department of Finance does not have population projections for just Pescadero and the community is instead included in the overall projections for the unincorporated County.

In 2018-2019, a community plan was completed for the Pescadero area by consultants⁶. The plan, named the Pescadero Town Planning Initiative, was developed to identify top priorities for social services, such as childcare and healthcare; infrastructure such as housing, sewer, and water; and other components such as a plaza, trails, and a community center. This effort was led by Puente de la Costa Sur, a community non-profit that serves the South Coast area. The planning process included members of the community, business owners, and representatives of the Pescadero Foundation, the La Honda-Pescadero Unified School District, PMAC, Peninsula Open Space Trust, the San Mateo Resource Conservation District (SMRCD), and Puente. Consultants were hired to provide input to the community plan as well. As part of the plan, residents identified several priorities including trails, housing, a community center, solutions to the septic/water, a health care clinic, laundromat, and a playground. The implementation of many of these priorities is still being explored by the Community groups but has not been evaluated by the County or LAFCo.

The La Honda-Pescadero Unified School District (District) has recently explored redeveloping the Pescadero Elementary School property with workforce housing for teachers and others that work in the Pescadero community. Per a District presentation for September 30, 2021, the potential development could include a mix of single-family and multi-family dwellings, up to 50 new housing units on the property⁷. If the site was to be redeveloped, the existing Pescadero Elementary School and students would be relocated to the Pescadero Middle/High School site. As of October 2021, the District has placed exploring the redevelopment on hold. Per District staff, there is no current financial model that would be feasible for this project⁸. While other school districts in the County are exploring workforce housing, these developments are being proposed on surplus land. The Pescadero Elementary School site on North Street is not considered surplus, which adds additional challenges to redevelopment. If this development was to occur in the future, CSA 11 water supply would need to be evaluated along with how this may impact the LCP buildout.

b) Change in demand for services: In March 2021, Todd Groundwater completed a report entitled “Pescadero (CSA-11) Water Supply Yield and Sustainability Study” for the San Mateo County Department of Public Works that looked at existing CSA 11 water usage and conditions⁹. The report notes that the County LCP estimates for existing conditions were higher in terms of number of connections and water use per connection compared to actual use¹⁰.

⁶ Puente de la Costa Sur, “Planning for Equity: Pescadero Town Planning Initiative”, 2019
<https://mypuente.org/pescaderotownplanning/>

⁷ Discussion of the North Street Workforce Housing initiative, LHPUSD Board Meeting Agenda Item 5a, September 30, 2021

⁸ Email conversation with LHPUSD Superintendent Amy Wooliever, 11/3/2021

⁹ Pescadero (CSA-11) Water Supply Yield and Sustainability Study, Todd Groundwater, March 31, 2021

¹⁰ LCP estimated 125 residential connections each with 3.5 residents using 70-110 gallons per capita per day (gpcd). The actual number of residential connections is 90. If there are 3.5 residents per household, per-capita use is 48 gpcd. Overall actual water use during 2015-2019 has averaged 19,442 gpd, or only 34-53 percent of the LCP estimate.

The 2021 Todd Groundwater report states that the County is considering connecting the existing Pescadero Middle/High School and a new fire station (to be constructed at the school property). The new fire station would replace the existing CAL FIRE station located on Pescadero Creek Road. Per the report, if these buildings were to be added to the CSA 11 system, the CSA 11 wells would be able to serve these two properties through 2094. However, this analysis assumes that the aquifer that CSA 11 draws from will remain at a stable level. If the aquifer does not recharge at its current rate or additional demand is added to CSA 11, the lifespan of the existing CSA 11 wells may be negatively impacted.

Any action to expand the service boundaries of CSA 11 would require LAFCo approval of a Sphere of Influence amendment and annexation. Per County staff, this annexation would also require LCP amendments subject to the review and approval of the California Coastal Commission.

The 2021 Todd Groundwater report also notes that if the LCP projected growth was to be implemented, CSA 11 wells would be impacted by the greater demand and would need improvements to the water system, potentially including new wells or have existing wells drilled deeper.

c) Change in boundary to accommodate growth: The majority of properties outside of the existing CSA 11 boundaries are zoned for agricultural uses, with the exception of the Pescadero Middle/High School. These agricultural uses utilize on-site wells or surface water from near-by creeks. As noted previously, if a new fire station is to be constructed at the Pescadero Middle/High School, this service would require the expansion of the CSA 11's boundaries.

Growth and Population MSR Determination

Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within CSA 11 will occur. The parcels within CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. Due to these factors, the County's growth projections may be overstated.

Recommendations:

Local community efforts, such as the Pescadero Town Planning Initiative, and recent efforts by the La Honda-Pescadero Unified School District illustrate the continued interest in development in Pescadero. In recognition of these efforts and of the constraints in Pescadero regarding development, it is recommended that the County consider the preparation of an area or community plan for Pescadero. This plan would work to resolve local issues and unique physical and land use situations found in Pescadero. The development process of the plan would allow for the community and stakeholders to engage with County staff and understand the community's thoughts on development, the regulatory framework that development occurs in, and the constraints and opportunities for long-term development in Pescadero.

It is also recommended that the County reevaluate the buildout projected in the LCP and General Plan for Pescadero, due to the constraints in the Pescadero area. This evaluation could occur in conjunction with the development of a community plan 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), is it 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: CSA 11 provides domestic water services to the rural community service center of Pescadero and to CAL FIRE Station 59.

b-c) Disadvantaged unincorporated communities: Under the provisions of SB 244, the area that is currently within the boundaries and SOI of CSA 11, along with the surrounding Pescadero community, is not considered a disadvantaged community. In 2019, the statewide median household income was \$75,235.¹¹ In the 2019 American Community Survey (ACS), the estimated median household income for Pescadero was \$120,139.

However, the area of the American Community Survey is larger than the area of CSA 11 and the data is a very small sample size, with only 73 households estimated to be in the Pescadero area.

¹¹ US Census – California Quick Facts 2019

Pescadero and the surrounding area is an important farming community in the County, and it is likely that there are farmworkers living in the area of CSA 11 who have an income lower than median income for Pescadero. This is evidenced by affordable housing and farm labor housing programs that are supported by the County in the agricultural areas of the coastside.

In 2013, the County of San Mateo requested an income survey of the CSA 11¹². A report was prepared by the Rural Community Assistance Corporation for the County. Based on 60 responses out of 82 residents, surveyed, the median household income was \$45,500, which was less than 80% of the statewide median household income for 2013.¹³ No additional income surveys specific to CSA 11 customers have been conducted since then. It is not known how this income data has changed within the last nine years.

CSA 11 has limited ability to serve the surrounding rural community due to limited water supply for additional demand. The County's LCP also limits CSA 11 from serving areas outside of the Pescadero rural service center. In addition, the population around Pescadero is widely dispersed, which can lead to challenges regarding cost and expansion of infrastructure. The County also has policies in place that limit the expansion of urban utilities, such as water and sewer, in the rural areas of the County.

Pescadero is considered a legacy unincorporated community¹⁴, as it is not within the SOI of a city, has existed for at least 50 years, and is inhabited. The County of San Mateo and CSA 11 are likely to continue to be the service providers for Pescadero and the surrounding area for the foreseeable future.

Disadvantaged Unincorporated Communities MSR Determination

CSA 11 does provide water services to an unincorporated area. However, as the 2013 survey has not been updated and based on the most recent data available to LAFCo, the median household income of Pescadero is higher than 80% of the statewide median income, therefore the provisions of SB 244 do not apply.

¹² Rural Community Assistance Corporation, Pescadero County Service Area 11 Median Household Income Survey Final Report, September 2013

¹³ American Community Survey 2013 – California Statewide Median Household Income: \$60,190; The 2013 Survey for CSA 11 found that the service area had a Median Household Income of \$45,500 or 76% of the Statewide Median Household Income

¹⁴ Government Code Section 65302.10. (a)

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) Capacity to serve existing customers:

Operations and Water System

As mentioned previously, CSA 11 provides municipal water service to 101 connections in the Pescadero rural service center area. The water system consists of three wells (Well No. 1, No. 2, and No. 3), two storage tanks (with a total combined capacity of almost 298,000 gallons), 2.2 miles of water lines, one pump/chlorination house, and seventeen fire hydrants. The existing water distribution system is gravity fed from the two storage tanks. Below are additional characteristics of the three wells:

CSA 11 Wells			
	Well No. 1	Well No. 2	Well No. 3
Date Constructed	January 1992	April 1983	August 2018
Final Well Depth (feet)	260	247	360
Pumping rate (Gallons Per Minute)	45	60-70	100+
Use	Standby	Standby	Primary

CSA 11 office staff is housed at 555 County Center in Redwood City (Administration, Accounting, and Engineering). Field staff is Public Works staff from the Facilities Services Division, based in the Corporation Yard at 30 Tower Road in San Mateo. The County contracts with Bracewell Engineering, a State certified water operator, who is responsible for operating and maintaining the system. The current contract with Bracewell Engineering is from 2020 to 2023. The agreement with Bracewell Engineering also covers the operation and maintenance of the CSA 7 water system in La Honda.

