



Item 5

July 14, 2011

TO: Members, Local Agency Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: Municipal Service Review and Sphere of Influence
Update for the City of Belmont, Belmont Fire
Protection District and related County-governed
Districts

Summary:

Attached please find the municipal service and sphere of influence update (Attachment A) and recommended determinations for City of Belmont, Belmont Fire Protection District and Related County-governed Districts. This is the first municipal service review for the City of Belmont and Belmont Fire Protection District and the County-governed districts in the City's sphere.

The Commission received a draft report at the May 18 hearing and continued the hearing to allow time for updated information and to respond to questions concerning an additional contracting alternative for County-sewer service and alternatives for provision of Hazardous Materials Response Team (HazMat)¹. Updates to the report include: Updated 2011-12 budget information (page 12 of report); a fifth alternative for operation of County-governed sewer districts and examples of agencies that contract with private firms (Page 41); clarification that the re-established City of Belmont Fire Department will continue to provide HazMat to county agencies (Page 3) and for comparative purposes, an attachment has been added that summarizes police budgets and staffing for County police jurisdictions in a format similar to the fire spreadsheet included in the draft report.

¹ The Belmont San Carlos Fire Department provides contract HazMat response under a Joint Powers agreement to the San Mateo County Fire agencies. Dissolution of the Belmont San Carlos JPA requires either continuation of this service by Belmont Fire Protection District as successor provision by another agency.

Background:

LAFCo is required by State law to complete municipal service and sphere of influence reviews for all cities and special districts in the County by taking the following actions: adopt Municipal Service Review Determinations pursuant to Government Code Section 56430 (Attachment B to this memo); adopt Sphere of Influence Determinations pursuant to Government Code Section 56425 (Attachment C); and reaffirm or amend the sphere of influence.

The attached determinations and sphere recommendations for the City of Belmont, Belmont Fire Protection District and County Governed Districts have been prepared for consideration based on information provided in budgets, audits and other reports and comments received on the report. Based on both economic and State budget impacts to city budgets, budget documents are subject to amendment during the fiscal year. The service review and sphere update are based on the most recent information available.

It merits emphasis that while the service review contains fiscal information on city and district operations and provides discussion of governance alternatives, it is not intended to be a comprehensive analysis of annexation or reorganization of special districts. The municipal service review is an opportunity to identify potential areas of savings and shared resources, in some cases through annexation or consolidation and in some cases by implementing best practices in fiscal stewardship and operations based on comparison of costs and practices of similar agencies. The service review studies individual agencies in the context of broader state policies and local conditions and expands the discussion of maximizing resources beyond agency boundaries.

Discussion in the LAFCo report is in the context of State and local policies that encourage annexation of urbanized areas in need of municipal service and policies that favor multipurpose agencies or regional agencies over several layers of limited purpose agencies, particularly in urban areas.

Key Issues:

Key issues identified in compiling information on the City of Belmont, unincorporated areas and County-governed special districts include the following:

1. The City of Belmont, like all California cities, has been impacted by effects of the economic downturn and State shifts of local revenues and has undertaken a proactive, multi-year budget correction plan referred to as Corrective Action Plan.
2. Unlike other San Mateo County cities with fire and emergency response service responsibility, fire protection responsibility and funding is separate from the general fund of the City of Belmont by existence of the Belmont Fire Protection District (BFPD), a subsidiary district of the City of Belmont. The BFPD receives a segregated share of the 1% property tax revenue and is not subsidized by City General Fund revenues.
3. The City of Belmont, as the governing body of the Belmont Fire Protection District and the City of San Carlos operate the Belmont-San Carlos Fire Protection District (BSCFD) by a joint powers agreement. Following an impasse over cost containment and funding formula for the BSCFD, the City of San Carlos has issued a notice to dissolve the BSCFD JPA effective on or before the expiration date of October 12, 2011 unless the notice is withdrawn.
4. Under the constraint of a short time frame to provide for fire and emergency response both cities have adopted plans to re-establish fire departments employing fire firefighters/paramedics.
5. The City of San Carlos will contract with Redwood City for administration, Chief and other services.
6. The Belmont City Council, as governing body of the Belmont Fire Protection District, has adopted a plan to re-establish a city fire department labeled a "public safety model" consisting of a shared, public safety support with the Police Department, outsourcing fire prevention functions and continuing to serve as the County's HazMat provider.
7. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection

and emergency response.² Salaries, health care and pensions are major cost drivers of fire and emergency response. In spite of long-standing practices of automatic aid and shared services, cost of service has grown in the face of diminished funding sources. The prolonged economic downturn and negative impact to funding sources and the pending dissolution of the Belmont San Carlos Fire Department underscore the need for the County, fire districts and cities to pursue further efficiencies, sustainable regional service delivery and a stable governance model, including but not limited to consolidation.

8. In San Mateo County, existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services such as road maintenance, sewer service, police and fire protection and building inspection. For the City of Belmont, this includes the Harbor Industrial Area, and proposed for addition to the City's sphere, a small area of Unincorporated Devonshire.
9. In the case of County sewer and sanitation districts, challenges in efficiently operating many non-contiguous sewer districts include size of systems, distance from County Center and Public Works Corporation Yard, relatively small number of ratepayers and age of infrastructure. This results in sewer rates for unincorporated areas that typically are higher than sewer rates in adjacent cities.
10. Fragmented service delivery and land use jurisdiction impedes long term planning necessary to provide for planned funding for sewer and drainage facility improvements to address the long term needs of the broader community.
11. Financing infrastructure improvements to serve existing development is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.
12. Opportunities exist for the County and cities to examine alternatives in operation and governance of sewer operations for a more efficient and regional approach to serve communities served by interconnected systems and the same sewage treatment plant.

² Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

13. Opportunities also exist for the County and cities to promote annexation of unincorporated pockets to achieve efficiencies in service delivery and/or examine contract service provided by the agency best able to provide efficient service.
14. It is recommended that the City's sphere be amended to include lands owned by Sequoia High School District and adjacent privately owned lands. Sequoia lands are already included in the sphere of the Belmont Fire Protection District and it is recommended that the adjacent privately owned lands be included in the Fire District's sphere.

California Environmental Quality Act (CEQA)

The municipal service review and sphere update include a recommendation to include lands owned by Sequoia High School district and adjacent privately owned lands in the sphere of the City of Belmont and the Belmont Fire Protection District. The sphere amendment does not change service delivery patterns and any application to develop or annex these lands would be subject to environmental review. In accordance with the applicable provisions of the California Environmental Quality Act (CEQA), it is recommended that the Commission determine that in adopting the municipal service review and updating and amending the sphere of influence, the sphere amendment and update are exempt from CEQA because it can be seen with certainty that sphere amendment will not have an adverse impact on the environment. [15062(b)(3)]

Recommendation:

Staff submits that the attached municipal service review and the sphere of influence update provide a framework for the City of Belmont, Belmont Fire Protection District and County of San Mateo-governed districts to further study how the City, the County and neighboring agencies can best serve the study area through more efficient service delivery, resource allocation and governance. Staff believes that the attached municipal service review, sphere of influence update, and recommended determinations are consistent with Government Code Sections 56430 and 56425 and with LAFCo's mission to promote logical boundaries and efficient service delivery. It is therefore respectfully recommended that the Commission take the following actions:

- 1) Accept the report and public comment;
- 2) Determine that the Municipal Service Review, Sphere Update and Amendment are exempt from the California Environmental Quality Act;
- 3) Adopt a Resolution accepting the municipal service and sphere of influence report (Attachment A), adopt the determinations (Attachment B and C); and Reaffirm the sphere of influence of the Belmont Fire Protection District as subsidiary district of the City of Belmont, amend the sphere boundaries of the City of Belmont and the Belmont Fire Protection District to include the Sequoia High School District and adjacent lands identified in the map on page (Page 48 of the report).

Attachments: Municipal Service Review & Sphere of Influence
 Update with attachments (Attachment A)
 Municipal Service Review Determinations
 (Attachment B)
 Sphere of Influence Determinations (Attachment C)

**LAFCo Municipal Service Review
and Sphere of Influence Update
City of Belmont, Belmont Fire Protection District
and Related County-Governed Districts
July 13, 2011**

Section 1: Overview

This report is a municipal service review and sphere of influence update for the City of Belmont, Belmont Fire Protection District, County-governed districts¹, and areas in the City's sphere. Government Code Section 56430 requires that LAFCo complete municipal service and sphere of influence reviews on all cities and special districts. A sphere of influence is a plan for boundaries of a city or special district. The City of Belmont sphere of influence includes the unincorporated Harbor Industrial Area and it is recommended that a small portion of unincorporated Devonshire near Carlmont High School be included in the City's sphere. The municipal service review is not a proposal for reorganization of agencies, rather a State-mandated study of service provision in regard to the following six areas of determination as set forth in Section 56430:

- Growth and population projections for the affected area
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

Once adopted the service review determinations are considered in the reviewing and updating of spheres of influence pursuant to Government Section 56425. The sphere of influence, which serves as the plan for boundaries of a city, is discussed in the second part of this report. Simply put, the sphere of influence indicates which city can best provide municipal services to an urban area. This State-mandated study is intended to identify service delivery and fiscal challenges and opportunities and provides an opportunity for the public and affected agencies to comment on city service, finance and opportunities to share resources prior to LAFCo adoption of required determinations.

San Mateo Local Agency Formation Commission (LAFCo): LAFCo is a State-mandated, independent commission with countywide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments,

¹ A separate Municipal Service Review is available for the Mid-Peninsula Water District.

incorporations, formations and dissolutions. Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.

The Commission includes two members of the Board of Supervisors, two members of city councils, two board members of independent special districts, a public member, and four alternate members (county, city, special district and public). LAFCo adopts a budget and contracts with the County of San Mateo for services. The Executive Officer serves as LAFCo staff reviewing boundary change applications and preparing municipal service reviews and sphere of influence studies. LAFCo's net operating budget is apportioned in thirds to the County of San Mateo, the 20 cities in the County and the 22 independent special districts.

San Mateo LAFCo prepared comprehensive sphere of influence studies and adopted spheres of influence (SOI) for cities and special districts in 1985 and 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 Act of 2000 and the new requirement to prepare municipal service reviews in conjunction with or prior to sphere updates, San Mateo LAFCo began the process of preparing Municipal Service Reviews (MSRs) and SOI updates in late 2003. Studies were first prepared on sub-regional and countywide independent special districts, followed by south county cities and special districts. A comprehensive report on the City of Half Moon Bay, Unincorporated Mid-Coast and independent special districts was prepared and adopted by the Commission in October of 2008.

Service Review Process:

This MSR/SOI Update examines the City of Belmont and special districts providing services in unincorporated areas in the City of sphere of influence. It also takes into account joint power and other agreements between the City, County of San Mateo and surrounding agencies including the Cities of Redwood City and San Carlos. Discussion includes opportunities for further efficiencies in municipal service delivery that can be examined by these agencies. The MSR/SOI update is complete for the City of Redwood City and the Mid-Peninsula Water District and in progress for City of San Carlos. In addition, the MSR/SOI addresses ongoing discussions on regional fire protection and examines potential consolidation of County-governed sewer and sanitation districts with neighboring cities versus consolidation of the non-contiguous districts into a single county sewer agency.²

² Consolidation of non-contiguous County-wide sewer and sanitary districts into a single County-governed district responds to a request from the County of San Mateo as a condition of a consent decree between the County, Burlingame Hills Sewer Maintenance District and San Francisco Baykeeper (Baykeeper) resolving a lawsuit filed by Baykeeper.

LAFCo prepares the municipal service reviews and sphere updates based on source documents that include Adopted Budgets, Basic Financial Reports and Audits, Capital Plans, Urban Water Management Plans and Planning Documents including the General Plan. Draft Service Reviews and Sphere Updates are then circulated to the agencies under study and interested individuals and groups. The Municipal Service Review and Sphere Update adopted by the Commission will include comments on the circulation draft and recommended determinations for Commission consideration.

Section 2: Summary of Key Issues

Key issues identified in compiling information on the City of Belmont, unincorporated areas and County-governed special districts include the following:

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4. The Belmont City Council, as governing body of the Belmont Fire Protection District, has adopted a plan to re-establish a city fire department labeled a "public safety model" consisting of a shared, public safety support with the Police Department, outsourcing fire prevention functions and continuing to serve as the County's HazMat provider.
5. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection and emergency response.³ Salaries, health care and pensions are major cost drivers of fire and emergency response. In spite of long-standing practices of automatic aid and shared services, cost of service has grown in the face of diminished funding sources. The prolonged economic downturn and negative

³ Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

impact to funding sources and the pending dissolution of the Belmont San Carlos Fire Department underscore the need for the County, fire districts and cities to pursue further efficiencies, sustainable regional service delivery and a stable governance model, including but not limited to consolidation.

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8. Fragmented County service delivery patterns and land use jurisdiction impedes long term planning necessary to provide for planned funding for sewer and drainage facility improvements to address the long term needs of the broader community.
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Section 3: City of Belmont

Governance

The City of Belmont incorporated in 1926 and is a general law city with five council members elected at-large. The Council selects the Mayor and appoints the City Manager and City Attorney. The City Council meets the 2nd and 4th Tuesday of the month at 7:30 p.m. at the City Council Chambers located at One Twin Pines Lane, Belmont. Council meetings are broadcast live on Cable Channel 27 in Belmont.

