Item 6

SAN MATEO LAFCo
LOCAL AGENCY FORMATION COMMISSION
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November 9, 2022

To: LAFCo Commissioners

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

Subject: Consideration of a Circulation Draft for LAFCo Special Study for Broadmoor Police District

Summary and Background

This report is a Special Study for the Broadmoor Police Protection District (BPPD or the District). Section 56378 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides LAFCo with the authority to initiate and make studies of existing government agencies. The studies shall include but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities.

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the BPPD. As part of the 2022-2023 LAFCo workplan, the Commission authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the MSR. This Special Study focuses on BPPD's operations, finances, and governance.

The Broadmoor Police Protection District was formed in 1948 to provide police and ambulance services to the unincorporated community of Broadmoor and surrounding incorporated area. In 1957, BPPD contracted with the Town of Colma to provide ambulance and radio dispatch services. That contract was amended in 1964 to include partial police protection services. In 1967, ambulance services were discontinued, and police patrol services to the Town of Colma ended in 1976, at which time Colma established its own full-time police department.

BPPD's service boundaries total 0.55 square miles and include the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD's service territory also includes three small parcels in unincorporated Daly City directly west of Broadmoor Village, each of which is developed with a single-family home.

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ HARVEY RARBACK, CITY ▪ DON HORSLEY, COUNTY ▪ WARREN SLOCUM, COUNTY ▪ JOSHUA COSGROVE, SPECIAL DISTRICT ▪ RIC LOHMAN, SPECIAL DISTRICT
ALTERNATES: KATI MARTIN, SPECIAL DISTRICT ▪ DIANA REDDY, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ ANGELA MONTES, CLERK

District's boundaries are irregular and include non-contiguous areas that resulted from annexation of areas to the City of Daly City over time. As these annexations occurred, the territory was concurrently detached from the BPPD since the City has a full-service police department. The BPPD service area includes single and multi-family housing, and commercial and retail development.

Governance

BPPD was formed under California Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California that employs its own officers.

The formation of new Police Protection Districts now is prohibited. Code Section 20007 of Health and Safety Code states: "No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter." Per Code Section 2008, "...any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection."

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month.

Current Key Issues

Key issues identified in compiling information on Broadmoor Police Protect District include the following:

1) BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of $1.4 million. BPPD's net position has been negative every year since the end of FY 17. The BPPD Commission has adopted unbalanced budgets for FY 17, FY 18, FY 19 and FY 23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.
2) BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.
3) The District does have independent audits which are shared with staff and Board members, however it does not appear that these audits are agenized for discussion at Board meetings.
4) BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles.
5) The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.

6) BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.

7) The District has a high officer to population ratio, but also has high cost for calls for service per police officer.

8) In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Proposed Special Study Recommendations

For the Circulation Draft of this Special Study, LAFCo has the following determinations and recommendations:

Capacity and Adequacy of Public Facilities and Services Summary and Recommendations

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant, 7 volunteers, and one administrative staff member. The District has a higher ratio of officer per 1,000 persons compared to the City of Daly City, but the cost for service call per police officer is more than four times the amount for BPPD.

Recommendations

The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.

Financial Ability Summary and Recommendations

BPPD has had significant budget deficits in five of the last six fiscal years. BPPD's net position has been negative every year since the end of FY 17. The BPPD Commission has adopted unbalanced budgets for FY 17, FY 18, FY 19 and FY 23. For these budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.

BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

The District does have independent audits which are shared with staff and Board members, however it does not appear that these audits are agenized for discussion at Board meetings. Delays in the timely production of audits can negatively impact budget preparation.

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR.

Recommendations

1) Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.
2) Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
3) Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
4) Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
5) Develop accounting, financial, governance and general administrative polices to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.
6) Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.
7) Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight and transparency.
8) Adopt annual Gann Appropriation Limit resolutions.
9) Post budget documents and audits on the District's website.

Accountability, Structure, and Efficiencies Summary

Public meeting agendas are posted on the District's website, but staff reports are not typically available. The District does record Board meetings, but currently, the recordings are not posted to the website and are only available at cost to members of public who request copies. The Police Chief/General Manager provides all administrative and human resource function for the District.

In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Recommendations:

1) LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
2) Video/audio of Board meetings should be posted on the District's website for public viewing.
3) Provide Brown Act training for all Commissioners.
4) Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
5) Post position salary and compensation data on the District's website.
6) Post contracts and hiring policies on District's website.

Service/Governance Options

Status Quo

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District.

Merge Broadmoor Police Protection District with City of Daly City

Merging BPPD with the City of Daly City (with concurrent annexation of BPPD's service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. San Mateo LAFCo has identified Daly City (through adoption of the spheres of influence) as the long-term, logical service provider for both Broadmoor and unincorporated Colma. Daly City has its own full-service police department with its headquarters located less than one-quarter mile from the BPPD headquarters. Furthermore, the Broadmoor Unincorporated area is wholly surrounded by the City of Daly City and unincorporated Colma islands are fully bordered by Daly City on three sides and the Town of Colma.