Average annual water use during 2015-2019 was 19,442 gallons per day. The average water use between 2013 and 2017 is similar to the average historical use rate of 16 GPM between 1993 and 2001 (Todd, 2002), indicating current CSA 11 customer water demand is relatively constant or has declined slightly over time.

Water supplied to municipal customers is limited to certain uses, such as domestic water for human use and limited landscape irrigation. In the 2021 Todd Groundwater report, an audit for the existing 101 water accounts was undertaken to see how many accounts had landscape irrigation. Of the 101 accounts, 11 of them were found to have an irrigation pattern. It was estimated that the irrigation equated to about 8% of total system water use. Per the report, strict prohibition on landscape irrigation probably would not be sufficient by itself to eliminate the long-term water-level declines.

Water Supply/Aquifer

CSA 11 relies on groundwater drawn from the Pigeon Point Formation aquifer. Water levels at CSA 11 well field continue to decline, as they have since 1992 when the first well began operating. The wells are located along a hilltop to the east of the Pescadero Rural Service Center. Due to the isolated location, the aquifers the wells draw from are primarily recharged from rainfall infiltration¹⁵. Per the 2021 Pescadero (CSA-11) Water Supply Yield and Sustainability Study prepared by Todd Groundwater, “the steady decline of water levels observed in the CSA-11 wells it is apparent that current pumping exceeds the current sustainable yield of the Butano Ridge aquifer system” that support the CSA 11 well field. Per the report, the aquifer is considered to be in overdraft, meaning that more water is being pulled out of the aquifer than can be replenished.

While the aquifer is in overdraft, the 2021 Todd Groundwater Report estimated that the wells would still be able to provide water into the future. Under static water conditions with no pumping, water levels would reach the bottom of Well No. 1 in 2115 and Well No. 3 in 2120. However, with pumping in overdraft, Well No. 1 could be impacted by 2057 and would no longer be able to serve as a backup well. Well No. 3 could be lowered to extend its productivity, however.

Per County staff, even as the aquifer is in overdraft there has been no evidence of soil subsidence at the well field over the years that CSA 11 wells have been in operation. In addition, the various studies done by consultants for the County to evaluate water supply sustainability have not identified soil subsidence as a concern or issue.

b) Capacity to serve future growth: The 2021 Todd Groundwater report states that the County is considering connecting the existing Pescadero Middle/High School and a new fire station (to be constructed at the school property). The new fire station would replace the existing CAL FIRE station located on Pescadero Creek Road. Per the report, if these buildings were to be added to the CSA 11 system, the CSA 11 wells would be able to serve these two properties through 2094. However, this analysis assumes that the aquifer that CSA 11 draws from remains at a stable level. If the aquifer does not recharge at its current rate or this additional demand is added to CSA 11, the lifespan of the existing wells will be negatively impacted. With additional pumping it is possible that Well No. 1 would be out of service by 2057 and that Well No. 3 would need to be lowered to continue to serve Pescadero.

Any action to expand the service boundaries of CSA 11 would require approval of a Sphere of Influence amendment and annexation by LAFCo.

The 2021 Todd Groundwater report also notes that if the LCP projected growth was to be implemented, CSA 11 wells would be impacted by the greater demand and would need improvements to the water system, potentially including new wells or having existing wells drilled deeper. If LCP-projected growth is implemented gradually over the next 50 years, water levels during pumping would reach the bottom of Well No. 3 around 2047.

¹⁵ Todd Groundwater , “Assessment of Source for the Pescadero Water System – CSA 11” , 2002

c) Adequacy of public services: In the prior MSR for the District, the report highlighted a pump failure in August 2011. The well pump failure resulted in a boil water notice to be issued, the County providing over 900 gallons of bottled water to Pescadero residents, and businesses having to temporarily close. It was later determined that the pump that had failed may not have been installed at the correct depth, leading to the pump not being fully submerged in water and that it may have been pumping water and air which would cause premature pump failure.

District staff identified a number of priorities to address, many of which now comprise the District's Operation and Maintenance Plan. The Plan, created prior to Well No. 3, calls for visual inspections of the wells and storage tanks three times every two weeks. Alarm systems for water levels should be tested quarterly. Along with the test and inspection of the distribution system and valves, the Plan also outlines bacterial and chemical monitoring requirements.

CSA 11 did not issue any boil water notices in the past 5 years (2016-2021)¹⁶. However, CSA 11 issued three disinfection advisory notices between October 2018 and June 2019 due to detection of total coliform in its distribution system during routine monthly monitoring¹⁷. In July 2019 the State Water Board Division of Drinking Water issued CSA 11 a citation for having exceeded the maximum contaminant level of total coliform and directed CSA 11 to permanently disinfect the water by chlorination.

The District posts annual water quality reports, called a Consumer Confidence Report, on its website. The last report covers 2020 and identifies no violations for bacteria, contaminants, or other domestic water standards.

d) Infrastructure needs or deficiencies: As stated previously, the District had identified the need for a supplemental well to be added to the CSA 11 system. In 2018, a third well (Well No. 3) was constructed in the vicinity of the two existing wells. This well was drilled to a depth of 360 feet. During pump testing, the well was capable of pumping at a rate of 100 gallons per minute. Well No. 3 is now the primary well for CSA 11.

District staff are exploring the possibility of connecting the existing Pescadero Middle/High School and a new fire station. The engineering for this new infrastructure to support this extension, once developed, will be reviewed by CSA 11 staff. As noted previously, this extension would need to be reviewed by LAFCo as part of a Sphere of Influence amendment and annexation. Outside of this potential annexation, no new capital improvement projects are currently programmed for CSA 11.

Water Fire Flow

In 1999 and in 2009, two fire flow analysis were prepared by Winzler & Kelly¹⁸. The reports analyzed the existing CSA 11 water system to determine the feasibility of adding a fire protection pump to meet fire flow requirements in the commercial area of Pescadero. The

¹⁶ County of San Mateo Department of Public Works

¹⁷ Ibid

¹⁸ Pescadero Fire Flow Analysis, Winzler & Kelly Consulting Engineers, May 1, 2009 and 1999

most significant deficiencies for the Commercial District occurred at the south end of Stage Road south of Pescadero Creek Road.

Three potential options were explored in the 2009 report: 1) Meet fire flow needs with existing conditions; 2) Construct a fire protection pump to increase flow and pressure; 3) Upsize the existing gravity system with larger distribution mains to achieve fire flows by gravity flow.

The current system is capable of providing the residential area of CSA 11 with fire flow capacity, but the system does not meet the requirements of 1,500 GPM for two hours, at 20 pounds of pressure per square inch.

The 2009 study recommended that although installation of a fire protection pump at the water storage facility is feasible for meeting new fire code requirements of 1,500 GPM for 2 hours, it was strongly suggested to instead upsize the Pescadero water system distribution mains to meet fire flow goals by gravity. The study stated that gravity flow systems are much more reliable for water service and the long-term costs of maintenance and repair prove less costly in providing adequate fire protection and water service than when compared to a fire protection pump.

The study estimated the cost in 2009 dollars of Alternative 2 at \$542,000 and the cost of Alternative 3 at \$1,006,000. No action has been taken on the recommendations in the report.

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.

e) Changes in state regulations impacting the District: In 2015, Senate Bill 88 (SB 88) was passed and signed into law. SB 88 authorizes the State Water Board to require public water systems, state small water systems within a disadvantaged community, that consistently fails to provide an adequate supply of safe drinking water to consolidate with, or obtain service from, another public water system¹⁹. While the State Water Board can process voluntary consolidations, this bill allowed for the State to process mandatory consolidations as well. While the State Water Board should consult with LAFCOs, consolidation follows a State Water Board process.

SB 403, passed in 2021, adds to the authority of the State Water Board regarding water system consolidation. SB 403 added at-risk domestic wells and at-risk water systems to those systems eligible for mandated consolidation by the State Water Board. Under this law, these water systems or wells need only to be at risk of failing, as defined by the State Water Board and not failed systems as previously required in SB 88.

Per the State Water Board, there are four “At-Risk Systems” in the Pescadero area, including the water system that currently serves Pescadero Middle School/High School²⁰.

¹⁹ A public water system is defined as a system that provides water for human consumption¹ to 15 or more connections or regularly serves 25 or more people daily for at least 60 days out of the year. (California State Water Board)

²⁰ https://www.waterboards.ca.gov/safer/safer_data.html

In 2014, the Sustainable Groundwater Management Act (SGMA) was signed into law. SGMA requires local agencies to form groundwater sustainability agencies (GSAs) for the high and medium priority basins most at risk due to pumping, population served, and number of wells. GSAs develop and implement groundwater sustainability plans (GSPs) to avoid undesirable results and mitigate overdraft within 20 years. The legislation also encourages basins that are designated as low and very low priority basins to voluntarily develop GSPs. The Pescadero Valley Basin, where CSA 11 is located, is designated as a very low priority basin and therefore is not subject to the requirements of SGMA.

f) Deficiencies for disadvantaged unincorporated communities: As discussed in the Disadvantaged Unincorporated Communities section (Determination #2), CSA 11 does provide domestic water service in an unincorporated area of the County. However, based on the most recent data available to LAFCo, the median household income of Pescadero is higher than 80% of the statewide median income, therefore the provisions of SB 244 do not apply.