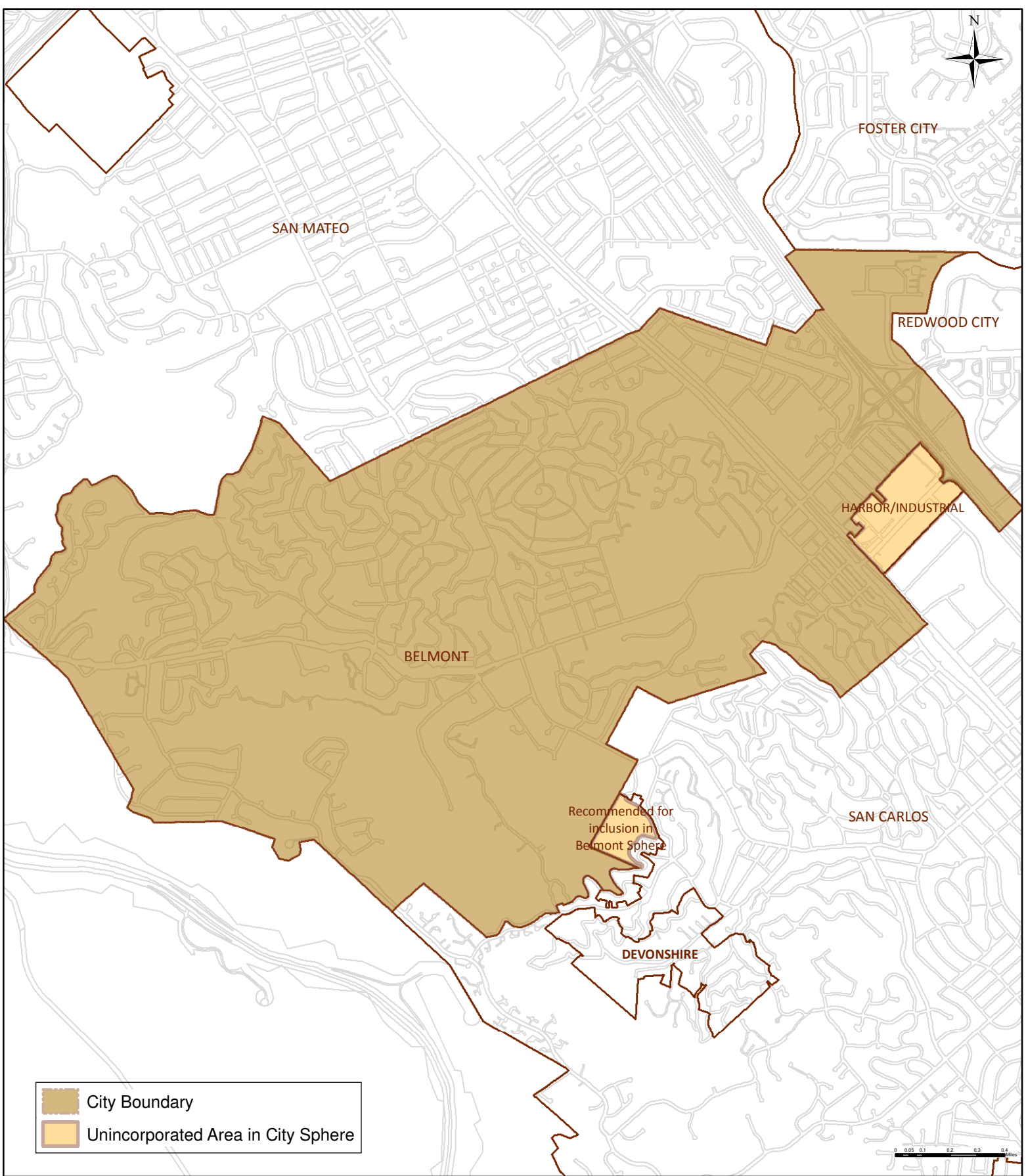
Agendas, staff reports and minutes are available on the City's website and through e-mail subscription. The City's website includes extensive information about city council activities and city services. The City also publishes a recreation guide twice a year. The

City has three commissions: finance, parks and recreation and planning. Details on each can be found on the City's website.⁴

Recently released Census 2010 population for City of Belmont is 25,835 persons.⁵ The City encompasses approximately 4.61 square miles and is bounded by the San Francisco Bay, the Cities of San Mateo, San Carlos and Redwood City, as well as unincorporated county areas. The City and areas in the City sphere of influence are included in the boundaries of Belmont Redwood Shores Elementary School District, San Carlos Elementary School District, Sequoia High School District and San Mateo County Community College District. The City boundaries and sphere of influence are shown on the following map.

⁴ The City website (www.belmont.gov) contains extensive information about city services, fees, activities, budget and audited financial reports.

⁵ The State Department of Finance January 2010 estimated population for the City at 26,507 persons and Census 2000 was 25,123.



BELMONT SPHERE OF INFLUENCE

City Budget - Fiscal Condition of Cities and Current Trends

Since passage of Proposition 13 in 1978,⁶ local government revenues including property tax and motor vehicle license fees have ceased to be predictable local funding sources for counties, cities and special districts and local government revenues are tied to State budget cycles and what has become multiple cycles of economic downturn. Also, in regard to multiple cycles of economic downturn, it is important to recognize that some cities, due to reliance on certain revenue sources such as automobile sales, tourism or property tax, have been impacted during certain events in the local economy while others have been insulated. Depending upon reserves available and extent to which impacted cities have made cuts in earlier economic downturns, they may have less resilience after a series of economic downturns or a prolonged downturn, especially combined with unpredictable State shifts of local general fund revenues.

As noted in The Fiscal Condition of Cities 2003⁷, a city's fiscal health is at the core of its ability to deliver local services. Fiscal challenges cited in the 2003 report include: city reliance on revenues that it cannot control, in particular property tax diversion by the State; declining sales tax and property tax revenues; lack of public support for tax increases; and increasing personnel and public safety costs. Since the 2003 report, the prolonged recession and the state fiscal crisis have further impacted local government revenues in unprecedented ways.⁸ And while impacts vary from agency to agency based on each entity's revenue diversity, accrued reserves, public safety costs and the extent to which cost containment measures can be (or have already been) implemented, the obstacles to counties, cities and special districts sustaining service levels cannot be overstated. This municipal service review therefore focuses on the most significant municipal service priorities, challenges and initiatives to close budget gaps while providing essential municipal services.

Key revenue streams available to California cities for general fund operations include property, sales and use tax, business license tax, transient occupancy tax (or hotel tax)

⁶ Prop. 13 set maximum property tax rate at 1% of assessed value, required special taxes be approved by 2/3 of the voters and gave the State power to reallocate remaining property tax revenues. Since that time other ballot initiatives have limited local government discretion to raise revenues.

⁷ A report prepared by the Institute for Local Self Government, a nonprofit affiliate of the League of California Cities, in which California Cities are surveyed on trends and challenges.

⁸ While California voters approved Proposition 1A in November 2004 to prevent future shifts of local government revenues, the measure provided the exception that the State could shift revenues if the Governor proclaimed a severe state financial hardship. Adoption of the 2009-10 State budget included declaration of fiscal hardship, suspension of Proposition 1A and borrowing of up to 8% of each city and county's prior year's total property tax allocation. Subsequently, along with a large majority of counties, cities and special districts, Belmont participated in a statewide securitization program of the property tax revenue that would otherwise have been repaid by the State in order to receive property tax revenue that would otherwise be deferred up to 2013. Most recently, the Governor's Budget proposes eliminating redevelopment agencies which serve as financing tools for economic development, housing and new infrastructure. The Belmont Redevelopment Agency yields over \$7 million in annual property tax revenue (June 2010 CAFR).

and utility user tax.⁹ To illustrate the “global” impact slowing or decline in assessed value has on revenue of the County and the cities, please see the Secured Roll Table on the following page that includes changes in the secured roll for 2010 for the County and all cities. Revenue enhancement opportunities include voter approved new taxes; increasing existing taxes and fees; maximizing grant funding; and promoting land use and economic development to increase additional revenue or expand revenue diversity. Another budget balancing tool includes drawing down on reserves. On the expenditure side, alternatives available to balancing budgets include: reducing service levels; deferring projects; sharing service or outsourcing and joint power agreements with other agencies¹⁰.

⁹ Other revenues such as service fees and charges for city utilities including water, sewer and garbage collection are often the largest source of city revenues, but are restricted to funding provision of these enterprise services. See “Understanding the Basics of County and City Revenues.”

¹⁰ In San Mateo County, the County, cities and special districts participate in many joint power agreements for services such as animal control, fire protection, library service, sewage treatment, emergency dispatch, ambulance and transportation planning. As cost savings measures, cities have entered into agreements to share specific positions such as battalion chief, police chief or staff position.



WARREN SLOCUM
ASSESSOR-COUNTY CLERK-RECORDER
2010-11
Secured Roll
 July 1, 2010

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City	Parcels	2010 Secured Roll	2009 Secured Roll	Change \$	Change % 2010*	Change % 2009*	Change % 2008*	Change % 2007*
Atherton	2,623	\$ 6,162,500,395	\$ 6,169,407,502	\$ (6,907,107)	-0.11%	6.52%	10.18%	8.27%
Belmont	8,245	\$ 4,482,467,651	\$ 4,528,682,160	\$ (46,214,509)	-1.02%	2.33%	6.16%	6.70%
Brisbane	2,172	\$ 1,376,337,104	\$ 1,428,208,309	\$ (51,871,205)	-3.63%	-0.90%	6.31%	4.82%
Burlingame	8,616	\$ 6,697,543,764	\$ 6,627,232,426	\$ 70,311,338	1.06%	3.20%	6.08%	8.12%
Colma	582	\$ 491,767,193	\$ 496,244,979	\$ (4,477,786)	-0.90%	-4.10%	13.25%	-3.18%
Daly City	23,953	\$ 8,224,722,463	\$ 8,181,880,071	\$ 42,842,392	0.52%	-4.74%	5.07%	7.54%
East Palo Alto	5,040	\$ 1,958,097,243	\$ 2,060,673,820	\$ (102,576,577)	-4.98%	-10.24%	9.26%	13.68%
Foster City	9,100	\$ 6,345,661,564	\$ 6,369,084,139	\$ (23,422,575)	-0.37%	3.04%	6.43%	5.84%
Half Moon Bay	6,183	\$ 2,234,078,607	\$ 2,253,338,439	\$ (19,259,832)	-0.85%	-0.03%	5.00%	5.62%
Hillsborough	4,082	\$ 6,626,284,225	\$ 6,628,968,307	\$ (2,684,082)	-0.04%	5.56%	6.55%	6.17%
Menlo Park	10,073	\$ 9,442,474,943	\$ 9,335,030,775	\$ 107,444,168	1.15%	4.06%	6.25%	8.75%
Millbrae	6,741	\$ 3,555,862,495	\$ 3,529,361,111	\$ 26,501,384	0.75%	3.98%	9.73%	7.87%
Pacifica	12,816	\$ 4,296,048,117	\$ 4,297,469,001	\$ (1,420,884)	-0.03%	-2.17%	5.74%	7.90%
Portola Valley	1,767	\$ 2,325,224,991	\$ 2,298,816,976	\$ 26,408,015	1.15%	4.15%	7.97%	5.38%
Redwood City	20,561	\$ 13,904,169,110	\$ 14,083,042,079	\$ (178,872,969)	-1.27%	1.14%	7.34%	7.92%
San Bruno	12,858	\$ 4,917,180,842	\$ 4,987,270,250	\$ (70,089,408)	-1.41%	-5.47%	6.88%	8.73%
San Carlos	11,063	\$ 6,494,826,869	\$ 6,432,493,070	\$ 62,333,799	0.97%	2.63%	6.71%	7.31%
San Mateo	28,198	\$ 15,706,011,605	\$ 16,041,030,747	\$ (335,019,142)	-2.09%	-0.70%	7.58%	8.88%
So. San Francisco	18,191	\$ 12,276,603,434	\$ 12,503,919,589	\$ (227,316,155)	-1.82%	0.32%	14.55%	9.86%
Woodside	2,390	\$ 4,140,469,352	\$ 4,160,516,830	\$ (20,047,478)	-0.48%	7.42%	3.52%	5.05%
Incorporated Cities	195,254	\$ 121,658,331,967	\$ 122,412,670,580	\$ (754,338,613)	-0.62%	1.06%	7.60%	7.87%
Unincorporated	24,557	\$ 11,504,153,283	\$ 11,447,870,809	\$ 56,282,474	0.49%	1.76%	7.12%	6.85%
TOTAL Sec. Roll	219,811	\$ 133,162,485,250	\$ 133,860,541,389	\$ (698,056,139)	-0.52%	1.12%	7.56%	7.78%

* Includes RDA Values

City of Belmont Fiscal Year 2010-11 Budget Adoption

Factors affecting the City of Belmont financial condition include the recession and associated decline in property, sales and transient occupancy tax, and significant slowing in growth of property tax revenue due to the downturn in the real estate market, reassessments and negative CPI adjustment on property tax rolls in 2010-11. Moreover, as noted above, State budget takeaways have repeatedly eroded local revenue, most recently the Governor's Budget proposal includes a plan to eliminate redevelopment agencies.

In response to declining revenues over multiple years, the City has undertaken a multi-year Correction Plan to reduce expenditures and work toward efficiencies and stabilize the budget. These include a 5% correction plan implemented in June 2009 and a 7.5% correction plan adopted in June 2010 and incorporated in the 2010-11 Fiscal Year budget.

The City adopts an annual budget that establishes the Council's spending plan and sets forth service levels for the fiscal year, providing direction to City staff for delivery of programs and services and capital improvements to facilities and city infrastructure. Once adopted by the Council, the budget process includes Council consideration of adjustments to the budget during the fiscal year as needed.

Adopted 2010-11 expenditures and other uses budgeted for all funds were \$92,249,047, and include a General Fund budget of \$15,639,270.¹¹ General Fund revenues and funding sources for fiscal year 2010-2011 for all funds are budgeted at \$109,895,585 and include General Fund Revenues of \$15,356,610. General Fund Revenues decreased from 2009-10 primarily due to the reimbursement in 2009-10 from the County for the Educational Revenue Augmentation Fund (ERAF) rebate received in the amount of \$1.0 million.. As of June 24, 2011, General Fund revenues for 2010-11 were estimated to be \$16,048,818 or \$692,208 greater than the adopted budget and estimated actual expenditures were estimated at \$14,890,186 or \$749,084 lower than the adopted budget.

City of Belmont Fiscal Year 2011-12 Budget Adoption

The 2011-12 Adopted City-wide Budget totals \$59,020,424 in revenues and \$55,678,699 in appropriations including General Fund revenues of \$15,572,890 and appropriations of \$16,066,054.¹²

¹¹ Other significant funds include: Redevelopment Debt Service of \$21,111,058; Low and Moderate Income Housing of \$8,655,857; Highway 101 Bike/Pedestrian Bridge of \$8,408,211; Sewer & Storm Drain (combined) \$12,600,468; Belmont Fire Protection District \$5,703,238

¹² Source: Seven-year Projections. Other significant funds include: Belmont Fire Protection District \$8,523,637, Street maintenance and improvements of \$3.7 million, Sewer/storm drains operations and capital \$11.1 million and Public Improvement Housing projects of \$3.7 million.

The general fund is the primary operating fund of the City.¹³ Significant General Fund revenue sources for the City of Belmont include property, sales and transient occupancy tax, which account for 58% of general fund revenues. Base assumptions in financial projections include inflation of 1.5%, office vacancy of 34.5% and increasing for the City, and unemployment at 9% and declining for the County. Revenue assumptions for projections include moderate growth in most categories including property tax and redevelopment and 1% drop in sales tax. Expenditure assumptions include personnel costs increasing 4% for the entire projection. PERS costs are estimated at 13.9% for Miscellaneous and 35.9% for Safety (Long term 15.3% Miscellaneous and 39.9% for Safety). For the 2011-12 Fiscal Year, the City's budget reflects \$1 million in expenditure reductions and transfers and \$0.29 million in new or increased revenues.

¹³ Other funds include Special Revenue, Enterprise, Capital Projects, Debt Service and Internal Service Funds. Enterprise including sewer, storm drain and solid waste activities are funded with fees rather than general fund revenues.