Formation of a County Service Area (CSA) or a Community Services District (CSD) and Contract with the County or Daly City for Services

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The District could reorganize either to a County Service Area (a dependent district under the jurisdiction of the County) or as a Community Services District (an independent special district with a five-member board). The reorganized agency could contract for police services. As discussed in the 2015 MSR, the CSA or CSD could also consider contracting for fire and solid waste services.

Contracting with Another Agency without Reorganization

An additional alterative for the District that was not included in the 2015 MSR is that the District could consider contracting for service with another public safety agency to provide police services to the BPPD service area. Under this scenario, no LAFCo action would be required to enter into a service contract and the District remains intact. In California, there are three remaining Police Protection Districts, BPPD, the Fig Garden Police Protection District, and the Orange Cove Police. These two other districts, both located in Fresno County, contract with the Fresno County Sheriff's Office for enhanced police protection. The Board of Commissioners for these two districts continue to meet and the district themselves continue to operate.

BPPD could explore the option of contracting for service as a way for the District to better control costs and provide for improved economies of scale. Administrative functions such as Human Resources and payroll could be provided by the contracting agency and would no longer need to be provided by the District. Contracting with a public safety agency could also allow greater access to additional police resources and services for the Broadmoor community. While the scope of this special study does not include the fiscal analysis for contracting for services, if contracting is pursued, the District should analyze if there would be the potential for reducing or eliminating the special parcel tax.

Public/Agency Involvement

The primary source of information used in this Special Study has been information collected from District staff, including crime logs, service maps, organizational charts, audits, budgets, CalPERS documents, policies, resolutions, MOUs, Commission meeting minutes, etc. BPPD submitted a response to the administrative draft of the special study on November 8, 2022 and staff has incorporated comments as appropriate into the draft circulation report. LAFCo staff will work with BPPD to schedule a presentation of the report to the District's Board prior to the next LAFCo hearing.

California Environmental Quality Act

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

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

Recommendation

1. Open the public hearing and accept public comment.
2. Provide Commissioner comment.

LAFCo Special Study for the Broadmoor Police Protect District

SUBJECT AGENCY:

Broadmoor Police Protect District
388 88th Street
Broadmoor CA 94015-1717
Contact: Mark Melville, Chief of Police/District Manager

CONDUCTED BY:
San Mateo Local Agency Formation Commission
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Ann Draper, Vice Chair, Public Member
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Don Horsley, County Member
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Warren Slocum, County Member

Commission Alternates:
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James O'Neill, Public Member
Dave Pine, County Member
Diana Reddy, City Member

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

3. Direct the Executive Officer to schedule the Final Special Study for the Broadmoor Police Protection District for a public hearing at the January 18, 2023, Commission meeting and circulate it with any necessary amendments to the County, cities, and independent special districts.

Attachments

A. Special Study for the Broadmoor Police Protection District

B. Map of Broadmoor Police Protection District

SAN MATEO LAFCo LOCAL AGENCY FORMATION COMMISSION

LAFCo Special Study for the Broadmoor Police Protect District

Circulation Draft

Released November 9, 2022

Circulation Draft
LAFCo Special Study for
Broadmoor Police Protect District
November 9, 2022

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Section 1: Introduction

This report is a Special Study for the Broadmoor Police Protection District. Section 56378 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides LAFCo with the authority to initiate and make studies of existing government agencies. The studies shall include but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities.

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the Broadmoor Police Protection District (BPPD). As part of the 2022-2023 LAFCo workplan, the Commission has authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the Municipal Service Review. This Special Study focuses on BPPD's operations, finances, and governance.

Section 2. Summary of Key Issues

Key issues identified in compiling information on Broadmoor Police Protect District include the following:

1) BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of $1.4 million. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.
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4) BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles.
5) The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.
6) BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.

7) The District has a high officer to population ratio, but also has high cost for calls for service per police officer.

8) In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Section 3: Broadmoor Police Protection District

Background

The Broadmoor Police Protection District was formed in 1948 to provide police and ambulance services to the unincorporated community of Broadmoor and surrounding incorporated area. In 1957, BPPD contracted with the Town of Colma to provide ambulance and radio dispatch services. That contract was amended in 1964 to include partial police protection services. In 1967, ambulance services were discontinued, and police patrol services to the Town of Colma ended in 1976 after Colma established its own full-time police department.

Boundaries

BPPD's service boundaries total 0.55 square miles and include the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD's service territory also includes three small parcels in unincorporated Daly City directly west of Broadmoor Village, each of which is developed with a single-family home (600 Washington Street, 620 Washington Street, and 1590 Annie Street) (Attachment A).