Capacity and Adequacy of Public Facilities and Services MSR Determination

The aquifer that CSA 11 wells rely on is considered to be in overdraft, meaning that more water is being pulled out of the aquifer than can be replenished. It is estimated that the CSA 11 wells would still be able to provide water into the future, even if the additional demand of the existing Pescadero Middle/High School and a new fire station is added to the District. However, if the aquifer does not recharge at its current rate or if additional demand as identified in the County’s LCP is added to CSA 11, the lifespan of the existing wells will be negatively impacted.

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:

As water levels of the Pigeon Point Formation aquifer continue to decline, the District should continue to monitor water levels and develop long term plans for the continued operation of the CSA 11 water system. These long-term planning documents could explore ways to address aquifer decline, management of the existing aquifer, or alternate water sources for CSA 11.

If a community plan is developed by the County for Pescadero, the plan should explore the improvements needed for the CSA 11 system to meet fire flow and evaluate the financial costs to implement the project. The community plan should also review the projected growth of Pescadero and revise buildout numbers if appropriate.

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,			X

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: CSA 11, as part of the San Mateo County budget process, routinely adopts and operates an annual budget with a budget cycle of July 1 through June 30. The annual budget is prepared by the County Director of the Department of Public Works and the County Manager’s Office, and then presented to the Board of Supervisors for adoption.

CSA 11 receives annual independent audits as part of the County of San Mateo Comprehensive Annual Financial Report (CAFR), with the most recent audit being completed on December 11, 2020 for the governmental activities and the major funds of the County for fiscal years ended of June 30, 2020. The CAFR revealed no instances of non-compliance or material weakness in internal controls.

The District’s revenue comes primarily from water sales and service charges to customers. In fiscal years 2015-2020, one time funds in the form of State grants and County contributions for capital projects or studies were received by CSA 11. This one-time State funding and County General Fund revenue was for the construction of new Well No. 3 and storage tank, which has now been completed. If these one-time funds were removed, for 2019-20 budget, water sales and service charges would comprise 98% of the total revenue. The District does not receive property tax as it was formed after the implementation of Proposition 13.

Expenses are mainly composed of the pumping water, transmission/distribution to customers (including the cost of the contract water operator), and infrastructure depreciation and general administrative costs. Bracewell Engineering, the state certified contractor for CSA 11, entered into a new contract with CSA 11 in 2020. New tasks within this contract included water treatment (disinfection) and monitoring/sampling (new well and tank) to meet requirements of the State.

CSA 11 Budget Summary 2015-2020						
Fiscal Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Operating Revenue						
Water Sales and Service Charges	\$76,786	\$72,696	\$73,826	\$70,093	\$67,220	\$31,892
Connection Charge	\$0	\$1,650		\$990		\$35,823
Miscellaneous	\$2,370	\$2,370	\$1,890	\$1,930	\$1,800	\$1,230
Other Interfund Revenue	\$54,704	\$85,296		\$869,996	\$137,195	
Sales and Use Tax - Measure A					\$450,027	\$42,973
All Other State Aid	\$0	\$17,492	\$68,437	\$544,992	\$0	\$69,079
Total Operating Revenue	\$133,860	\$179,504	\$144,153	\$1,488,002	\$656,242	\$180,998
Operating Expense						
Pumping	\$4,043	\$4,130	\$48,016	\$1,359,787	\$565,787	\$87,933
Transmission & Distribution	\$75,917	\$91,846	\$56,345	\$40,795	\$54,638	\$48,656
Administrative & General	\$21,901	\$58,464	\$65,988	\$68,370	\$57,219	\$45,654
Depreciation	\$21,532	\$21,532	\$21,532	\$21,532	\$21,532	\$71,932
Total Operating Expenses	\$123,394	\$175,972	\$191,881	\$1,490,484	\$699,176	\$254,175
Operating Gain (Loss)	\$10,466	\$3,531	(\$47,727)	(\$2,482)	(\$42,935)	(\$73,177)
Total Non-Operating Revenue (Expenses)	\$887	(\$2,152)	\$1,400	(\$5,576)	(\$1,534)	\$1,252
Net Income (Loss)	\$11,353	\$1,380	(\$46,328)	(\$8,059)	(\$44,469)	(\$71,925)
Net Fund Equity - Beginning	\$100,991	\$133,876	\$156,787	\$131,991	\$145,465	\$122,528

Net Fund Equity - Ending	\$133,876	\$156,787	\$131,991	\$145,465	\$122,528	\$122,535

Since FY 2016-17, CSA 11 operating costs have exceeded revenue, resulting in a reduction of CSA 11’s net fund equity and fund balance. Per County staff, the fund balance for CSA 11 was accrued over several years. After the passage of updated rates in 2012, there were years in which revenue exceeded the cost to operate the system, allow funds to be placed in reserve. However, with the new contract to operate the CSA 11 water system, operational expenses have increased beyond the service revenue received by the District.

CSA 11 does not have any full-time employees, as contractors provide service and maintenance for the wells and County staff provide engineering and budgeting services. Other Post-Employment Benefits and retirement benefits for San Mateo County Department of Public Works employees are managed by the County and the San Mateo County Employees' Retirement Association.

b) In the approved Fiscal Year 2021-22 budget, the District has approximately \$91,000 in contingency funds. In Fiscal Year 2022-23, the contingency is reduced by more than half to \$43,000 as a result of revenue remaining flat, expenditures increasing, and fund balance and reserve dollars being used to balance the budget.

c) Rates and Charges: The water rates for CSA 11 were last adjusted in 2012. This adjustment took into consideration the 2011 MSR recommendation of creating a tiered rate system, shifting from a flat rate for water consumption. Currently, CSA 11 customers are billed bi-monthly based upon meter readings for the preceding sixty days. The bill is comprised of a “Service Charge” and a “Tiered Rate Charge” component. The Service Charge is a flat monthly charge designed to recover costs that do not vary with consumption, such as, meter reading and billing and maintenance of the distribution system. The “Tiered Rate” charge is based on the amount of water used in the bi-monthly billing cycle. The following table compares CSA 11 rates with Coastside County Water District, North Coast County Water and Montara Water and Sanitary District.

Water Rates and Fees				
	CSA - 11	Coastside County Water²¹	North Coast County Water²²	Montara Water & Sanitary*²³
No. of Connections	101	7,593	12,261	1,656
Current Rates				
5/8" x 3/4" Monthly Meter Service Charge	\$28	\$30.35	\$53.48	\$28.80

²¹ <https://coastsidewater.org/customer-services/water-rates/>

²² <https://www.nccwd.com/billing/rates.html>

²³ <http://mwsd.montara.org/rates-and-budget/rates-and-fees>

1-1/2" Monthly Meter Service Charge	\$42	\$146.28	\$96.36	\$51.84
Tier 1 Water Rate	\$2.69 (0-11 Unit)	\$9.65 (1-4 Units)	\$6.6 (0-5 Units)	\$8.36 (0-6 Unit)
Tier 2 Water Rate	\$4.04 (12-25 Unit)	\$14.12 (5-8 Units)	\$7.86 (6-10 Units)	\$11.17 (7-13 Units)
Tier 3 Water Rate	\$5.45 (26-40 Unit)	\$17.08 (9 or more Units)	\$13.53 (11-29 Units)	\$13.94 (14-27 Unit)
Tier 4 Water Rate	\$7.36 (> 40 Unit)	N/A	\$22.72 (19 or more Units)	\$19.53 (28 or more Units)
1 Unit = 100 cubic feet or 748 gallons of water				
*= Montara Water and Sanitary District also charges a Water System Reliability Charge per meter annually (5/8 x 3/4 inch meter: \$558.66; 1-1/2 inch meter: \$2,793.30)				

New customers whose parcels are located within CSA 11 boundaries may connect to the system upon payment of a buy-in charge, service connection fee, and a meter deposit.