**City of Belmont
FY 2012 Budget
General Fund and Subsidized Funds
Seven Year Trends & Projections
FY2010 - FY2016**



Fund		Major	FY2010 Audited	FY2011 Estimated	FY2012 Proposed	FY2013 Projected	FY2014 Projected	FY2015 Projected	FY2016 Projected
Number	Description	Sources & Uses							
101 General Fund		Sources							
	<i>Property tax</i>		\$ 5,371,899	\$ 5,218,875	\$ 5,318,070	\$ 5,477,612	\$ 5,641,940	\$ 5,867,618	\$ 6,160,999
	<i>Sales tax</i>		2,281,524	2,411,784	2,527,202	2,607,941	2,696,962	2,922,735	3,096,041
	<i>Transient occupancy tax</i>		891,505	1,094,574	1,120,844	1,154,469	1,200,648	1,254,677	1,311,138
	<i>Other taxes</i>		1,097,579	1,233,538	1,337,333	1,377,453	1,432,551	1,497,016	1,564,382
	<i>License & permits</i>		770,405	781,570	793,294	817,093	849,777	888,016	927,977
	<i>Use of money & property</i>		345,314	841,292	291,993	311,393	319,793	327,543	334,843
	<i>Intergovernmental</i>		351,371	389,937	447,599	461,027	479,468	501,044	523,591
	<i>Fines & forfeitures</i>		178,601	161,328	175,232	180,489	187,709	196,155	204,982
	<i>Service charges</i>		3,400,260	3,122,664	3,308,123	3,440,448	3,578,066	3,721,188	3,870,036
	<i>Miscellaneous</i>		108,966	261,221	513,679	529,089	550,252	575,014	600,889
	<i>Non-subsidized transfers</i>		17,725	532,036	-	-	-	-	-
	<i>Subtotal</i>		14,815,149	16,048,818	15,833,369	16,357,014	16,937,166	17,751,008	18,594,878
	Uses								
	<i>General government</i>		4,311,364	3,780,805	4,139,038	4,225,872	4,426,877	4,550,004	4,678,090
	<i>Public safety</i>		9,077,574	8,796,350	9,465,322	9,809,172	10,326,084	10,726,736	11,142,934
	<i>Culture & recreation</i>		1,620,513	1,529,915	1,540,448	1,595,716	1,658,318	1,726,362	1,797,198
	<i>Miscellaneous & other</i>		39,824	22,620	17,939	-	-	-	-
	<i>Non-subsidized transfers</i>		138,028	65,314	83,027	86,348	89,802	93,394	97,130
	<i>Subtotal</i>		15,187,303	14,195,004	15,245,774	15,717,108	16,501,081	17,096,496	17,715,351
	<i>Gross Available</i>		(372,154)	1,853,814	587,595	639,906	436,085	654,511	879,527

Budget (continued)

City workforce includes total full time equivalent 130.85 reflecting a reduction of one position from the 2010-11 Fiscal Year. In addition, savings resulted from reducing overtime funds, operating expenses, supplies and services, restructuring, reductions of in-house services such as telecommunications and other technology, and a voluntary one or two- year salary freeze by several employee bargaining units. The 2010-11 Budget applies \$0.3 million in General Fund reserves to maintain programs including Recreation, Development Services, Supplemental Law Enforcement and Facilities.

Fund Balance Policy

The City Council's policy on general fund reserves is to maintain reserves of not less than \$2 million and not to exceed 20% of the operating budget. As noted in the Comprehensive Annual Financial Report (CAFR) for the period ending June 2010, at June 30, 2010, unreserved fund balance of the general fund was \$2.3 million or 14.6% of the operating budget. Adoption of the 2010-11 budget assumed use of \$300,000 in General Fund reserves and the estimated year-end fund balance for the 2009-10 fiscal year was \$2.5 million.

As noted in the City's "Budget in Brief" during 2010-11 Fiscal Year, the City Council increased the minimum reserve level from \$2.0 million to \$2.5 million, while maintaining a target reserve of 20% of expenditures. As a result of concessions made by the City's employees and the supplement of one-time funds, the FY 2010-11 General Fund year-end fund balance estimate is \$3.5 million. Fiscal Year 2011-12 General Fund reserves are projected to be \$3.3 million, with continued furlough leaves. The City's five year forecast period anticipates reserves will continue to keep pace with the City's 20 percent target reserve objective assuming \$.17 million in additional corrective efforts are achieved.

Capital Improvement Plan

The City's Five Year Capital Improvement Plan is estimated at \$40.3 million. Proposed projects for the 2011-12 Fiscal Year include \$3.6 million for Public Improvements and Affordable Housing Projects, such as Street Improvements, Economic Development Target Sites and Façade Improvements; \$3.3 million for a variety of sewer and storm drain improvements; \$1.8 million for Highway 101 Bike/Pedestrian Bridge¹⁴ and \$0.3 million for Technology Master Plan and Comcast PEG Program.¹⁵ Funding sources

¹⁴ The City secured \$7.5 million in federal funding from several sources including American Recovery and Reinvestment (ARRA) funds. In addition, grants from state and local agencies provided an additional \$863,000.

¹⁵PEG: Public Education and Governmental Access providing access to the public for educational and government programming such as televised Council and other public meetings, educational programs and access to the public for training and use of the studio to produce and broadcast programs on topics of interest to the community.

include capital fund, gas tax, transportation Measure A funds, water and sewer revenues, redevelopment and grant funds.

The City is also implementing a multi-year, comprehensive update to the City's General Plan Elements, and Specific Plans that follows a City-wide Visioning Effort, the 2007-2014 Housing Element Update, and Economic Development/Village Distinct Zoning Amendment Project.

The City Economic and Redevelopment Priorities include implementation of the City's Comprehensive Economic Development program that includes targeting specific sites for economic development (business recruitment), annexing the Harbor Industrial Area (business recruitment and retention), and offering a host of services to the business community to encourage business retention and growth.

City Operations:

With the exception of municipal water,¹⁶ Belmont provides the broad set of city services permitted by municipal charter. City services include: police, fire¹⁷ and emergency response, public works (including roads, traffic signals, street lights, drainage, facility maintenance, sewer) planning and building, parks and recreation and general city administration. Appendix A includes a profile of the City and the table below summarizes service delivery patterns.

Service	Provider
Police, Park & Recreation, Library, Street Lights, Streets, Storm Drain, Sewer	City of Belmont
Fire	Currently provided by Belmont San Carlos Fire Department a joint power agency consisting of Belmont Fire Protection District (Subsidiary District of City of Belmont) and San Carlos.
Water	Mid-Peninsula Water District (Primary) California Water Service Company ¹⁸ (Portion)
Animal Control	Peninsula Humane Society via contract administered by County of San Mateo
Solid Waste/Recycling	Recology under a franchise agreement granted by City of Belmont and managed by South Bayside Waste Management Authority

¹⁶ Water service is primarily by the Mid-Peninsula Water District, an independent special district.

¹⁷ Belmont Fire Protection District (BFPD) is a subsidiary district of the City of Belmont and includes unincorporated Harbor Industrial Area. The City Council as governing body of BFPD entered into a joint powers agreement with San Carlos forming the Belmont San Carlos Fire Department. The City of San Carlos has recently issued notice to terminate the agreement and has issued a Request for Proposal for contract services. The City of Belmont is examining service alternatives that include contract service or re-establishing a city staffed fire department.

See discussion under fire protection below.

¹⁸ Private water utility companies are not special districts and therefore are not subject to LAFCo jurisdiction.

City of Belmont Growth and Population Projections

As noted above, Census 2010 population for the City of Belmont is 25,835 compared to the State Department of Finance January 2010 estimate of 25,844 persons. The following table summarizes City population data for Census Years 1970 through 2010. Estimated growth since 2000 is approximately 5.6%.

1970	23,538
1980	24,505
1990	24,127
2000	25,123
2010	25,835

The City's 2010 Housing Element update cites Association of Bay Area Governments (ABAG) Projections 2007 which projected growth of 3,200 or 12.3% over 2010 population by 2030. Since that time, ABAG "Projections 2009" projects population growth of 2,900 or 11% over 2010 by 2035 for the City of Belmont. It should be noted that ABAG policy-based projections do not necessarily reflect land use policies of cities or economic conditions that drive new construction. The following table contains Census 2000 population data for areas in sphere of influence of the City of Belmont. The portion of the Devonshire area proposed for inclusion in the City sphere is either undeveloped and residentially zoned or developed with school uses and has no population.

Belmont Sphere	Census 2000 Population
Harbor Industrial Area	155

City of Belmont Infrastructure/Assets

City infrastructure includes city hall, police station and library, 3 community centers, 14 parks, a sports complex, 71 miles of streets and alleys, 1,087 street lights, 27 miles of storm drains and 80 miles of sewer main serving 8,607 connections.¹⁹

Sewer Service & Storm Water:

The City's sanitary sewer collection system serves approximately 11,192 customers²⁰ and includes 106 miles of sewer main line and 31 sewer lift stations. The Belmont storm water drainage system consists of 17 Pump Stations, 2,685 storm drain catch basins, inlets and siphons, over 100 miles of storm drain pipe, 150 acres of storm retention basin in Redwood Shores (lagoons), 82 open culverts and over 10 miles of creeks, drain ditches and canals.

¹⁹ Source: City of Belmont, Comprehensive Annual Financial Report, June 2010

²⁰ Equivalent Residential Connections

Streets

Bay Area cities use the Pavement Condition Index (PCI)²¹ to measure the condition of city roads. The Pavement Management System and PCI were developed by the Metropolitan Transportation Commission (MTC). 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. The City completed an assessment of the existing pavement condition in October 2010. The following table reflects the results of the assessment.

2010 Percent Network Area by Functional Classification and Condition						
Classification	PCI	Good	Fair	Poor	Very Poor	Lane Miles
Arterial	70	6%	3.8%	0.8%	0%	13.4
Collector	62	17.8%	3%	5%	5%	37.8
Local/Residential	54	26.9%	4.7%	4.7%	10%	84.2
Total	58	50.7%	50.7%	11.6%	15%	135.41

As noted in the City's February 8, 2011 staff report, the assessment indicated an overall average PCI for Belmont streets of 58, placing them in the Fair category. The MTC reports that the overall average Bay Area PCI is 66 and Belmont scored 20th out of the 21 jurisdictions in San Mateo County. The report indicates that the City has been investing approximately \$400,000 per year on pavement and that absent obtaining outside competitive grant revenues, the PCI is expected to drop by eight points in five years. The staff report indicates that the best use of the current year \$400,000 available is to maintain the good segments of Ralston Road in good condition and prepare project plans to overlay and reconstruct other sections of Ralston to be project ready for the next cycle of State or Federal funding.

The City of Belmont Public Safety Recommended 2010-11 appropriation of \$9,195,814 includes a staffing level of 44 full time personnel, of which 32 are sworn officers, equating to 1.23 officers per 1,000 of population. The estimated actual expenditures for the 2010-11 Fiscal Year total \$8,796,350. The City's Public Safety 2011-12 appropriation of \$9,465,322²² includes a staffing level of 43 full time personnel of which 31 are sworn officers.²³

²¹ 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.

²² For general comparison purposes see attached spreadsheet of Police Department, Sheriff and Police District Budge by Jurisdiction

²³ A Police Officer was transferred to the RDA as part of the Fiscal Year 2010-11 Budget Correction Plan to restructure the City's beats

Fire Protection

Efforts toward regionalization

In discussing fire protection and emergency response, it is important to take into consideration the broader context of challenges in funding fire and emergency response in San Mateo County for several reasons. First, providers are inherently linked by the existing joint powers agreement for automatic aid, move up and cover and other agreements. Also, as noted elsewhere cities and special districts share in common fiscal challenges including State siphoning of local revenue and the fiscal effects of the prolonged economic downturn as well as increasing service costs. And while efforts toward regionalization follow years of success in sharing resources and creating efficiencies, further progress is dependent upon careful collaboration and planning amongst fire and emergency response providers.

It also merits emphasis that initiatives like the automatic aid, shared communications dispatch, EMS, disaster preparedness and Hazardous Materials are savings and efficiencies that have already been achieved. Remaining areas of savings include broadening shared administration, training and other programs, formal consolidation and where appropriate sharing of stations and closure of redundant stations.²⁴

Shared resources in fire and emergency response in San Mateo County include the following:

- 1) Automatic aid in which agencies drop boundaries to ensure that rapid response of the closes resources
- 2) Communications dispatch
- 3) EMS²⁵
- 4) Disaster Preparedness
- 5) Hazardous Materials operated by Belmont San Carlos Fire Department but funded jointly by all fire entities
- 6) CERT (Community Emergency Response Team) training

In addition, San Mateo County fire agencies share training, battalion chiefs, fire marshals and other personnel. Efforts toward resource sharing and consolidation are summarized in the attached Timeline of Consolidation and Resource Sharing and Summary of SMC Fire Jurisdictions (Attachments A & B). As shown in the timeline, Belmont and San Carlos were leaders in this effort.

²⁴ See City of San Carlos Tri-Data Report and Grand Jury Report "City Fire Department Consolidations and Mergers 2009-2010"

²⁵ San Mateo County Emergency Medical Service (EMS) system provides for centralized dispatch for all 911 medical emergencies including fire service first response and emergency ambulance, including air ambulance providers and two level 1 trauma centers at Stanford and San Francisco General.

Many of the resource sharing initiatives and consolidations have been driven by the realization that funding standalone single and two station departments was not fiscally sustainable. On this point, the San Carlos TriData Report – Fire & Emergency Service Analysis October 2010 concluded that creating a new, standalone fire department is not a good option for the City of San Carlos. The report cites that costs will be high, possibly higher than the City pays in the JPA and would eliminate the opportunity to make the system more efficient regionally. In the alternative, the report cites opportunities for the City of San Carlos to partner with Redwood City or the County of San Mateo affording sharing of a station and savings for both partnering agencies.

Lastly, in evaluation of potential regionalization or consolidation of fire service, it is essential to acknowledge the diversity of fire agencies in San Mateo County ranging from rural and urban fire protection by contract with CalFire, regional fire districts serving a combination of incorporated and unincorporated areas and joint power authorities between cities. Also significant are the different funding models. In San Mateo County fire districts receive on average 16% of the 1% property tax and their revenue outcome is also determined by the total assessed value of their jurisdiction. Unincorporated areas not in a fire district generate 7% of the 1% property tax and in many cases include rural areas with low assessed value. Cities fund fire service with general fund revenues that include property tax, sales tax, transient occupancy tax and other revenues, yet have a broad set of competing service responsibilities. In this regard, this report includes discussion of *different* arrangements for delivery of fire protection/EMS and does not evaluate which fire agency is *better*. Recognizing that the fundamental resource of fire agencies is personnel, whether employees of a city, district, joint powers authority or CalFire, all agency personnel train and work side by side with a cooperative spirit and dedication for fire protection and safety for the County's citizens.

Belmont Fire Protection District (BFPD)

The Belmont Fire Protection District was formed as an independent district in 1928 following City of Belmont incorporation in 1926. Formation boundaries included territory outside the City of Belmont, including the unincorporated Harbor Industrial Area and a small portion of Sequoia High School lands in the unincorporated Devonshire Canyon. The District operated independently until 1974 when it was established as a subsidiary district of the City of Belmont²⁶. As a subsidiary district, the Belmont City Council assumed governance as the board of directors over the district with distinct and separate boundaries and financial accounting, separate from the City's General Fund. In 1979, as detailed below, the Belmont City Council acting as governing body of the District, entered into a joint powers agreement with the City of San Carlos forming the South County Fire Authority (SCFA). (See history below).