District's boundaries are irregular and include non-contiguous areas that resulted from annexation of areas to the City of Daly City over time. As these annexations occurred, the territory was concurrently detached from the BPPD since the City has a full-service police department. The BPPD service area includes single- and multi-family housing, and commercial and retail development.

Enabling Legislation

Broadmoor Police Protection District was formed under California Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California that employees its own officers.

The formation of new Police Protection Districts now is prohibited. Code Section 20007 of Health and Safety Code states: "No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter." Per Code Section 2008, "..any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection."

Structure and Governance

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. The

District also publishes a newsletter and sends email updates from staff and the Board to residents of the District.

Section 4: Areas of Review

The boxes checked below are potentially significant, as indicated by "yes" or "maybe" answers to the key policy questions in the checklist and corresponding discussion on the following pages.

1) Capacity and Adequacy of Public Facilities and Services

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

Discussion:

a-c) Capacity to serve customers: BPPD operates out of its headquarters building located at 388 88th Street in Daly City, just outside of the District's boundaries. The facility, completely rebuilt between 2001 and 2003, provides 3,000 square feet. Two other police department headquarters are located in close proximity to the BPPD: (1) the Daly City Police Department headquarters, located at 333 90th Street, Daly City, is less than one-quarter mile from the BPPD headquarters; and (2) the Town of Colma Police Department headquarters, located at 1199 El Camino Real, Daly City, is approximately two miles away.

BPPD operates with 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant (per-diem officers can work only 960 house per year), 7 volunteers, and one administrative staff member. Prior to 2021, BBPD had a reserve officer unit that was staffed with a minimum of 10 reserve officers. Per District staff, In October 2021, the reserve officer unit was decommissioned due a lack of participation by the reserve officers.

Since 2019, BBPD provides patrol services through 12-hour shifts, with two officers per shift. Per District staff, prior to 2019, assistance from the San Mateo County Sheriff's Office was required to supplement BPPD patrols. Per-diem officers fill patrol vacancies as needed and also provide administrative functions for the District. BPPD is a signatory to the countywide emergency response joint powers authority (JPA) and has received assistance on a few occasions from neighboring police agencies as well as assisted other agencies when requested.

Table 1. Officers Per Residents

Agency	Residents	Full Time-Officers	Officers Per 1,000 Residents
BPPD (FY21)	4,411	9	2.04
City of Daly City PD (FY22)	104,901	111	1.06
Town of Colma PD (FY22)	1,507	19	12.61
County Service Area 1 (Contacted with San Mateo County Sheriff) (FY22)	4,767	3[1]	0.63

[1] The contract with County Service Area 1 (Highlands) includes 18 hours of patrol service, 12 deputy hours per day shift and six deputy hours per night shift seven days a week. Response outside of those hours is provided out of the San Mateo County Sheriff's Office and response requiring more than one deputy or additional service such as detectives, etc. are funded by the Sheriff's Budget

Table 2. Comparison of Costs of Police Services

Agency	Police Budget	Calls for Service	Cost per Call for Service
BPPD (FY21)	$2,692,985	750[2]	$3,591
City of Daly City PD (FY22)	$48,030,642	57,177	$840
Town of Colma PD (FY22)	$9,167,209	23,458	$390
County Service Area 1 (Sheriff Service) (FY22)	$866,555	2,110	$411

The Broadmoor Police Protection District handles a variety of public assistance, patrol, traffic enforcement, as well as emergency Priority 1 response calls. The overall calls for service totaled approximately 750 calls and with a budget of $2,692,985, that equates to $3,591 per call response. This cost per call for service is more than four times the Daly City police department cost per call but is expected with BPPD's higher rate of sworn officers per 1,000 residents (Table 1). This cost factor indicates that there may be an opportunity to consider cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.

Capacity and Adequacy of Public Facilities and Services Summary and Recommendations

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant, 7 volunteers, and one administrative staff member. The District has a higher ratio of officer per 1,000 persons compared to the City of Daly City, but the cost for service call per police officer is more than four times the amount for BPPD.

Recommendations

The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs. Potential options are explored in more detail in Section 5 - Service/Governance Options.

[2] Estimate

2) Financial Ability

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

a) Budget and Audit process:

The BPPD Commission reviews and adopts budget proposals each fiscal year. Budget proposals include anticipated revenue and expenditures for the upcoming fiscal year along with a summary of prior year revenues and expenditures. The District reports that it does not have a reserves fund and that the operating budget carries excess funds from one year to the next. The adopted budget proposals do not indicate how prior year surplus or losses impact the current year's budget. BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

Actual revenue and expenditures for each fiscal year can be found in the annual audit reports and are described in Table 3. The largest expenditures are employee salary and benefits, including CalPERS pension contributions. BPPD experienced a budget loss each year from FY17 through FY20. Although expenditures did not exceed revenue in FY21, the budget underestimated its expenditures by over $300K. While not explicated stated in budget documents, it appears from audit documents that the District's fund balance is being utilized to address these losses.