New Customer Fees	
Buy-in Charge	Base buy-in charges are effective July 1, 2021 and are adjusted annually on July 1 according to the Construction Cost Index: \$13,643 base charge for connections less than 1-inch in diameter \$17,054 base charge for connections greater than 1-inch in diameter
Connection Fee	Varies from \$660.00 to \$1650.00
Meter Deposit	\$35.00

Per County staff, San Mateo County Department of Public Works is currently in the process of conducting another rate study to determine whether additional increases should be proposed. Based on previous fiscal years and the loss of one-time funding for capital projects, it is recommended that County staff prioritize the CSA 11 rate setting process.

d) Infrastructure Funding: In Fiscal Year 2020-2021, CSA 11 adopted a Contingency/Reserve fund of \$128,066. No funds for fixed asset or capital improvement projects were allocated in the adopted Fiscal Year 2020-2021 Budget, as prior year funding in this category was for the new well and storage tank project that is now complete. Per San Mateo County Department of

Public Works staff, no short-term capital improvements to CSA 11 are planned as current water rates and reserves do not support additional projects. As noted previously in the report, the new well and storage tank project were supported by one-time funds in the form of State grants and County contributions for capital projects.

e) Financial policies: As a dependent district, CSA 11 is subject to San Mateo County’s financial policies.

f) District Debt: The District currently has a loan of \$58,800 obtained from other County sources in 2013 to replenish its depleted fund reserve. Per District staff, no repayments of this loan have been made due to the small fund reserve of CSA 11.

Financial Ability MSR Determination

Current CSA 11 water rates do not support year-to-year operation of the water system and will continue to negatively impact the District’s fund balance. While there are no short-term capital improvement projects proposed for the District, current water rates and reserves would not be able to support additional projects. Recent capital projects have been supported by one-time funds in the form of State grants and County loans for capital projects.

Recommendations:

Based on previous fiscal years and the loss of one-time funding for capital projects, it is recommended that County staff prioritize a review of the rates for CSA 11.

The District should identify long-term capital projects that will be needed and evaluate ways that project could be funded.

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

a-b) Shared services: The remote location of Pescadero limits opportunities for resource and facility sharing. The nearest public water provider, Coastside County Water District (CCWD), is over 14 miles to the north. Department of Public Works provides staff for administration and assisting the contract operator with operation and maintenance of CSA 11, as well as CSA 7 in

the La Honda area. Field staff is Public Works staff from the Facilities Services Division, based at 30 Tower Road in San Mateo. The County contracts with Bracewell Engineering who is responsible for operating and maintaining system.

In the 2011 MSR for CSA 11, LAFCo recommended exploring the option of contracting with another water agency such as the CCWD or private entities that provide contract service, or sharing services with the numerous, small water systems that serve the south coast area (including three County operated systems, two State Park systems, and six mutual (property owner) operated water systems). Per Public Works staff, efforts were made to discuss shared services or even the transfer of CSA 11 water service with both CCWD and California Water Service Company. However, discussions did not result in any interest by the other water purveyors.

Shared Services MSR Determination

The CSA 11 water system serves the rural community of Pescadero and is one of the few public water systems on the South Coast. As recommended in the 2011 CSA 11 MSR, San Mateo County Department of Public Works staff did explore options for shared services or contracting. However, other water purveyors were not interested in shared services or transfer of the CSA 11 system. LAFCo supports any new exploration of shared services for CSA 11.

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
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			X

services and/or eliminate deficiencies or redundancies?			
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-d) Public meetings/governance, transparency: The San Mateo County Board of Supervisors is the governing body of CSA 11 and the County of San Mateo Public Works Department is responsible for District operations. The Department of Public Works maintains a website with water rate and other information about water service. The San Mateo County Board of Supervisors as the rate setting body is subject to the Ralph M. Brown Act and Proposition 218 governing public meetings and public hearings to set rates. The Board of Supervisors adopts a budget for CSA 11 annually and the Department of Public Works publishes an Annual Water Quality Report.

In addition, the Pescadero Municipal Advisory Council meets monthly and provides an additional opportunity for public input concerning public services in Pescadero and surrounding communities.

e) Changes in governance structure: LAFCo staff is not aware of any possible changes to the CSA 11 governance structure that will increase accountability. However, there are three potential alternative governance models to the County Service Area structure:

- The creation of a Community Services District (CSD). The CSD would be governed by a locally elected board that would either employ staff or contract with another entity for services. The locally elected board would be responsible for setting rates, operating the system and compliance with State regulations concerning public water systems.
- The transfer of the water system to a private utility or entity
- The formation of a mutual water company. A mutual water company are corporations organized for and engaged in the business of selling, distributing, supplying, or delivering water only to owners of their shares. A mutual water company be governed by a locally elected board that would either employ staff or contract with another entity for services. The locally elected board would be responsible for setting rates, operating the system and compliance with State regulations concerning public water systems.

f) Overlap with other agencies: There are no other districts that overlap with CSA 11 that provide domestic water service.

Accountability, Structure, and Efficiencies MSR Determination

CSA 11 is a dependent special district and the San Mateo County Board of Supervisors acts as its board, the County of San Mateo Public Works Department is responsible for District operations. The Department of Public Works maintains a website with water rate and other information about water service. CSA 11 receives annual independent audits as part of the County of San Mateo Comprehensive Annual Financial Report (CAFR). LAFCo is not aware of management or staffing issues. The existing governance structure for CSA 11 is as efficient as possible.

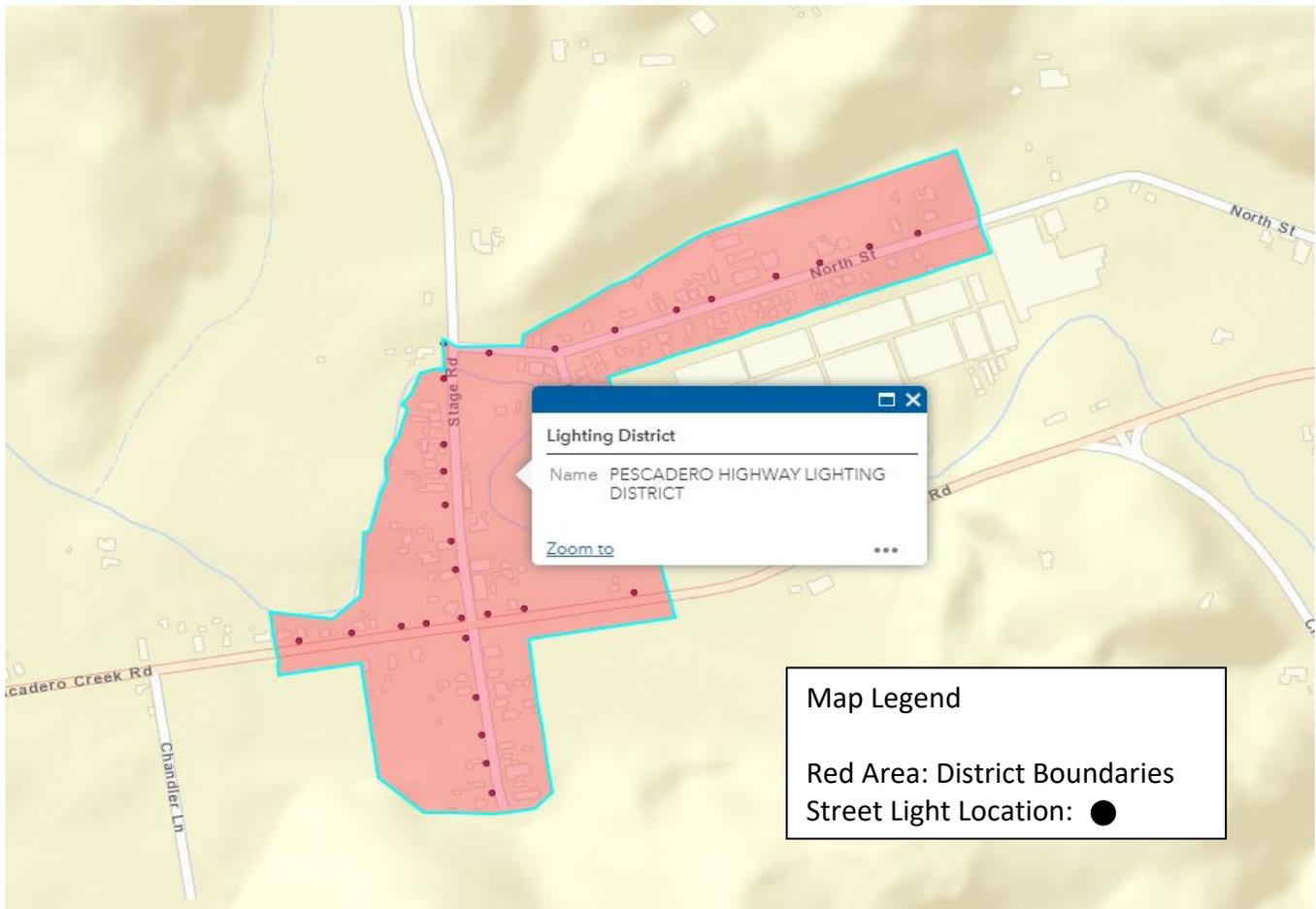
7) Other Issues

Any other matter related to effective or efficient service delivery, as required by commission policy.	Yes	Maybe	No
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 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:

Municipal services provided in Pescadero community –

Pescadero Highway Lighting District



Map 4 - Pescadero Highway Lighting District (Source – San Mateo County Department of Public Works)

Formed in 1949, Pescadero Highway Lighting District (PHLD) is one of 12 county-governed lighting districts. PHLD territory includes 33 streetlights on a portion of Stage Road, North Street, and Pescadero Creek Road. Two of these lights are located near the Pescadero Creek Road bridge over Butano Creek and are located outside of the boundaries of PHLD and the rural service center for Pescadero. However, PHLD maintains the lights as they provide safety benefits to the residents of PHLD. County Department of Public Works staff maintain the district infrastructure. As a non-enterprise district, the primary funding for PHLD is property tax

to fund repair and maintenance, energy costs and capital improvement, such as the replacement or addition of light poles.