²⁶ By definition a subsidiary district can be established as long as 70% of the registered voters and 70% of land area of the district are located within the City boundaries.

BFPD Budget

The BFPD primary revenue source is approximately 17% of the 1% property tax²⁷ collected within district boundaries. As a discreet form of government separate from the City, expenditures are limited to fire protection and emergency response and fund the Fire District's (City of Belmont and Unincorporated Harbor Industrial) share of the Belmont San Carlos Fire District. BFPD revenues for Fiscal Year 2010-11 adopted budget include revenues of \$6,470,122 and expenditures of \$5,486,190²⁸ as the BFPD contribution to the Belmont San Carlos Fire Department. The District's projected year-end fund balance was \$3,636,531. Fiscal Year 2010-11 revenues for the BFPD are now estimated at \$6,507,102 and expenditures are estimated at \$5,799,059.

On June 14, the Belmont City Council as BFPD governing board adopted a budget based on estimates of establishing a standalone fire department upon dissolution of the Belmont San Carlos Fire Department which takes effect October 11, 2011 and the City's share of funding operations of BSCFD through October 11 and the City's share of long-term liability of the dissolved district. The Council/.Board approved a public safety model consisting of a shared, public safety support model with the Police Department, outsourcing fire prevention functions and continuing to serve as the County's HazMat provider, for which a compensation model and operating costs are not yet finalized. The adopted budget therefore reflects a placeholder budget for Fiscal Year 2011-12 and will require amendment once these costs are determined. The Proposed "place-holder" budget includes Revenues of \$6,616,337 and expenditures of \$8,523,637, which would require draw down from reserves. As noted, discussion has also included a potential revenue measure.

Infrastructure for Fire and Emergency response includes two fire stations located in the City of Belmont and associated equipment that would revert to the BFPD upon dissolution of the Fire & Emergency Service Joint Powers Agreement with San Carlos. Stations include Station #14 located at 911 Granada Street and Station #15 at 2701 Cipriani Boulevard.

The following sections provide background on the Belmont San Carlos Fire Department Joint Power Authority and impending dissolution, Belmont Fire Protection District actions to pursue future provision of fire service for the District and on-going consolidation and regionalization initiatives in San Mateo County.

²⁷ Most fire districts in the County receive approximately this share of the 1% property tax. The City of Belmont receives approximately 9% of the 1% property tax, a lower share than many cities but does not subsidize fire and emergency response with general fund revenues. By comparison Cities of San Carlos and San Mateo receive approximately 13% and 17% of the 1% property tax, respectively. These cities fund fire protection and emergency response from General Fund Revenues.

²⁸ In response to action by the City of San Carlos to initiate withdrawal from the JPA and freeze current year contributions, the Belmont Council as governing board of the Fire District reduced current year contributions to \$5,486,190 from the originally proposed \$5,703,238.

Belmont San Carlos Fire Department (BSCFD)

In 1979, the Belmont San Carlos Fire Department (originally named South County Fire Authority) was formed as a joint powers authority²⁹ of the City of San Carlos and the Belmont Fire Protection District, a subsidiary district of the City of Belmont. Since that time it has been re-established twice, most recently in 2006. The current JPA is in the process of dissolution effective on or before October 12, 2011 and the BFPD Board has considered service alternatives that include contracting with other agencies and re-constituting a two-station fire department. This section reviews the JPA budget, the BFPD board's efforts to reestablish a city fire department and provides background on the history of the JPA.

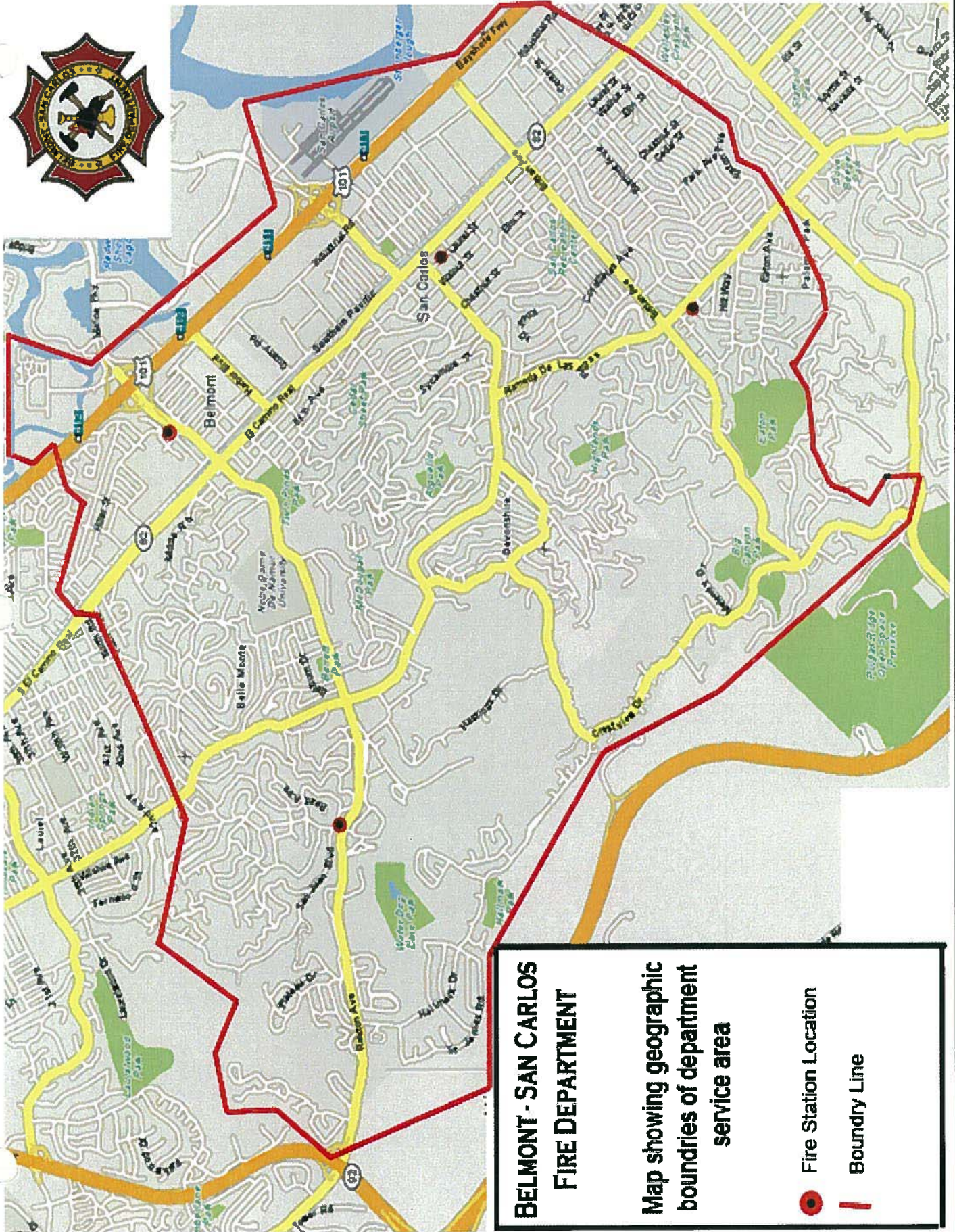
BSCFD daily staffing includes 13 Firefighters and 1 Battalion Chief operating out of four fire stations, with a total of 3 engines and one truck. The District's administrative office is located at 600 Elm Street and stations include the following:

Station	Address
#13	525 Laurel Street, San Carlos
#14	911 Granada Street, Belmont
#15	2701 Cipriani Blvd., Belmont
#16	1280 Alameda de las Pulgas, San Carlos

The Department provides service to the Cities of Belmont and San Carlos and the unincorporated Harbor Industrial area, an area of 8.86 square miles and population of approximately 54,396. ³⁰ Please see map on following page.

²⁹ The Joint Power Authority governing board consists of two members each from the San Carlos and Belmont City Councils

³⁰ Census 2010 populations for Cities of Belmont & San Carlos and Census 2000 for Harbor Industrial Area. The District also serves surrounding incorporated and unincorporated areas under a County-wide boundary drop agreement.



**BELMONT - SAN CARLOS
FIRE DEPARTMENT**

**Map showing geographic
boundaries of department
service area**

-  Fire Station Location
-  Boundary Line

Belmont San Carlos Fire District Budget:

Pursuant to the Joint Powers Agreement, the BSCFD Board of Commissioners considers a budget annually which is then referred for ratification by the Belmont City Council as the Governing Board of the BFPD and the City of San Carlos City Council. The BSCFD adopted budget for Fiscal Year 2009-2010 was \$13,684,648 and the proposed budget for 2010-11 is \$15,476,822. The change from 2009-2010 to 2010-2011 reflects increases in negotiated salary increases, PERS retirement, and Post Retirement Benefits and provides for freezing of member agency contributions by offset with fund balance. These actions combined will deplete the Department's fund balance upon termination of the JPA in October 2011. The member agencies and BSCFD staff continue to meet monthly to develop and implement a plan for termination of services and dissolution of the district. Areas that must be addressed include accrual payouts, CalPERS, post-dissolution insurance obligations and assets and leases.

The Fire Chief presented the Proposed July 1, 2011 through October 12, 2011 Budget to the BSCFD Board on May 24, 2011. The budget, totaling \$5,473,416 is based on the current year budget prorated for 104 days and includes contractual step increases, PERS rate increases and retiree medical benefit costs, and no capital equipment purchases. The budget does include additional \$1,145,130 for required payments of vacation, sick and other accrual payments due on the service termination date to current employees of BSCFD and additional consultant fees during the dissolution process. These changes result in increased costs to the City of San Carlos in the amount of \$678,873 and to the Belmont Fire Protection District in the amount of \$604,441 over the projections made last year for the final BSCFD budget. The four board members of the BSCFD unanimously voted to recommend ratification by both parent agencies. Both agencies have ratified the budget.

History of Joint Powers Authority for Fire Protection

In 1979, the City of San Carlos and the Belmont Fire Protection District (BFPD)³¹ signed a Joint Powers Authority (JPA) that created the South County Fire Authority (SCFA) to provide more cost effective service for the two cities. This action followed the passage of Proposition 13, which resulted in significant loss in revenue to cities and special districts and caused both agencies to close a fire station. The JPA was effective on July 1, 1979 and SCFA continued in that form, operating two stations in each city and serving each city's territory, unincorporated Harbor Industrial Area³² and under contract, the Redwood Shores neighborhood until the City of Redwood City built Station 20 in 1998. The original

³¹ Belmont Fire Protection District is a subsidiary district of the City of Belmont. The Belmont City Council serves as governing board. Up to 30% of a subsidiary district's territory and population may be located outside the City boundaries. The district includes unincorporated Harbor Industrial Area. The JPA also served Redwood Shores by contract until 1998 when Redwood City built Station 20.

³² In July of 1997, a portion of the Harbor Industrial Area was annexed to the City of San Carlos and detached from Belmont Fire Protection District, resulting in transfer of property tax revenues to the City of San Carlos and loss of revenues to the BFPD.

funding formula divided the SCFA annual budget equally between the two cities, with San Carlos funding fire service from the City's General Fund and BFPD funding service with property tax apportioned to BFPD.

In 2003, in response to lost revenues from the cancellation of the Redwood Shores contract and economic downturn, the SCFA Fire JPA Board placed a parcel tax for Fire Services on the ballot. The measure required two-thirds vote for passage but only received a 62% yes vote. As a result, the JPA Board eliminated a fire company consisting of nine sworn positions.

In 2004, SCFA placed a 5 Year Fire Suppression Assessment on the ballot. When the Assessment failed, BFPD sent a notice to the City of San Carlos and the South County Fire Authority of intent to leave the Authority at the end of June 2006. The San Carlos City Council adopted a similar notice to preserve its rights under the Fire JPA.

Subsequently the SCFA received proposals for contract service from neighboring agencies. Following lengthy consideration of proposals and despite disagreement over funding formula and cost sharing of human resources and finance services, the San Carlos City Council voted to continue to receive services from SCFA. In June 2006, the City of San Carlos and BFPD executed an Amended and Restated Joint Powers Agreement (JPA) that renamed the SCFA the Belmont San Carlos Fire Department, changed the funding formula from equal shares to a four part formula that would include the number of fire stations, number of fire calls, assessed valuation and population if a revenue measure were to pass in both cities, or equal shares if a revenue measure did not pass in both cities and changed the management of the department from the City Managers of the two cities to the four Member Board consisting of two council members from each city effective on July 1, 2006.

In September 2006, the proposed Fire Assessment measure failed in San Carlos with 53% opposed and failed in Belmont with 59% opposed. Subsequently, in April 2007 a Second Amended and Restated JPA for the Belmont-San Carlos Fire Department was adopted and approved. Changes included the new cost-sharing model with a four part formula based on number of stations, call volume, population and assessed valuation. The amended funding formula resulted in San Carlos and Belmont paying 52.04% and 47.96; 52.86% and 47.14 and 53.25% and 46.75 respectively in subsequent years after amendment. Based primarily on the formula factoring in assessed valuation and increased operational costs, Belmont Fire Protection District costs increased 4.9% since 2007 and San Carlos general fund costs increased 19.5% over the same period.

As noted above, in November 2009, the City of San Carlos Measure U Sales Tax Proposal failed at the ballot and the City Council subsequently began pursuing contract service for police, fire and park and recreation. In April 2010, the City of San Carlos froze the contribution to the BSCFD at 2009-10 Fiscal Year levels and sent a letter to the BFPD announcing its intent to dissolve the BSCFD JPA effective on or before the expiration date of the JPA on October 12, 2011 unless the notice is withdrawn.

Independently of each other, the two cities have since identified alternatives to each operate two stations with costs estimates ranging from CalFire from a low of \$3.8 million to the highest at \$5.7 million depending upon work schedule and pay scale, Redwood City at \$6.6 million including fleet and legacy costs associated with dissolution of the JPA, San Mateo at \$7.3 million, Hybrid Option (Shared Positions) ranging from \$6 to \$7.9 million and Standalone Option ranging from \$7.3 to \$8.9 million. With one exception, the proposals submitted to San Carlos (summarized below) do not include legacy costs associated with dissolution of Belmont San Carlos Fire Department JPA. The Belmont legacy cost estimates include a low of \$550,129 and a high of \$1,091,632.

Alternatives for Future Service

As noted, both the BFPD and San Carlos have chosen the service model they plan to implement upon dissolution of BSCFD. The City of Belmont has determined it will re-establish a standalone fire department. San Carlos has directed staff to pursue a hybrid department in which the City will employ fire personnel and contract with the City of Redwood City for administrative duties, fire prevention, and battalion chief coverage and supervision. The following section includes the variety of alternatives that have been considered by the two cities and illustrates the broad range of service delivery models and the range of savings that could be realized.