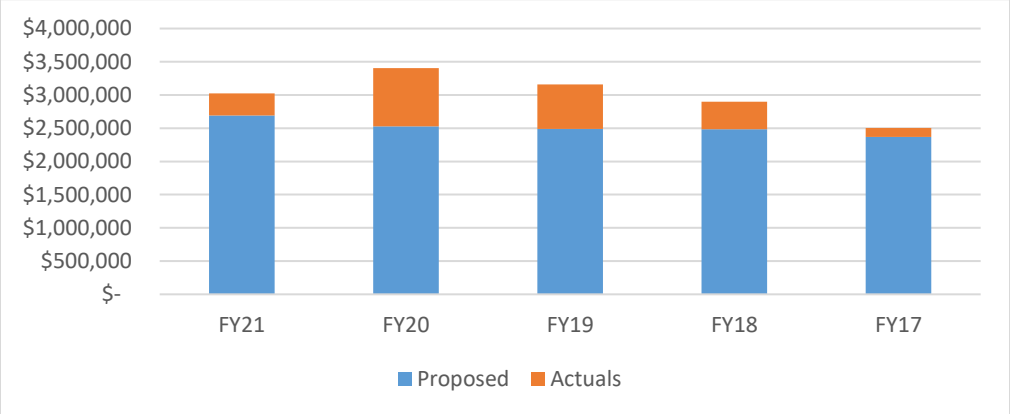
The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. This was planned for this in FY17 (due to increased costs related to a lawsuit) and FY23 (increased insurance fees as result of lawsuits), but there were no explanations in FY18 and FY19. Although BPPD received more revenue than projected between FY17 through FY21, it underestimated annual expenditures from as little as $134,183 in FY17 to as much as $874,958 in FY20 (Figure 1). The budget items that were most significantly underestimated were salaries and wages, retirement, contracts, professional services and insurance (Table 4). While final audited actuals for FY21-22 are not available in review of data provided by the District and analyzed by LAFCo, it appears that BPPD experienced another year of budget deficits, with a loss of approximately $280,000[3].

[3] BPPD Trail Balance for FY2021-2022

Table 3. Actual FY17 through FY21 Year-end Revenues and Expenditures[4]

	FY22	FY21	FY20	FY19	FY18	FY17
Revenue						
Property taxes	$1,549,733	$2,708,371	$1,513,527	$1,404,010	$1,300,497	$1,236,826
ERAF	$566,781		$420,737	$395,540	$302,068	$267,015
Other special charges	$716,207		$684,129	$651,210	$651,210	$620,852
Other misc.	$330,845	$330,142	$330,963	$356,781	$406,283	$331,749
TOTAL REVENUE	**$3,163,566**	**$3,038,513**	**$2,949,356**	**$2,807,541**	**$2,660,058**	**$2,456,442**
Expenditures						
Personnel	$2,187,396	$2,049,242	$2,495,139	$2,294,409	$2,233,012	$1,739,329
Salary & wages			*$1,521,182*	*$1,357,711*	*$1,368,420*	*$1,296,052*
Benefits			*$973,957*	*$936,698*	*$864,592*	*$443,277*
Office expenses	$83,777	$920,274	$189,449	$207,209	$138,999	$327,396
Insurance	$322,189		$278,251	$144,716	$113,942	$93,838
Professional contract services	$597,638		$231,142	$210,465	$220,765	$200,193
Other professional services	$136,952		$78,072	$194,551	$120,209	$65,652
Vehicle maintenance	$70,831		$131,583	$106,928	$72,393	$78,845
Other	$49,887	$55,168				
TOTAL EXPENDITURES	**$3,448,670**	**$3,024,684**	**$3,403,636**	**$3,158,278**	**$2,899,320**	**$2,505,253**
Surplus (loss)	*($285,104)*	*$13,829*	*($454,280)*	*($350,737)*	*($239,262)*	*($48,811)*

Figure 1. Proposed versus Actual Budget Expenditures for FY17 through FY20



[4] Lamorena & Chang CPA audits for BPPD

Table 4. Proposed versus actual expenditures FY17-20

Retirement	Proposed	Actual
FY17	$246,895	$238,795
FY18	$536,345	$515,608
FY19	$395,672	$603,300
FY20	$393,226	$682,820

Other professional services	Proposed	Actual
FY17	$52,500	$65,652
FY18	$69,300	$120,209
FY19	$91,700	$194,551
FY20	$91,700	$78,072

Contracts	Proposed	Actual
FY17	$147,696	$200,193
FY18	$148,132	$220,765
FY19	$159,632	$210,465
FY20	$167,632	$231,142

Insurance	Proposed	Actual
FY17	$91,000	$93,838
FY18	$51,442	$113,942
FY19	$95,000	$144,716
FY20	$120,000	$278,251

BPPD's net position has been negative every year since the end of FY17. The amount of change in net position is volatile (e.g., a 23% decrease in FY17 and 490% decrease in FY19). This negative net position is due to the District's liabilities exceeding its assets. The majority of this outstanding liability is related to long-term pension costs.