Pescadero Highway Lighting District Budget		
Fiscal Year	2020-21	2021-22
Taxes	\$11,235	\$11,531
Other Revenue	\$4,542	\$5,540
Total Revenue	\$15,777	\$17,071
Fund Balance	\$305,810	\$320,494
Total Appropriations	\$11,200	\$12,200
Reserve	\$310,387	\$325,365

The five-year average revenue for PHLD (FY2015-16 through FY2019-20) was \$23,253. Approximately 33% or \$7,822 of this revenue is derived through refunds from the Educational Relief Augmentation Fund (ERAF)²⁴. This revenue is not budgeted annually as a revenue because it is not a dependable revenue source. It has however become a significant contributor to the revenue and fund balance of PHLD. There have not been any capital improvement projects in the District. In Fiscal Year 2020-2021, PHLD received a request from two members of the Board of Supervisors to install two additional streetlights on Pescadero Creek Road.

Roads

Bay Area jurisdictions use the Pavement Condition Index (PCI) to measure the condition of its roads²⁵. The Pavement Management System and PCI were developed by the Metropolitan Transportation Commission. The PCI is based on road conditions that include cracking, furrowing, or rutting, potholes, and general weathering and provides information necessary to establish a maintenance program and budget for road maintenance. According to the County's Pavement Management Plan and PCI, the County maintains approximately 3.32 centerline

²⁴ Educational Relief Augmentation Fund refunds occur when the ERAF contributions to school districts from the county, cities and special districts exceed the amount required to fund schools up to their revenue limits

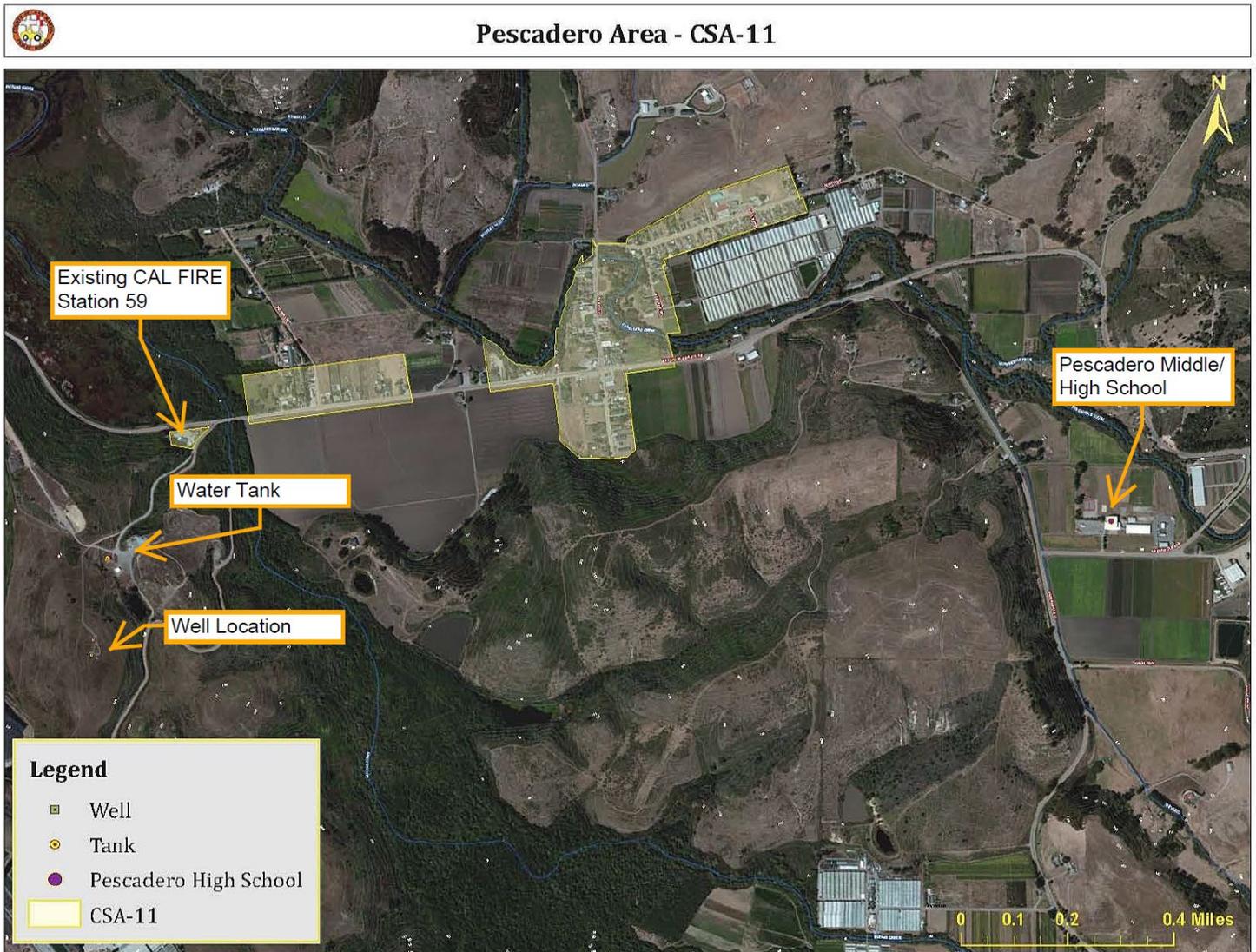
²⁵ The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less.

miles within the rural service center portion of Pescadero and indicates the average PCI for all road sections is 78.13, equating to a good road pavement condition rating.

Public Safety

Pescadero receives fire protection and emergency response from the County of San Mateo. The County contracts with CAL FIRE for structural fire protection. CAL FIRE Station 59, located west of Stage Road on Pescadero Creek Road, covers the Pescadero area. The next nearest stations are La Honda Fire Brigade Station 57 in La Honda and Coastside Fire Protection District Station 40 in Half Moon Bay. The San Mateo County Fire Department (which contracts with CAL FIRE) has an Insurance Services Office (ISO) Class 4 ranking, with Class 1 being the highest ranking. This ranking is based on the County's emergency communications systems, fire response, and water supply. San Mateo County Fire Department covers urban unincorporated areas including Burlingame Hills and Country Club Parks as well as rural areas such as Pescadero, La Honda, and Loma Mar.

The existing CAL FIRE Station 59 is located within a floodplain and is threatened annually with flooding, impacting the station's facilities. Seasonal flooding of the adjacent Butano Creek also impedes fire personnel direct access to the Pescadero Community, as the creek is located between Pescadero and the fire station. The County and CAL FIRE are actively working on a project to relocate the fire station to a site located on the Pescadero Middle School/High School site at 360 Butano Cut-Off in Pescadero.



Map 5 – CSA 11 Boundaries and Infrastructure and Location of Pescadero Middle/High School (Source – San Mateo County Department of Public Works)

Since 2014, the County of San Mateo and CAL FIRE have undertaken assessments regarding the relocation of Station 59 within the Pescadero community. As noted previously, the current station location is within a floodplain and can restrict emergency access within Pescadero. After studies and outreach in the community, the County has proposed to construct a replacement Station 59 at the Pescadero Middle/High School at 350-360 Butano Cut Off. The proposed project will require Local Coastal Plan amendment, Californian Coastal Commission review, and local development permits. Also included in the proposed project scope is an extension of CSA 11 to serve both the future Station 59 and existing the Pescadero Middle/High School²⁶. It is anticipated that the County will submit an SOI amendment and annexation proposal to LAFCo for CSA 11 by the end of the year.

²⁶ <https://planning.smcgov.org/fire-station-59>

The County Sheriff serves Pescadero as part of Sheriff Beat 80 serving the rural south coast and Skyline areas.

Solid Waste

Due to Pescadero’s sparse population and remote location, there is no franchised garbage collection service in Pescadero or surrounding areas. Residents and businesses in Pescadero and surrounding areas either have individual subscription service with a garbage collection service, drop off solid waste at the Pescadero Transfer Station (PTS) located off of Bean Hollow Road near Pescadero Creek Road or take their waste to a landfill.