Belmont Fire Protection District –Alternatives Considered

At the January 25, 2011 Belmont Fire Protection Board meeting, the Board directed staff to pursue a standalone department with a Chief and two fully-staffed stations, explore creative revenue sources, and some shared services with other departments for battalion chiefs, a fire marshal, and inspection and disaster preparedness services. More recently the model has been formalized as a Public Safety Model in which fire and police are consolidated, combined with outsourcing fire prevention functions and continuing to serve as the County's HazMat provider.

This action followed a BFPD Board authorized study of alternatives for future fire services for the District. Alternatives identified include 1) Standalone Option in which the BFPD would provide service from the two stations in Belmont; 2) Hybrid Option in which BFPD would employ personnel and share positions such as Chief, Fire Marshal, Inspector, Battalion Chief, Disaster Coordinator, Clerical and dedicated ladder truck with another fire agency; and 3) Contract Option in which BFPD would receive service by contract from another Redwood City or San Mateo.³³

Each alternative includes costs for personnel, supplies, administration, fleet and legacy costs associated with dissolution of the Belmont San Carlos JPA. The following summarizes the range of costs for these alternatives.

³³ The Belmont Council/Governing Board had previously provided direction that a contract with CalFire would not be considered. Data based on Fire Service Option Analysis dated January 18, 2011.

Standalone Option		Hybrid Option		Contracting Option	
Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
\$7,296,524	\$8,932,561	\$6,006,310	\$7,981,728	\$6,585,206	\$7,282,255

The Contracting Option low estimate is based on Redwood City’s proposal to San Carlos and the Contracting option high estimate is based on a San Mateo 2005 bid increased by growth in the fire services budget.

City of San Carlos – Alternatives Considered

The City of San Carlos commissioned a “Fire and Emergency Service Analysis and Request for Proposal Development” and issued a Request for Proposal for Fire & Emergency Service. The City received proposals from the City of Redwood City in partnership with the City of San Mateo, an informal proposal from CalFire, a proposal from a private fire protection firm, and a proposal to extend the BSCFD JPA.

Provided below for comparison purposes are the alternatives considered by the City of San Carlos. These proposals do not include capital costs or legacy costs associated with the dissolution of the Belmont San Carlos Fire Department. As noted above, since the proposals were submitted, the San Carlos City Council voted to enter into a contract with Redwood City in which the City of San Carlos would hire fire personnel to staff the two City of San Carlos stations and Redwood City would provide administrative duties, fire prevention, and battalion chief coverage and supervision.

Extension of the Belmont-San Carlos Fire Department

The Council received an analysis of San Carlos rescinding the dissolution letter and the two entities extending the JPA for 18 to 24 months by amending the JPA or adopting another agreement. Proposed as a short-term solution to allow time for both entities to participate in a regional model, the recommendation proposed an agreement that would include 10% labor compensation reduction, delay in retirement of the chief, adjustment of the cost sharing formula and maintenance of service levels. The analysis projected a savings of \$1,036,025 total.

Wackenhut Services Inc. (WSI)

WSI is a private firm based in Florida that responded to the City’s request for proposals. WSI has provided services to a number of commercial, federal and local government agencies for over 50 years. Locally WSI is the contract fire and emergency service provider for NASA Ames Research Center in Mountain View, NASA Jet Propulsion Laboratory in Pasadena as well as several military and airport in the nation, including the San Jose International Airport. The WSI proposal included a baseline option of two, 3 person Advanced Life Support Engine companies as well as three enhanced options.

The Baseline option costs are \$3.8 Million (year 2) to \$4.6 Million (year 10). The City's analysis of the proposal cited the baseline option as a substantial reduction from the City's current Fire & EMS cost of \$7.1 Million per year and the over 30% cost increase the City has experienced in the Belmont-San Carlos Fire Department over the past five years.

City of Redwood City Proposal to City of San Carlos:

The City of Redwood City submitted a proposal to San Carlos in the amount of \$5,889,496 compared to current appropriation of \$6.3 million. Savings to the City of Redwood City are not detailed in the proposal and Redwood City indicates City savings would be detailed upon award and execution of the contract. In addition, the Redwood City proposal includes correspondence jointly submitted by the Cities of Redwood City and San Mateo, discussing how the proposal fits a broader initiative for shared services for fire and emergency response by the Cities of Redwood City, San Carlos, San Mateo and Foster City.³⁴

Preliminary Proposal County of San Mateo/CalFire:

CalFire provides service in San Mateo County under three contracts, one with the County of San Mateo for unincorporated areas not in a fire district, one for County Service Area 1 (Highlands) which receives a share of 1% property tax and voter approved special tax for enhanced fire and police service, and another with Coastside Fire Protection District. In response to San Carlos requesting a proposal from CalFire, CalFire administration indicated that the State would not extend multiple contracts with different agencies in the County and that the County of San Mateo could provide a proposal by expanding the current contract to include San Carlos. The County staff prepared preliminary contract costs for fire and emergency response service to San Carlos by expanding the County's contract.

The Board of Supervisors' Finance and Operations Committee considered the preliminary proposal outlined below along with an expanded estimate and declined to forward a recommendation to the Board of Supervisors to authorize a formal proposal to San Carlos. The Committee instead offered mediation services for the two cities in the hope that agreement could be reached on continuing the JPA.³⁵ So while the proposal is not a formal bid under consideration by the City, the data contained in the draft

³⁴ In June 2010, the Cities of San Mateo and Foster City entered into an agreement to share a fire chief following the retirement of the City of Foster City Fire Chief. While discussion of consolidation and resource sharing has been examined by San Mateo County Agencies for many years, responses to the 2009-10 Grand Jury Report on Fire Consolidation indicate that promising initiatives are underway for regional partnerships among San Mateo, Foster City and surrounding agencies. Please see 2009 Grand Jury report.

³⁵ Following mediation, the cities did not reach agreement and due to issues unique to each city would pursue separate fire services effective October 12, 2011. The cities indicated they remain open to regional cooperation to pursue cost effective, high quality life safety services for their communities.

proposals illustrate potential savings that could be realized by contracting for service with CalFire or implementing a regional service delivery model and is therefore provided below for comparative purposes.

The County's preliminary proposal included staffing level of 17 positions based on the CalFire 72-hour a week shift schedule and staffing of 20 positions based on current city 56-hour a week shift schedule. The County's preliminary proposal also included alternatives of CalFire top step pay scale and City of San Carlos frozen pay scale with the following staffing levels and costs:

- \$3.8 million - 17 staff paid at the top step of the CalFire pay scale
- \$4.3 million – 20 staff paid at the top step of the CalFire pay scale
- \$5.03 million - 17 staff with total compensation frozen at the San Carlos pay scale
- \$5.7 million - 20 staff with total compensation frozen at the San Carlos pay scale
- Hazardous materials pay (HazMat) would be an additional \$19,800 a year for 11 staff at the CalFire pay scale or \$71,000 for 11 San Carlos staff with frozen compensation.

The proposal included a range of \$300,000 to \$650,000 in savings for the County depending upon staffing assignment to stations.

Estimated Regional Model with CalFire Personnel:

An estimate was also prepared based on the regional model proposed by Redwood City and San Mateo Chiefs for regional service to the Cities of Redwood City, San Carlos, Belmont, San Mateo and Foster City and nearby unincorporated areas under County Fire jurisdiction. The estimate, defined as a best estimate, compared the current combined cost of \$42.2 million for 18 stations to the following cumulative estimates with Calfire staffing:

\$40.5 million	Move all stations to a 72-hour work week
\$37.3 million	Plus, reduce total staff to number required for 72-hour work week
\$27.4 million	Plus, reduce city salaries to top step of CalFire salary scale
\$25.4 million	Plus, close one redundant station in region and convert one engine to a two-person "quick attack" vehicle

Police Department:

The mission of the Belmont Police Department is to protect life and property, while providing high quality service to Belmont residents. The Police Department is headquartered at One Twin Pines Lane. The department has a number of units and specialties including: uniformed patrol, traffic enforcement, investigations, canines, school resource officers, G.R.E.A.T, crime prevention, dispatch, records, evidence technicians and S.W.A.T. The Department also coordinates its efforts with the San Mateo County Sheriff's Department on gang and drug activity, Avoid the 23³⁶ and other multi-agency initiatives.

The 2011-12 Adopted Police Budget is \$9,834,395. For general comparison purposes see attached spreadsheet of Police Department, Sheriff and Police District budgets by Jurisdiction.

Parks & Recreation

The mission of the Belmont Parks & Recreation Department is to provide for and enhance the health, lifelong learning and spirit of the Belmont community with a wide variety of recreational programs and services. The department provides programs, services and special events directly through city staff or partnerships with local schools, businesses, sports leagues, senior citizen and service clubs, neighborhood associations and individuals.

City of Belmont Parks include 14 developed parks totaling 58.50 acres, 302 acres of open space and 7 community buildings. The department is in the process of constructing two new parks: Severia "pocket park" and Davey Glen, a one acre natural setting park. The City is currently updating the General Plan including the Parks and Open Space Element. According to the 1992 Parks and Open Space Element the City of Belmont's established goals include providing active and passive park space at a ratio of 4 acres per 1,000 residents and 4 acres of developed community neighborhood park per 1000 residents. Based on current park acreage, the City provides 2.26 acres of developed park per 1,000 residents and 11.7 acres of open space per 1,000 residents.

Library

The City of Belmont is a member of the San Mateo County Library Joint Powers Authority (JPA) comprised of the cities of Atherton, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley, San Carlos, Woodside, and County of San Mateo representing unincorporated areas of the county. Under the joint powers authority, cities own and maintain the library facilities and the Library JPA operates the libraries. The newly constructed City of Belmont library is located at 1110 Alameda de las Pulgas. The new library was funded with a voter approved Mello Roos

³⁶ A collaborative effort by all San Mateo County law enforcement agencies to prevent and respond to drinking and drugged drivers.

special tax for the purposes of financing \$8,650,000 in bonds and fund ongoing maintenance for a library. The annual special tax is \$71/dwelling unit for residential and \$.085/sq. ft for commercial.

The City is also is a member of the Peninsula Library System (PLS), a consortium of the 34 public and community college libraries in San Mateo County. The libraries have meeting rooms and adjacent outdoor areas that community groups use for activities and events. The libraries function in part like the other community centers, providing places where residents can take classes and hold meetings.

Other Contract Services

Animal Control Services

The City of Belmont along with the other 19 cities in the county and the County San Mateo is part of an agreement administered by the County providing for a countywide animal control program under contract with the Peninsula Humane Society & SPCA (PHS), a private, non-profit organization. Under the contract, the PHS enforces all animal control and anti-cruelty laws and provides sheltering for homeless animals and other services.

Garbage/Solid Waste Collection and Recycling

The City of Belmont, along with Atherton, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, West Bay Sanitary District, and San Mateo County is part of the South Bayside Waste Management Authority (SBWMA) which is a joint powers authority (JPA) that operates with the goal of providing cost effective waste reduction, recycling, and solid waste programs. As mandated by California State Law, AB 939, the SBWMA, through franchised services works to meet and sustain a minimum of 50% diversion of waste from landfill. Currently, Recology,³⁷ a private company, provides collection, disposal and recycling services for the 91,000 SBWMA residences and nearly 10,000 businesses.

Belmont adopts rates annually for all solid waste customers in City boundaries. Rates vary based on residential and commercial service, size and number of containers, and Recology costs, City staff time spent on billing, education and recycling outreach. Recology performs billing. In 2009, the City Council approved rate increases of 4.87% that took effect on July 1, 2009, January 1, 2010, and July 1, 2010. In April 2010, the Council commenced the process to set rates for July 2010 and January 2011 when the new SBWMA franchise agreement commenced. In setting rates the City complied with provisions of Proposition 218 including notice to rate payers and a public hearing to provide for protest.

Opportunities for Shared Facilities and Resource Sharing

³⁷ The contract between Recology and 12 local government jurisdictions commenced January, 2011.

By best practice and necessity cities and districts in San Mateo County participate in many joint powers agreements and contracts for service as cost savings measures. Currently, the representatives of Cities, the County and Special Districts are engaged in discussions concerning a broad set of opportunities to share services. Existing practices of shared facilities and resources by City of Belmont include the following Joint Powers Authorities:

1. Advanced Life Support (ALS)
2. Animal Control (PHS)
3. Bay Area Employee Relations (BAER)
4. Bay Cities Risk Consortium
5. Belmont/Redwood Shores School District
6. Belmont-San Carlos Fire Department (BSCFD)
7. California Communities Financing Authority
8. Cities Group (Risk Management)
9. City County Association of Governments (C/CAG)
10. Emergency Services Council (OES)
11. Fire Net Six
12. First Chance
13. Hazmat
14. HEART[b1]
15. Peninsula Congestion Relief Alliance
16. San Mateo County Communications Authority (SAMCAT)
17. San Mateo County Library
18. San Mateo County Narcotics Task Force
19. South Bayside System Authority (SBSA)
20. South Bayside Waste Management Authority (SBWMA)

Section 4: Unincorporated Areas in the Study Area and County Services

The sphere of influence for the City of Belmont adopted by LAFCo includes the unincorporated portion of Harbor Industrial Area. In unincorporated areas the County is responsible for municipal type services. Recommended for inclusion in the City's sphere is a portion of the Unincorporated Devonshire Area adjacent to Carlmont High School. These lands include residentially zoned lands under the same ownership as adjacent lands in the City boundaries and Carlmont High School facilities that are part of the campus located in City boundaries. The following table summarizes service delivery patterns.

Service Delivery – Unincorporated Areas in Study Area						
Harbor Industrial Area (Census 2000 Population – 15,440)						
Police	Fire	Water	Sewer	Garbage/ Recycling	Lighting	Other³⁸
Sheriff	Belmont San Carlos Fire Department ³⁹	Mid-Peninsula Water District	Harbor Industrial Sewer Maintenance District	County of San Mateo by contract with Recology	Harbor Industrial Lighting District	County of San Mateo
Portion of Devonshire recommended for inclusion in Belmont Sphere of Influence						
Sheriff	Sequoia lands Belmont Fire Protection District Privately Owned lands County Fire	Mid-Peninsula Water District	Sequoia lands (Belmont Sewer) Privately owned lands are undeveloped	County of San Mateo By contract with Recology	None	County of San Mateo

County Provision of Municipal Services in Unincorporated Areas

California counties play a dual role in providing services. Counties administer State mandated programs such as health services, human services and criminal justice while also providing municipal type services in diverse and non-contiguous unincorporated areas. The County of San Mateo is generally responsible for basic municipal services such as road maintenance, street lighting, storm drains, fire and emergency response, and sheriff services in unincorporated areas⁴⁰. In regard to sewer and water, unincorporated areas are either included in the boundaries of an independent sewer or water district, the boundaries of one of the ten County-governed sewer districts or two County-governed water districts, a mutual or private water company such as California Water Service Company or are served by well, septic or both. In regard to fire protection and emergency response, the County is responsible for fire and emergency response for all unincorporated areas not included in a fire district. County provided services in the study area are summarized below.

³⁸ Roads, Drainage, General Government Services

*Currently not a franchised area within SBWMA Service Area (Planned County franchise beginning 1/1/2011)

³⁹ Harbor Industrial Unincorporated Area is located in the boundaries of the Belmont Fire Protection District.