Between FY17 and FY20 the general fund balance decreased annually. The general fund increased minimally in FY21 by $13,829 and reported an ending fund balance of $1,104,416 at the end of FY21[5]..

Per the District's audits, the District has had at least four years of consecutive net losses FY18 through FY21, totaling a reduction of $1.3 million dollars in the District's net position. Final audited actuals are not yet available for the fiscal year ending on June 30, 2022, however if the actuals from the District trail balance for FY21-FY22 and if the proposed FY22-23 budget is realized, the District's fund balance will decrease to $561,624 by the end of this fiscal year.

Per the District's audits and correspondence with District staff, one legal case is still pending, and there is a potential liability payment of $750,000. If there is a payment, the District risk pool insurance will cover expense and settlements, but there may be impacts to liability insurance costs for the District with impacts to the District's General Fund.

While the District does undertake independent audits, LAFCo staff was unable to determine if independent audits are brought to the District's Board at a public meeting for review and approval. Per District staff, the audits are shared with staff and the Board, but past Board meeting agendas do not include these discussions. The same firm that conducts the District's audits also acts as the accountant for BPPD.

The most recent audit for the fiscal year ending on June 30, 2021 was completed in June of 2022. Audits have typically taken a year to complete. Since the 2018 audit, there has not been a

[5] Lamorena & Chang CPA audits for BPPD

discussion about any recommendations in the audit process. In 2017 a separate Management Letter was drafted highlighting several recommendations for financial accounting, internal controls, depreciation, and the creation of several policies. While some of these were implemented, there is no follow up documentation in subsequent audits for the majority of these recommendations.

Pension Liability

BPPD is currently contending with a CalPERS investigation in which CalPERS alleges that several retirees of the District received full-time compensation as employees while also receiving retirement benefits and two retirees received large lump sum payments in addition to their regular pay. In a letter submitted by CalPERS to BPPD, CalPERS "noted instances of non-compliance with employment of retire annuitants, publicly available pay schedules, and incorrect reporting or non-reporting of payrates, earnings, and special compensation."[6]

In response, District staff has noted that they have initiated a more robust hiring process that includes a review of an employee's status with CalPERS. The District is continuing to work with CalPERS to address this issue.

The District is seeing rising pension costs and increases to the District's net pension liability (Table 5). At the end of FY21, BPPD's net pension liability had increased $638,612 since FY17, bringing the total long-term liabilities to $3,301,465. BPPD offers four plans, a Safety Plan, a PEPRA Safety Police Plan, a Miscellaneous Plan and a PEPRA Miscellaneous Plan[7]. Currently, the largest liability is with the Safety Plan.

Table 5. Annual Pension Contributions and Long-Term Pension Liability

	CalPERS Pension Contribution	Long-Term Pension Liability	Change from Prior Year
FY21	$571,490	$3,301,465	$237,944
FY20	$682,820	$3,063,521	$167,823
FY19	$603,300	$2,895,698	$(31,664)
FY18	$515,608	$2,927,362	$ 309,509
FY17	$238,795	$2,617,853	Not available

In review of the FY22-23 BPPD budget, CalPERS Unfunded Liability is budgeted at $224,742. However, CalPERS documents show the Unfunded Liability amount to be paid during this fiscal year to be $287,891 across all plans.

[6] CalPERS Office of Audit Services Employer Compliance Review – "Review of Broadmoor Police Protection District" December 2021

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

Other Post-Employment Benefits (OPEB)
BPPD does not provide any other post-employment benefits for medical or life insurance.

b) Agency Reserves: The District does not have a reserve to protect against unexpected events or upcoming significant costs. Instead, the District relies on the fund balance for unanticipated expenses. As noted previously, budget documents do not track the fund balance amount.

c) Service charges and other revenue sources: BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000.

In 1978, voters passed Proposition 13, which limited local agencies to a fixed 1% property tax, and each County Controller determines how to allocate the resulting revenues among various districts and agencies. The property tax revenue received by BPPD is unrestricted and can be used for all District business. Between FY17 and FY20 property taxes accounted for 50% of BPPD's revenue. Property taxes are a consistent source of revenue but are subject to economic growth and decline.

The supplemental parcel tax is the second largest source of revenue and accounts for an average of 22% of BPPD's revenue. The parcel tax was established in 2005 after receiving voter approval from Broadmoor residents in 2000 and is restricted to police activities. The supplemental parcel tax is a reliable source of funding, as each parcel is subject to a flat fee annually. The tax includes an escalation factor of up to five percent (per fiscal year) based upon the Consumer Price Index. The FY22-23 rate for residential dwellings is $483 and $1,055.25 for commercial or industrial parcels. While the rate for FY22-23 is the same as FY21-22, the District is projecting more revenue to be collected in this fiscal year. There is no sunset date for this special parcel tax. Noticing is required every year to continue the existing rate, decrease or increase the rate. Per District staff, public hearing was held for the FY22-23 budget, which includes the parcel tax.