The PTS is operated by BFI/Republic through an agreement with the County of San Mateo, with the latest contract approved in 2018 and covering services through 2023. The PTS is open three days per week (Friday-Sunday) and BFI/Republic receives \$156,018 per year for operation of the PTS. In addition to the cost to operate the PTS, the County pays a per ton cost (currently \$105.80/ton) to dispose of municipal solid waste from the PTS. Other disposal costs are included in the Agreement. The following table presents an analysis of the Expenses and Revenues for the PTS. The "Net Payment to Allied/Republic" is from the Solid Waste Diversion Fee Fund.²⁷

FY 2020-2021 Pescadero Transfer Station Expenses and Revenue²⁸	
Annual Operations Expenditures	\$165,254.67
Solid Waste Disposal and Recycling Costs	\$111,901.03
Gross Expenditure	\$277,155.03
Tipping Fee Revenue	\$230,259.00
Net Payment to Allied/Republic	\$48,993.97
Solid Waste Fund Subsidy Percentage	17.68%

²⁷ The PTS is subsidized by the remaining Solid Waste Fund. This Fund resulted from a contract between the County and the Operator of Ox Mountain Land Fill that established a per ton compensation fee be paid to the County by the operator for every ton disposed at the landfill. That contract expired in 2009 and the new operator was not willing to negotiate new agreement. The Solid Waste Fund was receiving no revenue and being drawn down by other land fill related expenditures. Solid Waste Fund previously accounted for revenues derived from the management and operation of the Ox Mountain landfill.

The Solid Waste Fund has now been replaced by the AB 939 Waste Diversion Fee. The AB 939 fee is restricted and therefore, it should not be considered a funding source/subsidy for solid waste disposal at the Pescadero Transfer Station. The AB 939 Fee, which is derived from landfill disposal in the unincorporated lands of the county, is used to prepare and implement a countywide integrated waste management plan and waste diversion. This Fee also funds eligible waste management and diversion programs, and Household Hazardous Waste and state-mandated Local Enforcement Agency programs.

²⁸ San Mateo County Office of Sustainability

The PTS receives municipal solid waste, mixed recyclables, metal, yard waste, and construction and demolition debris of approximately 900 tons of solid waste material per year and 170 tons of recycling. The gate rate (or Tipping Fee Revenue as indicated in the table) is set by the Board of Supervisors through resolution. Rates were last raised in 2016. Currently, the minimum charge is \$12 per drop-off. As illustrated in the Expenses and Revenues Table, the County of San Mateo, through the Solid Waste Fund, is continuing to subsidize the cost of the PTS.

Wastewater

There is not a public sewer system or centralized sewage treatment plant in Pescadero. Development is served by individual septic systems. In 2004, the Regional Water Quality Control Board, San Francisco Bay Region (RWQCB), issued Resolution 04-R2- 0088, supporting a 2004 Public Health Declaration by the County. The County declaration stated that “inadequate soil structure and high groundwater in the area provides poor conditions for adequate treatment of septic waste from the residences and businesses in the Community resulting in a threat to public health and precludes the installation of effective new septic systems.” As a result, the County commissioned a study to evaluate potential options for a sewer collection and treatment system for the Rural Service Center of Pescadero.

The study titled “Pescadero Community Sewer Project²⁹” was completed in October 2008 and identified that gravity and Septic Tank Effluent Pump (STEP) systems or Septic Tank Effluent Gravity (STEG) system are feasible in Pescadero.

Construction of a new sewer collection and treatment system has four basic component costs: capital costs for construction of the sewer collection system, capital costs for construction of the sewage treatment plant, on-going annual operations, and maintenance (all of which are funded by property owners that connect to the system) and the costs for each property owner to abandon the septic system and connect the structure to the sewer main. In the 2008 report, it was estimated that capital costs for either type of system would cost between \$2.5 million to \$2.7 million and have annual operation and maintenance costs of \$39,000 to \$54,000.

Challenges in developing a new public sewer system include the high cost of construction and maintenance for a system serving a relatively small customer base (101 connections), locating a treatment plant out of the flood-plain and not in proximity to sensitive habitat, and on land that is owned by the County of San Mateo or can be made available by another entity. In addition, the remote location of Pescadero and travel time from County facilities affect costs and ability to comply with State regulations that require response to spills within a specified time period.

Also, the water demand in areas with septic systems is typically lower than areas with public sewer systems. If the community is successful in developing a public sewer system, it is likely there will be an increase in demand for domestic water. In that regard, priority must be placed on establishing a sustainable water supply for potentially increased demand.

²⁹ HydroScience Engineers, Inc. *Pescadero Community Sewer Project, Small Community Wastewater Grant Facilities Plan*, October 2008
https://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/2008_10_lafco_pescadero_comm_sewerproj.pdf

While an environmental document and study were completed for the creation a public sewer system in Pescadero, per County staff, the project was abandoned due to the cost implications. No additional studies for sewer service in the CSA 11 area have been developed by the County.

Community Planning

As noted previously in this report, in 2018-2019, a community plan was completed for the Pescadero area. This effort was led by community members, non-profits, and some government agencies, but did not include San Mateo County departments. The plan identified a number of priorities in the community including trails, housing, sewer and water infrastructure, public restrooms, and businesses such as a laundromat. Prior to pursuing these or other priorities, the County and other regulatory and permitting authorities should be consulted. In many cases, additional uses or services may have an impact on CSA 11 water service. These impacts, along with fiscal, environmental, and regulatory constraints would need to be evaluated if new development in the Pescadero community is proposed.

b.i-b.ii) Water resiliency: Unlike many other public water systems in San Mateo County, the water supply system relies solely on ground water from the local aquifer. CSA 11 does not have a connection to other public water systems, as the nearest system, Coastside County Water District, is over 14 miles to the north.

To address the potential vulnerability of the water supply, in 2002, a study prepared by Todd Groundwater for CSA 11 identified the limited life of the aquifer. Analysis concluded that wells could fail in 8 to 15 years due to lack of water and that installation of a new deeper well in the vicinity of the existing wells would extend the life of the CSA 11 water supply to at least 38 years.

In 2018, a third well (Well No. 3) was constructed in the vicinity of the two existing wells. This well was drilled to a depth of 360 feet. During pump testing, the well was capable of pumping at a rate of 100 gpm. Since 2020, Well No. 3 now serves as the primary supply well for CSA 11.

To evaluate the water capacity of CSA 11 after Well No. 3 was constructed, a new report by Todd Groundwater was drafted. This 2019 report stated that Well No. 3 was estimated to have a life span of 90 years, which could be negatively impacted by declining groundwater levels. The report concludes that “the future yield and longevity of the well system is in part dependent on local rates of recharge and discharge”³⁰. This report, it was recommended that expansion of the service area of CSA11 be limited until additional water sources are identified.

In response to the potential expansion of CSA 11 to serve a new fire station and the existing Pescadero Middle/High School, a subsequent Water Budget Analysis was drafted by Todd Groundwater in 2021³¹. The report found that the CSA 11 water supply system has sufficient capacity to supply existing demand and additional demands associated with Pescadero Middle/High School and the relocated fire station for the next 30-40 years. It was suggested that for more distant planning horizons, evaluating options for additional water supplies should

³⁰ Todd Groundwater, “Source Water Capacity Assessment CSA 11 Pescadero Water System San Mateo County”, June 12, 2019

³¹ Todd Groundwater, “Pescadero (CSA-11) Water Supply Yield and Sustainability Study”, March 31, 2021

begin in earnest. See Section 5 – Capacity and Adequacy of Public Facilities and Services of this report for more discussion regarding the CSA 11 water supply.

The Pescadero Middle/High School at 350-360 Butano Cut Off is located outside the CSA 11 service area. The school has an on-site well that serves as the domestic water source for approximately 200 students and staff. Between 2015 and 2017, the well had four instances of exceeding the allowed levels of nitrate and coliform³². The State Water Resources Control Board issued a citation to the school regarding the nitrate exceedance and required the school to bring the water system up to regulatory drinking water standards. Since that time, in the absence of a safe drinking water source, students at the school have been supplied bottled water and the well has not been used as a domestic water source³³.

As part of the relocation study for Fire Station 59, the school property was proposed to be the new location for the fire station. The County drilled a new drinking water well at the school property to determine if an on-site water supply was feasible for the development. Per the GHD report (a consultant developed report), the County found that the well would not have enough water supply to support the new fire station and the existing school. To provide domestic water to the future fire station and the existing school, the County has proposed a project scope that includes an extension of CSA 11. It is anticipated that the County will submit an SOI amendment and annexation proposal to LAFCo for CSA 11 by the end of the year.

c.i-cii) Sea level rise and natural hazard planning:

Pescadero is located in the Pescadero-Butano Watershed, the largest coastal watershed between the Golden Gate Bridge and San Lorenzo River in Santa Cruz. The entirety of the CSA 11 service area and much of the Town of Pescadero and Pescadero Creek Road (the main access road from Highway 1) are located within the flood-plain of the Pescadero and Butano Creeks and are subject to annual flooding. As noted in the 2011 MSR for CSA 11, frequent flooding in this area causes physical damage and negative economic impact, and a threat to public safety, public health, and natural resources. Flooding on Pescadero Creek Road causes closure of the road and is a severe public safety problem as it has blocked access from Highway 1 including CAL FIRE Station 59.