⁴⁰ With exceptions of unincorporated Broadmoor and unincorporated Colma which are within the boundaries of Broadmoor Police Protection District and investigative service only at San Francisco International Airport. The Office of Emergency Services, a division of the Sheriff's Department, serves all areas of the County including cities.

Road Maintenance – Unincorporated Areas

The following table details pavement management information for these non-contiguous areas and illustrates the challenge of maintaining a non-contiguous road system:

County Maintained Roads		
	Pavement Condition Index	Centerline Miles
Harbor Industrial Area	91.80	0.87
Devonshire (portion)	No county roads	N/A

The Pavement Management Index indicates that County-maintained roads in the study area are in excellent condition. In general, any new roads in the County must be at least 16 feet wide with adjoining roadside drainage facilities. Roads of lesser dimensions have been grandfathered into the County system but would not be permitted as new construction. The County's Road Services and the County's Engineering Services divisions are responsible for the maintenance and repair of the road system in the unincorporated areas. The County's Pavement Management System is the guiding document for prioritizing road improvements in unincorporated areas. Challenges in maintaining roads include the fact that the County road system consists of several non-contiguous areas and there is a lack of adequate funding. Gas tax and other State subvention funds are the primary funding source for road maintenance and repair. These funds have historically been received on a monthly basis as a reliable source of regular income for pavement management planning. More recently due to State budget shortfalls, the State has deferred local agency subvention shares resulting in delays in completing projects during the construction season (July to September).

Sheriff Services:

The County Sheriff Patrol Bureau⁴¹ oversees service in unincorporated areas assigning sheriff patrols organized into Beats consisting of teams of 9 personnel per 12-hour shift.⁴² Harbor Industrial Area is included in Beat 10. 2009 Call volume for Beat 10 was 1,020. The Devonshire area, recommended for inclusion in Belmont Sphere, is included in Beat 20. Call volume for 2009 for Beat 20 was 8,251.

The San Mateo County Sheriff's Department 2010-12 Recommended Budget includes budget and response time data for the entire Patrol Division and not individual beats. The Sheriff's Patrol Budget for 2010-11, which includes Transit Police totals

⁴¹ The California Highway Patrol is responsible for enforcing the California Vehicle Code and collision investigation in unincorporated areas.

⁴² The County Sheriff's Department also provides contract service for the Towns of Woodside and Portola Valley, City of San Carlos and has issued a proposal to City of Half Moon Bay. These services are funded by contracting cities general fund revenues.

\$28,010,312, with a net county cost of 15,661,099.⁴³ Average actual response time in 2008-09 fiscal year for urbanized services areas is cited at 5.07 minutes. The estimate for 2009-10 fiscal year is 4.30 minutes. Individual response times may vary given the total of nine personnel per shift, and based on population density, priority of calls, traffic congestion and distance between unincorporated areas in each Beat. The budget cites several Patrol Division initiatives including participation in multi-agency efforts to reduce crime and gang activity, DUI Enforcement Programs, Drug Awareness and Resistance Education (DARE).

Unincorporated Fire Protection and Emergency Response

As noted above, the County of San Mateo has responsibility for fire protection and emergency response for unincorporated areas that are not in the boundaries of a fire district⁴⁴. The County receives approximately 7% of the 1% property tax collected in these areas and contracts with the CalFire to staff four County-owned stations: Pescadero, Skylonda, Cordilleras and Belmont. The County Manager's Office administers the contract with CalFire. In the case of unincorporated areas under study, Harbor Industrial Area is in the boundaries of the Belmont Fire Protection District. In regard to the portion of Devonshire recommended for inclusion in the City's sphere, land that is part of the Carlmont High School campus is already in the Belmont Fire Protection District while the surrounding privately owned lands are in County Fire jurisdiction. If included in the Belmont sphere, the lands should also be included in the Belmont Fire Protection District sphere to provide for future annexation to both entities.

For unincorporated neighborhoods that are not in a fire district and are not in close proximity to one of the two bayside County fire stations, service is provided by neighboring agencies as part of the automatic aid agreement between the County, cities and fire districts. In San Mateo County, fire agencies participate in the San Mateo County Pre-hospital Emergency Services Joint Powers Authority (ALS-JPA), the San Mateo Operational Area Emergency Services JPA and the Fire Net Six providing centralized dispatch and a move-up-and-cover plan to ensure that systematic fire station coverage is provided during periods of increased service demand. Under this arrangement in-kind service is provided by all participating fire agencies. American Medical Response (AMR) and two local fire agencies⁴⁵ provide emergency advanced life support transport. The standard staffing level in San Mateo County is three firefighters per shift including one firefighter/paramedic.

Park and Recreation

⁴³ Census 2010 total unincorporated population totals 61,222. The Sheriff responsibilities exclude Broadmoor, which has independent police and fire districts and the Patrol Budget excludes service to County Service Area 1 (Highlands), which is funded through County Service Area property tax and special tax.

⁴⁴ San Francisco International Airport is served by San Francisco Fire Department located at the airport.

⁴⁵ Woodside Fire District as part of the JPA. South San Francisco Fire Department, which is not party to the JPA, also provides emergency advanced life support transport.

The County of San Mateo provides park and recreation on a regional basis, in which County Parks operates seven regional parks, as opposed to active park and recreation programs typical in cities. The nearest county park to the study area is Edgewood County Park and Natural Preserve on Edgewood Road near Interstate 280.

County Governed Sewer and Sanitation Districts & Governance Alternatives

Reorganization of Sewer and Sanitation Districts:

In January 2010, the County Board of Supervisors as the governing body of the Burlingame Hills Sewer Maintenance District (BHSMD) requested LAFCo to conduct a municipal service review and sphere of influence study to evaluate the benefit and feasibility of consolidating ten non-contiguous, County-governed sewer maintenance and sanitation districts. The request was submitted to comply with a condition of a consent decree between the County, BHSMD and San Francisco Baykeeper (Baykeeper) resolving a lawsuit filed by Baykeeper against the County and BHSMD alleging violations of the Clean Water Act by discharge of pollutants (sewer overflows) by BHSMD. Specifically, pursuant to the Consent Decree it was requested that the Commission prepare a study to evaluate the benefits and feasibility of consolidation of all special sanitary districts for which San Mateo County Department of Public Works currently provides sewer collection services. The Commission declined to conduct a study of consolidating the ten non-contiguous districts and supported staff recommendation that reorganization of non-contiguous sewer and sanitation districts be studied in municipal service and sphere reviews of Cities and unincorporated areas.

This section of the report focuses on the County-governed Harbor Industrial Sewer Maintenance District serving the Harbor Industrial Area. The following table summarizes all County-governed districts.

County Sewer/Sanitation Districts System Size/Rate Comparison (As of July 31, 2010)⁴⁶

District (year formed)	Age of Facilities	Pipeline Miles	RUE	2010-11 Rate ⁴⁷	(city sphere)	city rates	system size (RUE)
Harbor Industrial SMD (1951)	60	1	227	\$310	Belmont	\$885	8,272
Fair Oaks SMD (1930)	81	81	11,270	\$420	RWC	\$585	26,500
Emerald Lake Heights SMD Zone 2	27	16	1,477	\$770	RWC	\$585	26,500
Oak Knoll SMD (1957)	54	2	125	\$800	RWC	\$585	26,500
Edgewood SMD (2004)	7	0.3	6	\$900	San Carlos	\$562	11,050
Kensington Square SMD (1956)	55	0.8	74	\$900	RWC	\$585	26,500
Devonshire CSD (1956)	55	4	305	\$900	San Carlos	\$562	11,050
Scenic Heights CSD (1949)	62	2	58	\$950	San Carlos	\$562	11,050
Emerald Lake Heights SMD (1947)	64	2	212	\$1,100	RWC	\$585	26,500
Burlingame Hills SMD (1935)*	76	7	432	\$1,150	Burlingame	\$588	9,000
Crystal Springs CSD (1947)**	64	19	1,534	\$1,200	San Mateo	\$509***	

*Burlingame Hills SMD rate payers, under Prop. 218 rejected rate increases in 2007 and 2010. Proposed 2010-11 rate was \$1,350.

**Crystal Springs CSD ratepayers, under Prop. 218 rejected rates in 2006.

***Town of Hillsborough Rates \$1,658.00

*Age of facilities estimated based on district formation date.

**Equivalent Residential Unit

The Harbor Industrial Sewer Maintenance District represents a distinct system. The District has an agreement for transmission, pumping, treatment and disposal, treatment capacity rights with the City of San Carlos. District effluent flows through City of San Carlos to the wastewater treatment plant. Each district pays for transport and sewage treatment. Rates of the County-governed Districts vary based on age and size of system, transport and sewage treatment costs.

The County-governed Districts are already functionally consolidated in that they are governed by a single governing body and managed by a single public works department. However they are separate systems with system specific costs based on age and size of systems. In this regard, consolidation into a single district would not create economies of scale in service provision because operations and maintenance of non-contiguous systems would still be necessary and the disparate operating costs associated with system age, size, varying contract transport and treatment costs would not justify smoothing rates for service in non-contiguous areas. In essence this practice would result in rate payers of one district subsidizing service in another district.

⁴⁶ Adopted Harbor Industrial Sewer District Rates for 2011-12 are \$320 per year and City of Belmont proposed sewer rates reflect a 4.6% increase in the average residential customer's bill.

⁴⁷ Service rates are designed to cover "in-district" costs such as sewer main operations, maintenance, engineering, regulatory requirements and capital improvements and "out-of-district" costs such as transport and sewage treatment facility capital costs determined by downstream agencies. Failure to increase rates by individual districts results in inability of that District to fund all obligations, including capital improvements and necessary maintenance to minimize sewage overflows

Based on sphere of influence and existing contracts for effluent transport, there are four alternatives that merit consideration by the County and neighboring cities. First consistent with the sphere of influence, annexation of this area to City of Belmont would place sewer operation under city authority and would transfer the agreement for transport and treatment to the City. The second is establishing sewer service as a subsidiary district of the City to provide for a subsidiary district with responsibility for sewer functions and sewer service for city territory and unincorporated areas in the City's sphere. The third, would be for the County to contract with near by cities for sewer maintenance and operation. The fourth, a model in practice on the Coastsides, would be to expand the service of the South Bayside System Joint Power Authority (SBSA JPA) to transfer sewer operations and maintenance of sewer infrastructure of all entities that flow to the plant.

1. Annexation:

Annexation of areas in city spheres of influence would place sewer service and rate setting authority under the City. Barriers to annexation in some cases include lack of infrastructure such as drainage, flood control, or road standards inconsistent with City standards. Through the annexation process negotiations take place between the County and the City regarding transfer of property tax to fund transfer of service responsibility. Potential advantages to annexation include increased property tax and other revenues, creating service efficiencies and economies of scale by broadening the customer base served by city departments.

2. Subsidiary District

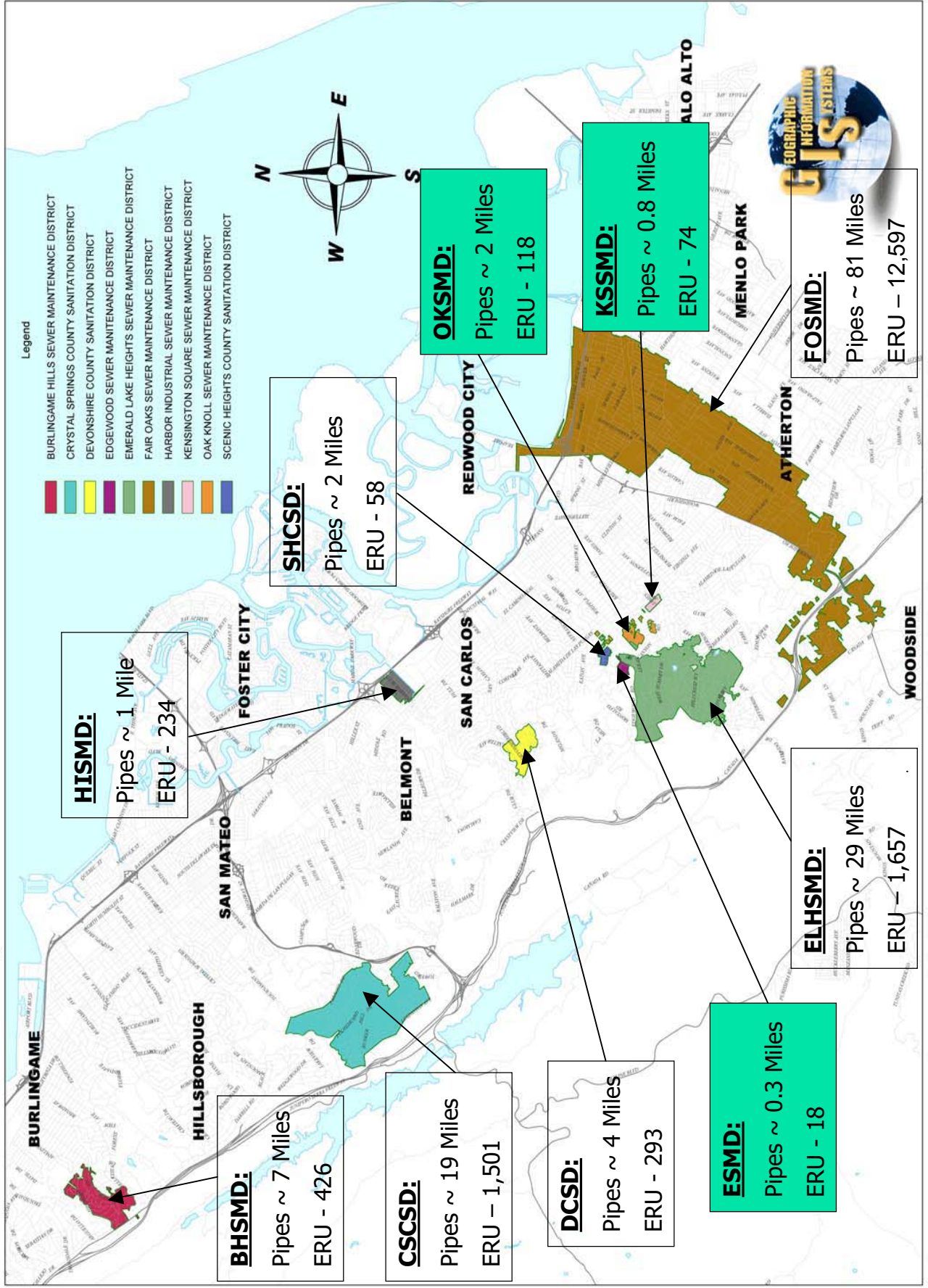
A subsidiary district is a district in which a city council is the governing body of a district that is either wholly located in the city or includes territory within and outside the city with the provision that 70% of the land area and 70% of the registered voters are located within the city. There are several characteristics of sewer provision in the study area that supports formation of a subsidiary district. These include:

- All sewer effluent of HIA Sewer Maintenance District flows to the South Bayside System Sewage Treatment Plant, of which the City of Belmont is a member.
- Each service area is in close proximity to a City that operates an adjoining sewer system and in the case of Harbor Industrial Sewer Maintenance District, the service area is surrounded by the city on three sides.
- Because the cities operate sewer service as an enterprise function and do not subsidize sewer service with property tax, sewer operations could be transferred to a subsidiary district in which city systems are consolidated with county operated systems, creating efficiencies while maintaining accountability.
- Sewer districts, including subsidiary districts, can account for different rates by designating zones.
- Savings from economies of scale through consolidation can be applied to rate-payers in all zones proportionately.