Between FY17 and FY20, Excess ERAF accounted for approximately 12% of BPPD's revenue and represents the District's third largest source of revenue[8]. BPPD receives this revenue through the County as part of the ERAF calculation that limits funding shifts to school districts. When property tax revenues exceed a calculated amount, excess funds are allocated to other agencies, like BPPD, that receive property taxes. The County Controller does not recommend that agencies budget these supplemental funds for ongoing operations as they are determined each year and are not a reliable source of revenue on an ongoing basis.

[8] In the early 1990s, the Legislature permanently redirected a significant portion of the property tax revenue from cities, counties, and special districts to schools and community colleges. Revenue from ERAF is allocated to schools and community colleges to offset the funding these entities otherwise would receive from the state General Fund. In a few counties (including San Mateo), ERAF revenue is more than enough to offset all of the General Fund allocated to schools and community colleges. The portion of ERAF not needed for schools and community colleges is dispersed to other agencies in the county. The revenue shifted through this process is known as excess ERAF. (Source: California Legislative Analyst's Office)

For example, in 2022 as part of the proposed California State Budget, Excess ERAF was proposed to be capped at current levels for cities and counties and completely eliminated for special districts. While the proposal did ultimately not move forward, the issue of Excess ERAF will continue to be of interest to the State.

Other sources of revenue include BPPD's trust fund, court fines, interest, grant revenue and bad debt recovery.

Gann Appropriation Limits

In 1979, California voters approved the Gann Appropriation Limit Initiative, which established requirements for cities, counties, and most special districts that used property taxes or proceeds from property taxes to calculate an appropriation limit each year to reduce the amount of growth in expenditures for each agency[9]. This requirement applies to all cities and districts that receive 12.5% or more of the 1% property tax. The District receives approximately 26% of the 1% property tax in District boundaries. A formula was developed to increase the limit by the change in agency population and the Consumer Price Index (CPI) from the prior year.

In the 2015 Municipal Service Review (MSR) for North County Cities and Special District, which included BPPD, noted that the District had not adopted an annual resolution setting the Gann Appropriation Limit. The MSR recommended that BPPD should complete an analysis of its Gann Appropriation Limit and adopt resolutions annual. In a review of records and correspondence from the BPPD Police Chief, resolutions for the Gann Appropriation Limit have not been adopted.

d) Infrastructure maintenance: BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future.

e) Fiscal policies and administrative polices: Per District staff, BPPD does not have any adopted financial policies. The District does not have a Board-approved policy on setting reserves.

f) Agency debt: BPPD does not report any outstanding debt.

Financial Ability Summary and Recommendations

BPPD has had significant budget deficits in five of the last six fiscal years. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. For these budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.

[9] Government Code Section 7900 et seq.

BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

The District does have independent audits which are shared with staff and Board members, however it does not appear that these audits are agenized for discussion at Board meetings. Delays in the timely production of audits can negatively impact budget preparation.

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR.

Recommendations

1) Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.
2) Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
3) Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
4) Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
5) Develop accounting, financial, governance and general administrative polices to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.

6) Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.
7) Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight and transparency.
8) Adopt annual Gann Appropriation Limit resolutions.
9) Post budget documents and audits on the District's website.

3) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	***Yes***	***Maybe***	***No***
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?		X	
b) Are there any issues with staff turnover or operational efficiencies?		X	
c) Is there a lack of regular audits, adopted budgets and public access to these documents?	X		

a) Public meetings governance: BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. Meetings are open to the public and are held in the BPPD headquarters. The District posts copies of meeting agendas to their website, however, the full meeting packet is not available. Currently, staff reports for agenda items are not produced.

While all Commission meetings are recorded, video or audio recordings of Commission meetings are not available on the District's website. Per District staff, recordings are available upon request and the requesting party would be responsible for all costs associated in preparing the recordings.

In 2019, a BPPD Commissioner was appointed Police Chief by the Commission. During this selection process, the Commissioner participated in the search and selection for a new Police

Chief and "advocated for a non-agendized vote on the decision that would result in his appointment."[10] The Commissioner was appointed to the Police Chief's position on a 2-0 vote.

In 2021, this now former Commissioner and Police Chief plead no contest to Brown Act violations brought by the San Mateo County District Attorney's Office.

b) Staffing: Per the BPPD staff, the District has been able to meet staffing requirements. While officers have left for different agencies, BPPD reports that they have been able to find qualified applicants to fill vacancies. District staff reports that training requirements have been meet and a non-patrol staffer has been designated as training manager for the District.