The County of San Mateo, the San Mateo Resource Conservation District (SMRCD), and partner agencies have worked to address flood impacts and sea level rise in the Pescadero area. Since 2014, the County and SMRCD have undertaken studies and projects regarding Pescadero Creek Road flooding and Butano Creek restoration. Challenges to preparation of these studies and plans include multiple layers of regulatory jurisdiction, surrounding sensitive habitat, combination of public and private landowners, and lack of funding to develop a comprehensive plan. In 2019, SMRCD completed the Butano Creek Reconnection Project³⁴. This project removed 45,000 cubic yards of mud along lower Butano Creek which helped reduced the risk of

³² GHD, Pescadero High School Final Engineering Report, 2021

³³ Ibid

³⁴ [Butano Creek Reconnection Project - SMRCD](#)

flooding along Pescadero Creek Road, as well as improving the habitat for threatened steelhead trout and endangered coho salmon.

The San Mateo County Office of Sustainability, in conjunction with SMRCDC, has begun mapping sea level rise risks to the south coast of the County, from Half Moon Bay south to the County line³⁵. This project will evaluate potential impacts and mitigation strategies related to sea level rise for the south coast communities, including Pescadero. Currently, the County has completed draft maps illustrating the areas that could be impacted by sea level rise. Within the Pescadero community, areas along Pescadero Creek Road near Water Lane are shown to have potential exposure to sea level rise. This area includes residential and farm uses, along with the existing location of the CAL FIRE station.

The next steps include creating a vulnerability assessment for south coast communities, and an overview of potential sea level rise solutions for key assets and resources. Per the County, community input and stakeholder engagement opportunities will be part of this process. The Office of Sustainability has published draft maps of the Sea Level Rise Vulnerability Assessment for the South Coast and anticipates that the vulnerability assessment and sea level rise solutions and case studies will be completed in 2022³⁶.

The County has 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.

Per County staff, recent PG&E Public Safety Power Shutoffs resulted in CSA 11's inability to pump water from the wells to replenish the supply in the storage tanks when power was off. Staff were also not able to remotely monitor the tank levels to ensure the community does not run out of water. Emergency generators have not been required during recent outages since they were of relatively short durations. CSA 11 currently does not own a generator for emergency purposes.

During the 2020 CZU Lightning Complex Fire, CSA 11 operators were not able to access the area to perform routine operation and maintenance (O&M) until it was determined to be safe. CAL FIRE utilized the water from CSA 11 hydrants to help combat the fire.

Periodic flooding of Pescadero Creek Road also limits CSA 11 operator's ability to perform O&M or respond to water main breaks and other emergencies.

Other Issues MSR Determination

While this Municipal Service Review focuses on County Service Area 11, which is limited to the Urban/Rural boundaries of the Pescadero Rural Service Center, it identifies service or

³⁵ <https://seachangesmc.org/current-efforts/south-coast/>

³⁶ <https://seachangesmc.org/current-efforts/south-coast/>

infrastructure challenges within Pescadero community. This includes the issues of solid waste, wastewater, and natural hazards such as sea level rise, flooding, and wildfire. Community planning efforts, fire service, the future relocation of the fire Station 59 and existing water situation at the Pescadero Middle/High School is also described in this report.

County staff have continued to work on the issue of water resiliency for CSA 11. Since the 2011 MSR, a new well has been brought on-line (Well No. 3), and several studies have been conducted about the water capacity of CSA 11 and the impacts of buildout on the system.

Water supply studies have also been conducted as part of the relocation project for Fire Station 59. A portion of the Pescadero Middle/High School site has been proposed by the County to be the new location for the fire station. Students and staff at the school have been supplied bottled water since 2015 as the domestic well onsite does not currently meet regulatory standards. To provide domestic water to the future fire station and the existing school, the County has proposed a project scope that includes an extension of CSA 11. It is anticipated that the County will submit an SOI amendment and annexation proposal to LAFCo for CSA 11 by the end of the year.

On the topic of sea level rise and natural hazard planning, the County, SMRCD, and partner agencies have worked to address flood impacts in the Pescadero area. Since 2014, the County and SMRCD have undertaken studies and projects regarding Pescadero Creek Road flooding and Butano Creek restoration. In 2019, SMRCD completed the Butano Creek Reconnection Project.

The County and SMRCD have also begun mapping sea level rise risks to the south coast of the County and will produce a vulnerability assessment for south coast communities, sea level rise solutions and case studies for key assets and resources later in the year.

Recommendations:

The County should evaluate costs and solid waste rates for the Pescadero Transfer Station. Currently, the rates for use of the transfer station do not cover the cost of operations. A subsidy from the Solid Waste Fund has been used to subsidize the transfer station budget.

As recommended elsewhere in this report, a community plan should be developed by the County for Pescadero. The plan could evaluate challenges to development in Pescadero and potential opportunities to address the challenges. Topics that could be discussed include growth projections, water availability, specific systems limitations, exploration of the development of a wastewater system and the impacts natural disasters such as wildfire, flooding, and sea level rise. The development process of the plan would allow for the community and stakeholders to engage with County staff and the County to review existing community efforts, such as the Pescadero Town Planning Initiative.

LAFCo supports the efforts to address flooding and sea level rise in the Pescadero community.

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.

Land use designations in County Service Area 11 (Pescadero) include primarily residential use with some institutional and commercial uses. The area is surrounded by, but does not include, agricultural lands.

2. The present and probable need for public facilities and services in the area. Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within the CSA 11 will occur. The parcels with CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. Due to these constraints, development and population increase in the near term is limited.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The aquifer that CSA 11 wells rely on is considered to be in overdraft, meaning that more water is being pulled out of the aquifer than can be replenished. It is estimated that the CSA 11 wells would still be able to provide water into the future, even if the additional demand of the existing Pescadero Middle/High School and a new fire station is added to the District. However, if the aquifer does not recharge at its current rate or if additional demand as identified in the County's LCP is added to CSA 11, the lifespan of the existing wells will be negatively impacted.

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.

Pescadero and the surrounding area is an important farming community in the County. The CSA 11 service area is a community of interest in that it represents the community eligible for and dependent upon municipal-type services that can be provided by the County.

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 subdivision (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 CSA 11 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. County Service Area 11 Fact Sheet

San Mateo County Department of Public Works
555 County Center, 5th Floor
Redwood City, CA 94063

Ann M. Stillman
Interim Public Works Director
650-363-4100
650-363-8220/fax
DPW_info@smcgov.org
<https://publicworks.smcgov.org/csa-11-county-service-area-11>

Date of Formation: February 16, 1988

Board of Directors: Five-member San Mateo County Board of Supervisors acting as the governing body. Members are elected to four-year terms

Membership and Term Expiration Date: Dave Pine District 1, Vice President (November 2024), Carole Groom, District 2, Supervisor (December 2022), Don Horsley District 3, President, (December 2022), Warren Slocum District 4, Supervisor (December 2024), and David Canepa, District 5, Supervisor (December 2024)

Public Meetings: The San Mateo County Board of Supervisors meets generally on the first and third Tuesday of every month at 9:00 am at the Board of Supervisors Chambers at 400 County Center Redwood City, CA 94063.

Services Provided: Domestic water service

Area Served: Approximately 0.13 square miles

Population: Pescadero area - 643 (US Census estimate); CSA-11 – 450 (County estimate)

Staffing: District is staff from personnel from San Mateo County Department of Public Works.

Sphere of Influence: Status quo

Budget: See the San Mateo County Budget page (<https://cmo.smcgov.org/budget-policy-and-performance>)

Appendix B. References

- American Community Survey 2013 – California Statewide Median Household Income
- Email conversation with LHPUSD Superintendent Amy Wooliever, 11/3/2021
- GHD, “Pescadero High School Final Engineering Report”, 2021
- HydroScience Engineers, Inc. “Pescadero Community Sewer Project, Small Community Wastewater Grant Facilities Plan”, October 2008
https://lafco.smcgov.org/sites/lafco.smcgov.org/files/documents/files/2008_10_lafco_pesca_dero_comm_sewerproj.pdf
- La Honda Pescadero Unified School District, Board Meeting Agenda Item 5a, “Discussion of the North Street Workforce Housing Initiative”, September 30, 2021
- Pescadero Municipal Advisory Council website, <http://www.pescaderocouncil.org/>
- Puente de la Costa Sur, “Planning for Equity: Pescadero Town Planning Initiative”, 2019
<https://mypuente.org/pescaderotownplanning/>
- Rural Community Assistance Corporation, “Pescadero County Service Area 11 Median Household Income Survey Final Report”, September 2013
- San Mateo County Multijurisdictional Local Hazard Mitigation Plan, October 2021,
<https://www.smcgov.org/cmo/2021-multijurisdictional-lhmp>
- San Mateo County Local Coastal Plan, June 2013,
<https://planning.smcgov.org/documents/local-coastal-program>
- San Mateo County Office of Sustainability, South Coast Seal Level Rise Risk and Solutions Study,
<https://seachangesmc.org/current-efforts/south-coast/>
- San Mateo Resource Conservation District, Butano Creek Reconnection Project,
<http://www.sanmateorcd.org/project/butano-creek-reconnection-project/>
- Todd Engineers, “Assessment of Source Water for the Pescadero Water System - CSA 11”, March 2002
- Todd Groundwater, “Source Water Capacity Assessment CSA 11 Pescadero Water System San Mateo County”, June 12, 2019
- Todd Groundwater, “Pescadero (CSA-11) Water Supply Yield and Sustainability Study, March 31, 2021
- US Census – California Quick Facts 2019
- Winzler & Kelly Consulting Engineers, “Pescadero Fire Flow Analysis”, May 1, 2009
- Winzler & Kelly Consulting Engineers, “Pescadero Fire Flow Analysis” 1999

RESOLUTION NO. 1286

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTION 56430 FOR COUNTY SERVICE AREA 11 (CSA 11)**

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 County Service Area 11 (CSA 11);

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 May 18, 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 May 18, 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.