The following map illustrates the service areas of the county-governed Harbor Industrial Sewer District in relationship to City of Belmont boundaries. Analysis of land area and registered voters in the study area indicates that the 70% criteria required to establish a subsidiary district would consist of the City of Belmont system and the Harbor Industrial System operated by the County.

If after study by the City and the County, it is determined that a subsidiary district would benefit the customers of the city and the county-governed districts, formation of a subsidiary district could be initiated by resolution of the City of Belmont.

County Administered Sewer and Sanitation Districts



3. Contracting for sewer operations and maintenance with nearby cities.

Because the County of San Mateo Public Works Department operates out of a corporation yard in Redwood City to serve all bayside sewer districts and some sewer and sanitation districts are not in close proximity, the County and cities may both benefit from sharing sewer operations and maintenance personnel when the City's corporation yard provides quicker access and crews are already providing service in the area.

4. Expanding SBSA services to include operation and maintenance of systems that flow to the SBSA Plant

San Mateo County coastside has three sewer entities that are members of Sewer Authority Midcoastside (SAM), a joint power authority that owns and operates a single sewage treatment plant. Member agencies include City of Half Moon Bay, Granada Sanitary District and Montara Water and Sanitary District. These entities own sewer infrastructure but in addition to funding plant operation, members pay SAM for maintenance and operations of the sewer system performed by employees of the Sewer Authority, not the member agencies. Each agency sets rates based on cost of system operation and treatment cost.

5. Outsourcing/contracting with Private Firm for Operations and Maintenance

Some cities and special district contract with private firms for sewer operation and maintenance. An example includes the Town of Los Altos Hills. The Town owns and operates the sanitary sewer collection system consisting of approximately ±52 miles of pipelines, approximately 1,300 manholes, and two lift stations and approximately 1,450 connections or 40% of developed parcels. (The balance of development is served by septic systems.) Sewage treatment is provided by contract with the Palo Alto Regional Water Quality Control Plant and conveyed through the collection systems of the City of Palo Alto and the City of Los Altos. In 2008 in anticipation of expiration of the existing contract the Town issued a request for proposals with the following scope of work:

- Provide proactive and preventive sewer main maintenance to reduce and eliminate stoppages and sanitary sewer overflows SSOs (sanitary sewer overflow).
- Perform regular maintenance work to include thorough cleaning to remove roots, debris, fats, oils, and grease.
- Maintain two Town owned sewer lift stations.
- Respond to emergency SSOs within Town sewer system
- Capable of managing the entire sewer collection system with strategic plans.

The Town received three proposals ranging from \$199,000 to \$212,000.

Other examples in California of contract sewer service include:

Pauma Valley CSD (North San Diego County area)
Contracts for wastewater and water systems operations
1 manager and 4 employees
150,000 gallons per day (gpd) plant
600 population
1,445 acre district

Fairbanks Ranch CSD (San Diego County)
Contracts for management and operations
280,000 gpd
1,236 population
1,236 acre district

Rancho Santa Fe CSD (San Diego County)
Contracts for management and operations
Two plants-450,000 and 480,000 gpd
7,600 population
9,910 acre district

Whispering Palms CSD (San Diego County)
Contracts for management and operations
480,000 gpd
2,900 population
2,303 acre district plus a few outside agency customers

Wild Spring County Service Area (Yolo County)
Contract for Operation and Maintenance of Water & Wastewater System
Approximately 337 Water & Wastewater Connections
6 Connections for Irrigation, common areas, front yards & 9 hole golf course
The CSA has two wells with a combined production amount of 242.0714 million gallons. The wastewater system processes .055 million gallons per day and has capacity of .100 million gallons per day

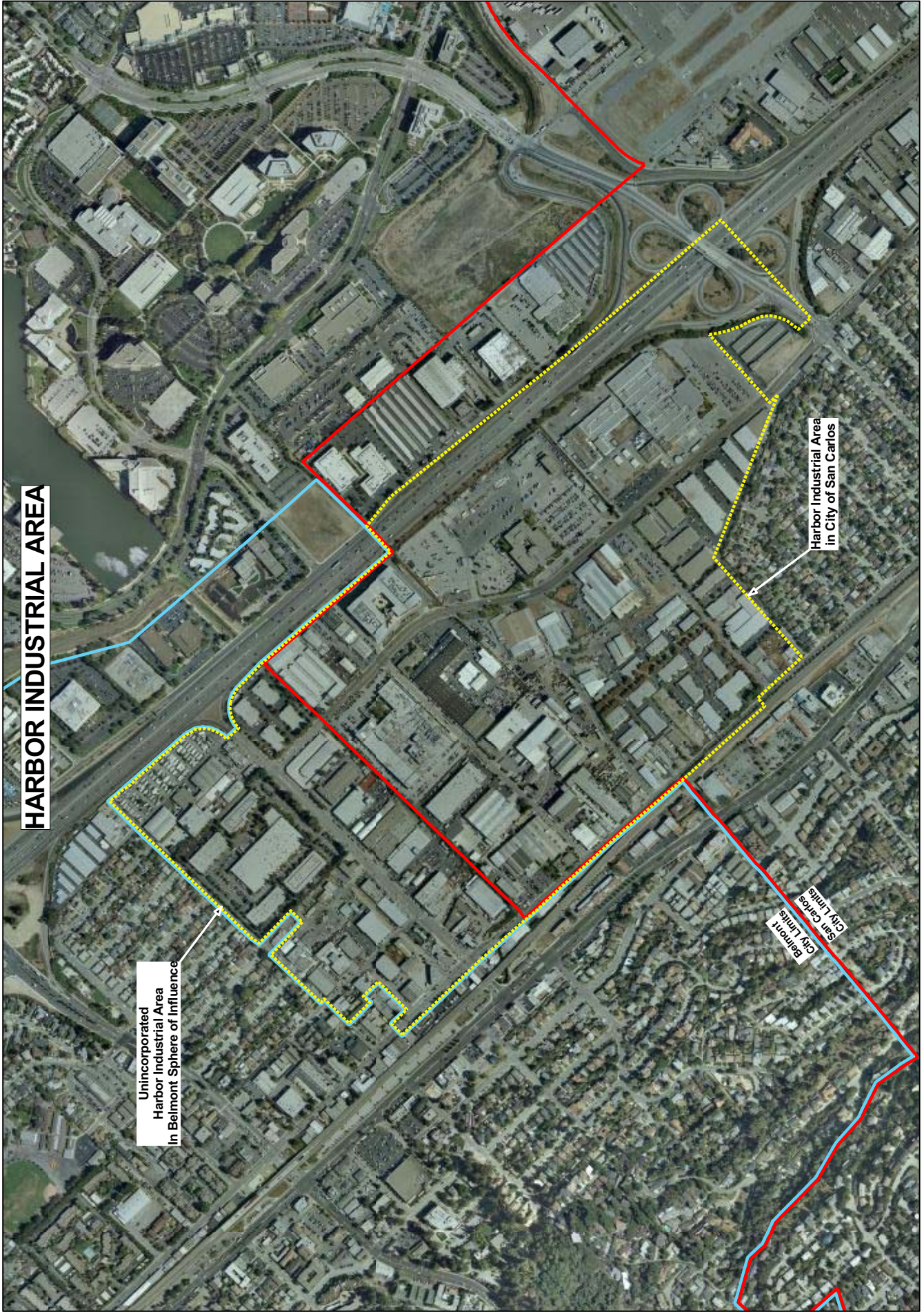
In researching sewer operation alternatives for the County's non-contiguous sewer systems, the County of San Mateo can contact these agencies and others that practice contracting with private entities for best practices and potential savings in contract operation and maintenance of sewer systems.

Section 5: Unincorporated Area Profiles and County-Governed Districts

The following provides background on each of the areas in the Belmont Sphere of Influence and single purpose, County-governed district that serve these areas.

Harbor Industrial Area

The unincorporated Harbor Industrial Area is bounded by Belmont on the north, east and west and by the Belmont Creek/San Carlos city boundary on the south. Consisting of 60.71 acres, the area is bounded by the Caltrain tracks on the east and U.S. 101 on the west, which serve as physical barriers from neighboring areas in city boundaries. On the northern boundary the area is separated from the Belmont Homeview residential neighborhood by traffic barriers installed to prevent industrial traffic on residential streets. County General Plan land use designation for the Harbor Industrial Area is General Industrial except for the northeastern portion containing the mobile home park, which is designated High Density Residential. The map on the following page illustrates the entire Harbor Industrial Area, including portions annexed to San Carlos.



HARBOR INDUSTRIAL AREA

Unincorporated
Harbor Industrial Area
in Belmont Sphere of Influence

Harbor Industrial Area
in City of San Carlos

Belmont
City Limits

San Carlos
City Limits

The unincorporated Harbor Industrial Area is part of the larger Harbor Industrial Area⁴⁸ totaling approximately 230 acres, of which the southern 163 acres was annexed to the City of San Carlos in 1997.⁴⁹ Action by the Commission to approve the annexation followed litigation concerning the City of San Carlos annexation application and mediation between LAFCo, the two cities and the Harbor Industrial Association that resulted in amendment of the sphere of influence moving the sphere boundary northward to the centerline of the Belmont Creek.

Because the Belmont sphere area north of the Belmont Creek includes commercial land uses and a residential mobile home park and because the LAFCo annexation procedures for protest differ based on whether an area is inhabited or uninhabited, LAFCo's sphere designation included a provision that any application for annexation of this area that is not submitted by individual landowners shall be for the entire area less the mobile home park to ensure that landowners would not be prevented from participating in the protest process in the case of an annexation application for the larger area.⁵⁰ Since the 1997 annexation, the Belmont City Council adopted a policy to support a cooperative approach to annexation. The City has since participated in ongoing discussions with the Harbor Industrial Association and has renewed their commitment to a cooperative approach to annexation.

As noted above, the County of San Mateo provides basic municipal services including sheriff, roads, street lighting, planning, building and code enforcement. Fire protection and emergency response are provided by the Belmont San Carlos Fire Department as the territory is included in the Belmont Fire Protection District, a subsidiary district of the City of Belmont. Water service is provided by Mid-peninsula Water District, an independent water district.

Portions of the area experience regular flooding during rainy season. Because the sphere boundary and City of San Carlos/County boundary is the centerline of the Belmont Creek, maintenance of the creek to avoid flooding must be coordinated between the City of San Carlos and the County.

⁴⁸ The entire area is represented by the Harbor Industrial Association, whose members include Harbor Industrial business and property owners. The Association has played an active role in annexation discussions and LAFCo proceedings on annexation applications and continues to meet regularly and addresses municipal service and other matters of interest to the larger area. Representatives of both cities attend these meetings.

⁴⁹ In 1972, the two cities proposed a sphere line that placed the southern third in the sphere of San Carlos and the northern two-thirds in Belmont sphere. In 1973, LAFCo adopted the sphere and re-adopted it at subsequent sphere reviews. Upon annexation to San Carlos in 1997, the territory was detached from the Belmont Fire Protection District and the County Governed lighting, drainage and sewer maintenance districts and the County dissolved the drainage maintenance district.

⁵⁰ Inhabited is defined as 12 or more registered voters. Inhabited annexations provide for registered voter protest versus uninhabited procedures, which provide for landowner protest. An annexation application for the entire area would result in only registered voters/residents (residents of the mobile home park) participating in the protest process.

County Governed Districts

Harbor Industrial Sewer Maintenance District:

The Harbor Industrial Sewer Maintenance District was formed in 1939 to serve unincorporated Harbor Industrial that included areas now part of the City of San Carlos. When this area was annexed to the City of San Carlos in 1997 it was detached from Harbor Industrial Sewer Maintenance District. The district has 1 mile of pipeline and 227 connections. Effluent flows to the South Bayside System Authority under an agreement between the District and the City of San Carlos. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218. The following table provides rate and other information for the County governed sewer and sanitation districts and comparison with nearby cities.

County Sewer/Sanitation Districts System Size/Rate Comparison (As of July 31, 2010)⁵¹

District (year formed)	Age of Facilities	Pipeline Miles	RUE	2010-11 Rate ⁵²	(city sphere)	city rates	system size (RUE)
Harbor Industrial SMD (1951)	60	1	227	\$310	Belmont	\$885	8,272
Fair Oaks SMD (1930)	80	81	11,270	\$420	RWC	\$585	26,500
Emerald Lake Heights SMD Zone 2	27	16	1,477	\$770	RWC	\$585	26,500
Oak Knoll SMD (1957)	53	2	125	\$800	RWC	\$585	26,500
Edgewood SMD (2004)	6	0.3	6	\$900	Belmont	\$562	11,050
Kensington Square SMD (1956)	54	0.8	74	\$900	RWC	\$585	26,500
Devonshire CSD (1956)	54	4	305	\$900	Belmont	\$562	11,050
Scenic Heights CSD (1949)	61	2	58	\$950	Belmont	\$562	11,050
Emerald Lake Heights SMD (1947)	63	2	212	\$1,100	RWC	\$585	26,500
Burlingame Hills SMD (1935)*	75	7	432	\$1,150	Burlingame	\$588	9,000
Crystal Springs CSD (1947)**	63	19	1,534	\$1,200	San Mateo	\$509***	

*Burlingame Hills SMD rate payers, under Prop. 218 rejected rate increases in 2007 and 2010. Proposed 2010-11 rate was \$1,350.

**Crystal Springs CSD ratepayers, under Prop. 218 rejected rates in 2006.

***Town of Hillsborough Rates \$1,658.00

⁵¹ Adopted Harbor Industrial Sewer District Rates for 2011-12 are \$320 per year and City of Belmont proposed sewer rates reflect a 4.6% increase in the average residential customer's bill.

⁵² Service rates are designed to cover "in-district" costs such as sewer main operations, maintenance, engineering, regulatory requirements and capital improvements and "out-of-district" costs such as transport and sewage treatment facility capital costs determined by downstream agencies. Failure to increase rates by individual districts results in inability of that District to fund all obligations, including capital improvements and necessary maintenance to minimize sewage overflows

District Budget

The Adopted 2010-11 budget for Harbor Industrial Sewer Maintenance District includes a fund balance of \$746,258 property tax revenue of \$7,581, interest and other income of \$5,210 and sewer service and other revenues of \$67,646 for total funding sources of \$827,211. Expenditures include repairs, engineering services, maintenance and sewage treatment of \$146,119 of which \$53,254 is sewage treatment, \$50,000 is contract inspection and testing and engineering is \$24,468. The District's reserve is \$568,989, for total requirements of \$827,211.