The Police Chief/General Manager provides all administrative and human resource function for the District.

The District has a Memorandum of Understanding that covers all line personnel, civilian employees, and per-diems. The position of Chief of Police and Police Commander are covered by separate contracts. The BPPD Commission reviews and approves the initial contract and any amendments to the Chief of Police contract.

c) Audits and transparency: As of the publication of this report, the latest independent audits and budget documents are not available on the District's website. The website does include budgets for 2016 through 2021, but the Fiscal Year 2021-2022 and 2022-2023 are not available. The only audit available for review on the District's website is for FY 2017. In review of agenda and minutes for the District, LAFCo staff was unable to determine if independent audits are brought to the Commission for review and approval.

Lamorena & Chang CPA provides both accounting and independent auditing services to the District. While the County of San Mateo currently provides payroll services to the District, this contract will end on June 30, 2023. The District is searching for potential venders to provide this service.

The Broadmoor Police Protection District's website provides basic contact information, meeting notices, agendas, and minutes, and a community events calendar. However, agendas for 2022 are not available and copies of minutes and agendas are in various locations on the website. As mentioned previously, written staff reports are not created for agenda items.

While salary information for District positions is included in budget documents, adopted salary ranges for positions and classifications are not available on the District's website.

Accountability, Structure, and Efficiencies Summary

Public meeting agendas are posted on the District's website, but staff reports are not typically available. The District does record Board meetings, but currently, the records are not posted to the website and are only available at cost to members of public who request copies. The Police Chief/General Manager provides all administrative and human resource function for the District.

[10] Jason Green and Robert Salonga "Ex-Broadmoor police chief pleads no contest to conflict-of-interest charge" *The Mercury News* 8/4/2021

In response to a Brown Act lawsuit, the District has now implemented procedures and policies regarding the hiring of new Police Chiefs/General Managers.

Recommendations:

1) LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
2) Video/audio of Board meetings should be posted on the District's website for public viewing.
3) Provide Brown Act training for all Commissioners.
4) Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
5) Post position salary and compensation data on the District's website.
6) Post contracts and hiring policies on District's website.

Section 5. Service/Governance Options

The 2015 MSR for BPPD identified three government structure alternatives for the District:

Status Quo

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District.

Merge Broadmoor Police Protection District with City of Daly City

Merging BPPD with the City of Daly City (with concurrent annexation of BPPD's service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. San Mateo LAFCo has identified Daly City (through adoption of the spheres of influence) as the long-term, logical service provider for both Broadmoor and unincorporated Colma. Daly City has its own full-service police department with its headquarters located less than one-quarter mile from the BPPD headquarters. Furthermore, the Broadmoor Unincorporated area is wholly surrounded by the City of Daly City and unincorporated Colma islands are fully bordered by Daly City on three sides and the Town of Colma.

Formation of a County Service Area (CSA) or a Community Services District (CSD) and Contract with the County or Daly City for Services

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The District could reorganize either to a County Service Area (a dependent district under the jurisdiction of the County) or as a Community Services District (an independent special district with a five-member board). The

reorganized agency could contract for police services. As discussed in the 2015 MSR, the CSA or CSD could also consider contracting for fire and solid waste services.

Contracting with Another Agency without Reorganization

An additional alterative for the District that was not included in the 2015 MSR is that the District could consider contracting for service with another public safety agency to provide police services to the BPPD service area. Under this scenario, no LAFCo action would be required to enter into a service contract and the District remains intact. In California, there are three remaining Police Protection Districts, BPPD, the Fig Garden Police Protection District, and the Orange Cove Police. These two other districts, both located in Fresno County, contract with the Fresno County Sheriff's Office for enhanced police protection. The Board of Commissioners for these two districts continue to meet and the district themselves continue to operate.

BPPD could explore the option of contracting for service as a way for the District to better control costs and provide for improved economies of scale. Administrative functions such as Human Resources and payroll could be provided by the contracting agency and would no longer need to be provided by the District. Contracting with a public safety agency could also allow greater access to additional police resources and services for the Broadmoor community. While the scope of this special study does not include the fiscal analysis for contracting for services, if contracting is pursued, the District should analyze if there would be the potential for reducing or eliminating the special parcel tax.

Appendix A. Broadmoor Police Protection District Fact Sheet

Mark Melville, Chief of Police

Broadmoor Police Protection District

388 88th Street

Daly City, CA 94015-1717

(650) 755-3840

Date of Formed: December 21, 1948

Commissioners: Three-member board of commissioners elected to four-year terms.

Membership and Term Expiration Date: James Kucharszky (December 2022), Ralph Hutchens (December 2022), and Marie Brizuela, (December 2024)

Compensation: No compensation to Commissioners

Public Meetings: The Commission meets the second Tuesday of every month at 7:00 pm at Broadmoor Police Protection District headquarters.