Land use designations in County Service Area 11 (Pescadero) include primarily residential use with some institutional and commercial uses. The area is surrounded by, but does not include, agricultural lands.

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

Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within the CSA 11 will occur. The parcels within CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. Due to these constraints, development and population increase in the near term is limited.

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

The aquifer that CSA 11 wells rely on is considered to be in overdraft, meaning that more water is being pulled out of the aquifer than can be replenished. It is estimated that the CSA 11 wells would still be able to provide water into the future, even if the additional demand of the existing Pescadero Middle/High School and a new fire station is added to the District. However, if the aquifer does not recharge at its current rate or if additional demand as identified in the County's LCP is added to CSA 11, the lifespan of the existing wells will be negatively impacted.

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.

Pescadero and the surrounding area is an important farming community in the County. The CSA 11 service area is a community of interest in that it represents the community eligible for and dependent upon municipal-type services that can be provided by the County.

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 CSA 11 is proposed at this time.

WHEREAS, based on the results of the MSR, staff has determined that the SOI for CSA 11 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 May 18, 2022, Final Municipal Service for County Service Area 11, 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 18 day of May, 2022.

Ayes and in favor of said resolution:

Commissioners: Joshua Cosgrove
Ric Lohman
Harvey Rarback
Ann Draper, Vice Chair
Mike O'Neill, Chair

Noes and against said resolution:

None

Commissioners Absent and/or Abstentions:

Commissioners: Warren Slocum
Don Horsley

Michael Davis

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

ATTEST:

Rolando J. Bartolif

Executive Officer
Executive Officer

Local Agency Formation Commission

Date: May 31, 2022

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 A

Municipal Service Review Areas of Determination and Recommendations for County Service Area 11 (CSA 11)

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

Constraints such as the Pescadero Creek floodway and septic system requirements, water for fire flow and factors such as economic conditions, will continue to dictate how development within CSA 11 will occur. The parcels within CSA 11 are largely developed with commercial businesses and mix of single-family and small multi-family homes with few parcels left for new development. Due to these factors, the County's growth projections may be overstated.

Recommendations -

- Local community efforts, such as the Pescadero Town Planning Initiative, and recent efforts by the La Honda-Pescadero Unified School District illustrate the continued interest in development in Pescadero. In recognition of these efforts and of the constraints in Pescadero regarding development, it is recommended that the County consider the preparation of an area or community plan for Pescadero. This plan would work to resolve local issues and unique physical and land use situations found in Pescadero. The development process of the plan would allow for the community and stakeholders to engage with County staff and understand the community's thoughts on development, the regulatory framework that development occurs in, and the constraints and opportunities for long-term development in Pescadero.
- It is also recommended that the County reevaluate the buildout projected in the LCP and General Plan for Pescadero, due to the constraints in the Pescadero area. This evaluation could occur in conjunction with the development of a community plan for the area.

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

Determination

CSA 11 does provide water services to an unincorporated area. However, as the 2013 survey has not been updated and based on the most recent data available to LAFCo, the median household income of Pescadero is higher than 80% of the statewide median income, therefore the provisions of related to Disadvantaged Unincorporated Communities does not apply.

Recommendation

None

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

The aquifer that CSA 11 wells rely on is considered to be in overdraft, meaning that more water is being pulled out of the aquifer than can be replenished. It is estimated that the CSA 11 wells would still be able to provide water into the future, even if the additional demand of the existing Pescadero Middle/High School and a new fire station is added to the District. However, if the aquifer does not recharge at its current rate or if additional demand as identified in the County's LCP is added to CSA 11, the lifespan of the existing wells will be negatively impacted.

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

- As water levels of the Pigeon Point Formation aquifer continue to decline, the District should continue to monitor water levels and develop long term plans for the continued operation of the CSA 11 water system. These long-term planning documents could explore ways to address aquifer decline, management of the existing aquifer, or alternate water sources for CSA 11.
- If a community plan is developed by the County for Pescadero, the plan should explore the improvements needed for the CSA 11 system to meet fire flow and evaluate the financial costs to implement the project. The community plan should also review the projected growth of Pescadero and revise buildout numbers if appropriate.

Financial ability of agencies to provide services.

Determination

Current CSA 11 water rates do not support year-to-year operation of the water system and will continue to negatively impact the District's fund balance. While there are no short-term capital improvement projects proposed for the District, current water rates and reserves would not be able to support additional projects. Recent capital projects have been supported by one-time funds in the form of State grants and County loans for capital projects.

Recommendations –

- Based on previous fiscal years and the loss of one-time funding for capital projects, it is recommended that County staff prioritize a review of the rates for CSA 11.
- The District should identify long-term capital projects that will be needed and evaluate ways that project could be funded.

Status of, and opportunities for, shared facilities.

Determination

The CSA 11 water system serves the rural community of Pescadero and is one of the few public water systems on the South Coast. As recommended in the 2011 CSA 11 MSR, San Mateo County Department of Public Works staff did explore options for shared services or contracting. However, other water purveyors were not interested in shared services or transfer of the CSA 11 system. LAFCo supports any new exploration of shared services for CSA 11.

Recommendation

None

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

Determination

CSA 11 is a dependent special district and the San Mateo County Board of Supervisors acts as its board, the County of San Mateo Public Works Department is responsible for District operations. The Department of Public Works maintains a website with water rate and other information about water service. CSA 11 receives annual independent audits as part of the County of San Mateo Comprehensive Annual Financial Report (CAFR). LAFCo is not aware of management or staffing issues. The existing governance structure for CSA 11 is as efficient as possible.

Recommendations

None

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

While this Municipal Service Review focuses on County Service Area 11, which is limited to the urban rural boundaries of the Pescadero Rural Service Center, it identifies service or infrastructure challenges within Pescadero community. This includes the issues of solid waste, wastewater, and natural hazards such as sea level rise, flooding, and wildfire. Community planning efforts, fire service, the future relocation of the fire Station 59 and existing water situation at the Pescadero Middle/High School is also described in this report.

County staff have continued to work on the issue of water resiliency for CSA 11. Since the 2011 MSR, a new well has been brought on-line (Well No. 3), and several studies have been conducted about the water capacity of CSA 11 and the impacts of buildout on the system.

Water supply studies have also been conducted as part of the relocation project for Fire Station 59. A portion of the Pescadero Middle/High School site has been proposed by the County to be the new location for the fire station. Students and staff at the school have been supplied bottled water since 2015 as the domestic well onsite does not currently meet regulatory standards. To provide domestic water to the future fire station and the existing school, the County has proposed a project scope that includes an extension of CSA 11. It is anticipated that the County will submit an SOI amendment and annexation proposal to LAFCo for CSA 11 by the end of the year.

On the topic of sea level rise and natural hazard planning, the County, SMRCD, and partner agencies have worked to address flood impacts in the Pescadero area. Since 2014, the County and SMRCD have

undertaken studies and projects regarding Pescadero Creek Road flooding and Butano Creek restoration. In 2019, SMRCD completed the Butano Creek Reconnection Project.

The County and SMRCD have also begun mapping sea level rise risks to the south coast of the County and will produce a vulnerability assessment for south coast communities, sea level rise solutions and case studies for key assets and resources later in the year.

Recommendations -

- The County should evaluate costs and solid waste rates for the Pescadero Transfer Station. Currently, the rates for use of the transfer station do not cover the cost of operations. A subsidy from the Solid Waste Fund has been used to subsidize the transfer station budget.
- As recommended elsewhere in this report, a community plan should be developed by the County for Pescadero. The plan could evaluate challenges of development in Pescadero and potential opportunities to address the challenges. Topics that could be discussed include growth projections, water availability, specific systems limitations, exploration of the development of a wastewater system and the impacts natural disasters such as wildfire, flooding and sea level rise. The development process of the plan would allow for the community and stakeholders to engage with County staff and the County to review existing community efforts, such as the Pescadero Town Planning Initiative.
- LAFCo supports the efforts to address flooding and sea level rise in the Pescadero community.