Services Provided: Police Protection

Area Served: 0.55 square miles

Population: Approximately 4,411

Number of Personnel: 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant (per-diem officers can work only 960 house per year), 7 volunteers, and one administrative staff member.

Sphere of Influence: Zero (Dissolution)

Budget: See the Broadmoor Police Protection District website page (https://www.broadmoorpolice.com/)

Appendix B. References

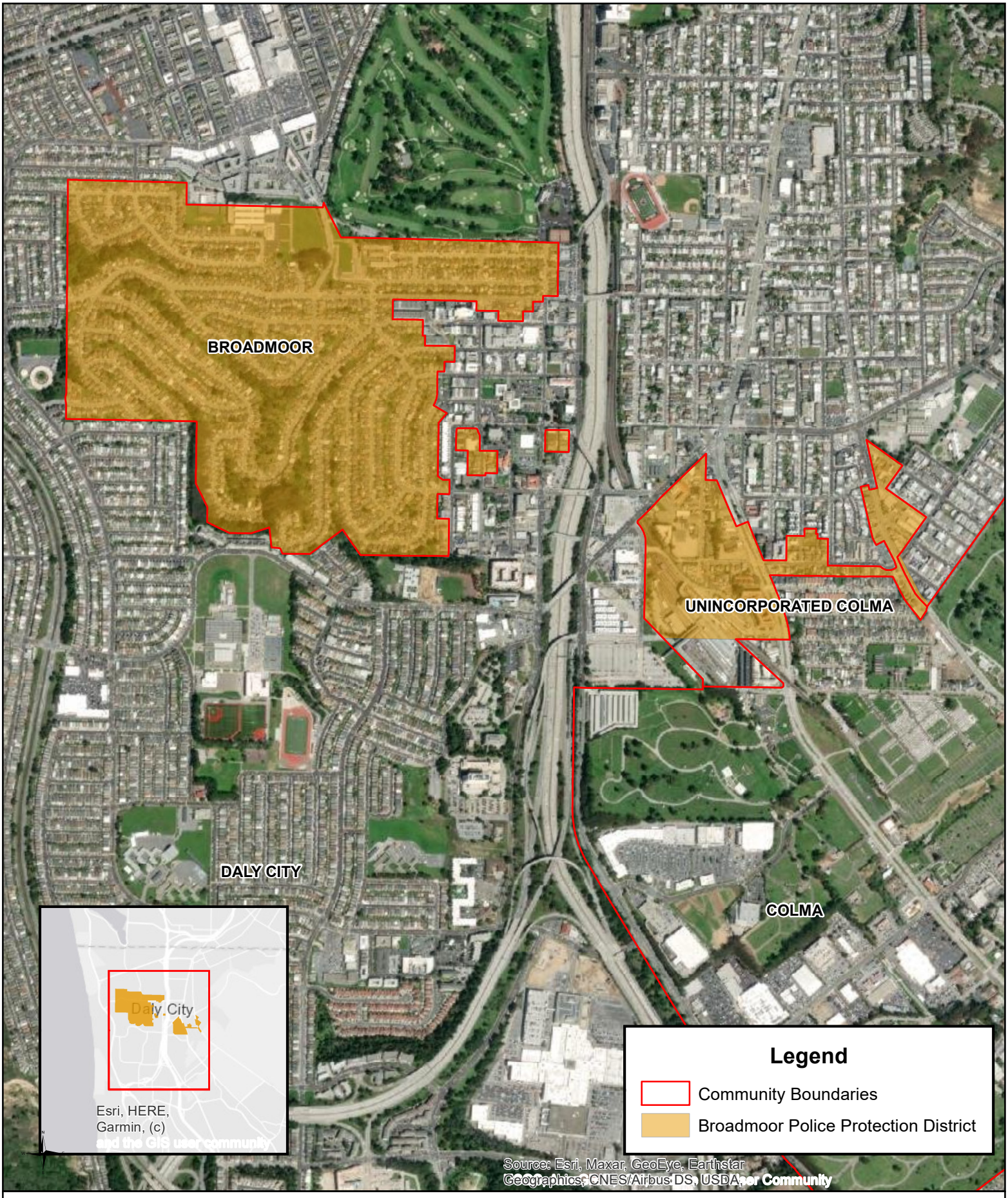
City Colma Police Department Budget and Calls for Service

City of Daly City Police Department Budget and Calls for Service

Melville, Mike (2022) Police Chief, Broadmoor Police Protection District. Personal Communication, Special Study Request for Information and Administrative Draft MSR response letters

San Mateo County Sheriff's Office and County Service Area 1 Budget and Calls for Service

San Mateo LAFCo "North County Cities and Special District Municipal Service Review and Sphere of Influence Study" September 16, 2015



Broadmoor Police Protection District

SAN MATEO LAFCO
LOCAL AGENCY FORMATION COMMISSION
455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

SAN MATEO COUNTY GIS