Belmont Highway Lighting District

Formed in 1927, Belmont Highway Lighting District is one of 12 county-governed lighting districts. The district territory includes 30 street lights. As a non-enterprise district, the primary funding for the district is property tax to fund repair and maintenance, energy costs and capital improvement (replacement or addition of light poles).

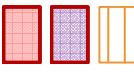
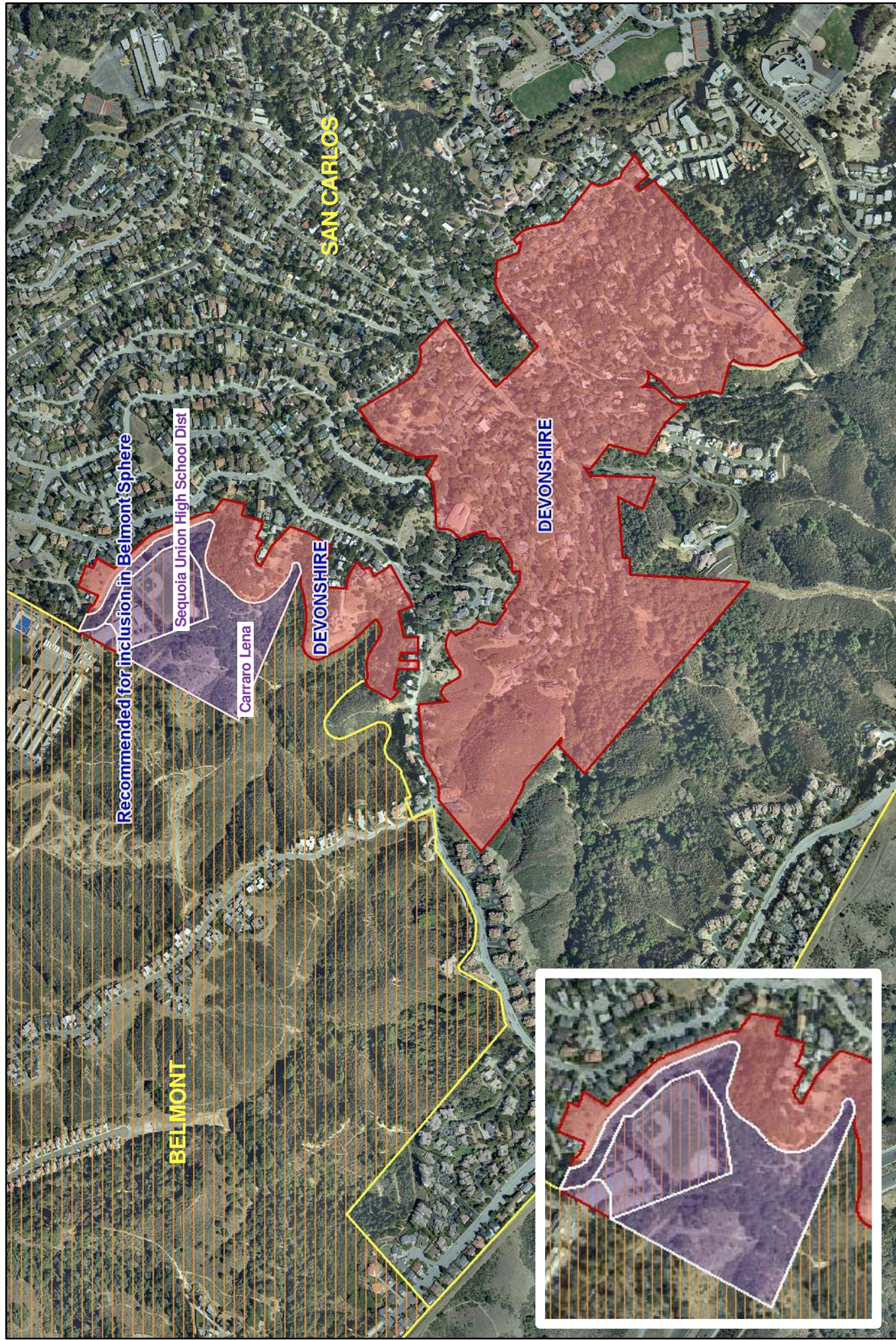
Belmont Highway Lighting District Budget

The Adopted 2010-11 budget includes a fund balance of \$146,194, property tax revenue of \$4,995, interest, intergovernmental and other income of \$1,032 for a total of financing sources of \$152,221. Financing requirements include repairs and maintenance of \$43,550 and an appropriation for contingencies of \$108,671, for total appropriations budget of \$152,221.

Devonshire Area:

As noted above, a portion of the Unincorporated Devonshire neighborhood is recommended for inclusion in the sphere of the City of Belmont. The lands that are part of the Carlmont High School Campus are within the boundaries of Belmont Fire Protection District and the Mid-Peninsula Water District. The privately owned lands are in County Fire jurisdiction and the Calwater service area. There are no other special districts providing service in the area. Please see map on following page.

BELMONT & SAN CARLOS



Section 6: Municipal Service Review Areas of Determinations

Government Code Section 56430 requires that in conducting a municipal service review LAFCo adopt determinations in the following areas:

- Growth and population projections for the affected area
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

The following includes recommended determinations.

1. Growth and Population Projections

- a. Growth projections for the City of Belmont range from 2,900 or 11% over 2010 Census population by 2035 and growth of 3,200 or 12.3% over 2010 by 2035. Projections are not available for individual unincorporated areas.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies:

- a. The City of Belmont Adopted Budgets contain information concerning the City's Capital Improvement Plan, which provides for the construction, maintenance, and repair of City streets, traffic and transportation systems, public buildings, parks, water, storm drain and sewer systems, and other City facilities.
- b. The Harbor Industrial unincorporated area has infrastructure deficiencies in the area of flood control that require collaboration between the County of San Mateo and Cities of Belmont and San Carlos.
- c. Financing infrastructure improvements to serve existing development in unincorporated areas is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.

3. Financial Ability of City to Provide Services

- a. The City of Belmont, like all California cities, has been impacted by effects of economic downturn and State shifts of local revenues and has undertaken a pro-active, multi-year budget correction plan referred to as Corrective Action Plan.
- b. Measures to balance the budget include implementation of several budget correction plans that include use of reserves, program and service reductions, personnel reductions and freezing of salaries, service sharing and revenue enhancement.
- c. The City Council has an adopted policy on general fund reserves to maintain reserves of not less than \$2,000,000 and not more than 20 of operating budget.
- d. Unlike any other cities with fire and emergency response service responsibility, fire protection responsibility and funding is separate from the general fund of the City of Belmont by existence of the Belmont Fire Protection District (BFPD), a subsidiary district of the City of Belmont. The BFPD receives a segregated share of the 1% property tax revenue and is not subsidized by City General Fund revenues.
- e. BFPD 2010-11 Revenue was \$6,470,122 and the District's Projected Year End Fund Balance is \$3,636,431. The lower range of estimated cost of service under the hybrid and contracting models are within the current year revenue range. The low range estimate of the stand alone model exceeds current year revenues by \$826,402.

4. Status of, and Opportunities for, Shared Facilities

- a. By necessity and best practice, the City of Belmont practices resource sharing and shared facilities with the County, cities and other agencies as detailed in the Municipal Service Review.
- b. At the writing of this report, the County, cities and special districts are considering various resource sharing and cost-cutting measures including but not limited to contracting and sharing services in the areas of police, fire and public works services to achieve efficiencies and economies of scale.
- c. Collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection and emergency response.⁵³ Salaries, health care and pensions are major cost drivers of fire and emergency response. In spite of long-standing practices of automatic aid and shared services, cost of service has grown in the face of diminished funding sources. The prolonged economic downturn and negative impact to funding sources and the pending dissolution of the Belmont San Carlos Fire

⁵³ Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

Department underscore the need for the County, fire districts and cities to create further efficiencies, work toward sustainable regional service delivery and a stable governance model.

5. Governance, Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

- a. The City of Belmont maintains an extensive website that provides access to City programs, documents and other information in a timely manner.
- b. The Council appointed boards, committees and commissions provide for public input and participation in a variety of city programs and services.
- c. Opportunities exist to collaborate with the County of San Mateo to annex areas in the City's sphere of influence that are surrounded by the City, that could benefit from City services and contribute to city property tax and other revenues.
- d. Opportunities exist to collaborate with the County of San Mateo to explore governance alternatives of the Harbor Industrial Sewer Maintenance District for more cost effective and efficient service and equitable rates.
- e. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services such as road maintenance, sewer service, police and fire protection and building inspection. For the City of Belmont, this includes the Harbor Industrial Area and, proposed for addition to the City's sphere a small area of Unincorporated Devonshire.
- f. Opportunities also exist for the County and City of Belmont to promote annexation of unincorporated areas to achieve efficiencies in service delivery and/or examine contract service provided by the agency best able to provide efficient service.
- g. The Belmont City Council has an adopted policy supporting a cooperative approach to annexation of the Harbor Industrial Association.
- h. Absent annexation, opportunities exist for the County and City of Belmont to examine alternatives in operation and governance of the Harbor Industrial Sewer Maintenance District operations for a more efficient and regional approach. These include: establishing sewer service as a subsidiary district of the City to provide for a subsidiary district with responsibility for sewer functions and sewer service for city territory and unincorporated areas in the City's sphere; the County contracting with nearby cities for sewer maintenance and operation; and expansion of the service of the South Bayside System Joint Power Authority (SBSA JPA) to transfer sewer operations and maintenance of sewer infrastructure of all entities that flow to the plant.

Section 7: Sphere of Influence Review and Update

This section addresses Government Code Section 56425, which specifies that in determining the sphere of influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- 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.*

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

City of Belmont Sphere of Influence:

As noted above, the adopted sphere of influence designation for the City of Belmont includes the unincorporated Harbor Industrial Area. There have been no annexations to Belmont since the sphere was originally adopted in 1985. Recommended for inclusion in the Belmont sphere is a portion of the Devonshire area that includes part of the Carlmont High School Campus and adjacent privately owned lands. Inclusion of these lands would place these lands in the same jurisdiction as adjacent lands under the same ownership and with similar access.

Harbor Industrial Area

As noted above, the 1985 LAFCo adopted Sphere of influence for Belmont included the southern two-thirds of the Harbor Industrial Area and was amended in 1997 to include the current area bounded by Belmont on north, west and east and on the south by the Belmont Creek/San Carlos City boundary. This territory is under the jurisdiction of Belmont Fire Protection District, Mid-Peninsula Water District, County Sheriff and the County-governed Belmont Highway Lighting District and Harbor Industrial Sewer Maintenance District. Land uses in the area include commercial, industrial and office except for the northeastern portion containing the mobile home park, which is designated high density residential. As noted above, since 1997, the City of Belmont has adopted policies supporting annexation of the area to the City.

As noted above, a special provision of the sphere designation distinguishes between the commercial/industrial uses in the area from the mobile home park. Because the Belmont sphere area north of the Belmont Creek includes commercial land uses and a residential mobile home park and because the LAFCo annexation procedures for protest differ based on whether an area is inhabited or uninhabited, LAFCo's sphere designation included a provision that any application for annexation of this area that is not submitted by individual landowners, shall be for the entire area less the mobile home park to ensure that landowners would not be prevented from participating in the protest process in the case of an annexation application for the entire area.

Devonshire Lands

Inclusion of a portion of the Devonshire area that includes a portion of the Carlmont High School Campus and adjacent privately owned, residentially zoned lands would result in placing all of the Unincorporated Devonshire area in spheres of the Cities of Belmont and San Carlos. Inclusion of these properties in the sphere of Belmont is logical because these lands are under the same ownership as adjacent lands already in the Belmont jurisdictional boundaries. Subsequent annexation would require application and environmental analysis. Addition of the area to the sphere is exempt from the California Environmental Quality Act (CEQA) because it facilitates no change in land use and it can be seen with certainty that it will not have impact on the environment.

Belmont Fire Protection District Sphere of Influence

The District's sphere of influence is that of subsidiary district of the City of Belmont with status quo boundaries. Areas of determination are therefore the same as those for the City of Belmont, with the provision that privately owned lands near Carlmont High School that are not in the Belmont Fire Protection District be included in the District's sphere of influence as noted below.

Sphere of Influence 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. The following section discusses these areas of determination.

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

Land use designations in unincorporated areas in the City's sphere are substantially compatible with land use in City boundaries. In the case of the Harbor Industrial Area

and the portion of Devonshire recommended for inclusion in the City's sphere there is little in the way of land use or infrastructure that distinguishes these unincorporated areas from the surrounding areas in city boundaries. There are no agricultural lands in the study area and proposed determinations.

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

The study area consists of two non-contiguous areas. Devonshire unincorporated area recommended for inclusion in the sphere does not include residential development. Census 2000 population for the Harbor Industrial Area was 155 persons. The area is in need of basic municipal services. It is anticipated that the level of demand may increase modestly as a result of development potential in some areas. The County of San Mateo provides most municipal service to these unincorporated areas from the County Government Center and Corporation Yard in Redwood City. The area is also included in Belmont Fire Protection District and Mid-Peninsula Water District.

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

Services provided to the study area are outlined above. The City's public facilities, including parks and roads, are adequate to serve the existing population and in many cases already serve residents of unincorporated areas in the City's sphere. The City's Capital Improvement Program and Pavement Management Program include plans for improvement of public facilities and recommended improvements are included in each budget cycle according to priorities and resources available. Likewise the County of San Mateo adopts a capital improvement plan for infrastructure in the Harbor Industrial Area in the City's sphere.

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

The unincorporated Harbor Industrial Area is substantially surrounded by the City of Belmont. The portion of the Devonshire Area recommended for inclusion in the City's sphere is accessed from Belmont and under the same ownership as adjacent properties within City boundaries. The City and these unincorporated areas share common service delivery patterns, land use patterns, access and school district boundaries and share social and economic communities of interest.

It is recommended that the Commission adopt these sphere determinations and update the City of Belmont Sphere of Influence to reaffirm placement of the Harbor Industrial Area in the City's sphere, add to the sphere the designated areas of Unincorporated Devonshire that include lands owned by Sequoia High School District and adjacent undeveloped lands. It is further recommended that the privately owned lands not in the Belmont Fire Protection District be included in the District's sphere in anticipation of annexation to the City and the District.

Municipal Service Review-City of Belmont,
And Associated Districts
July 13, 2011

City of Belmont

Two Twin Pines Lane
Belmont, CA 94002

Greg Scoles, City Manager
650/802-4228 650/595-6719/fax
www.belmont.gov

Date of Incorporation: October 29, 1926

- a. City Council: Five-member council elected to four-year terms
Membership and Term Expiration Date: Coralin Feierbach, Mayor (11/2013), Dave Warden , Vice Mayor, (11/2013), David Braunstein (11/2011), Warren Lieberman (11/2013), Christine Wosniak (11/2011)
- b. Compensation: \$450 per month plus benefits
- c. Public Meetings: 2nd & 4th Tuesday of the Month, 7:30 p.m.
City Council Chambers, Two Twin Pines Lane, Belmont

Services Provided: Administration, police, fire (via subsidiary district), community development, redevelopment, recreational services, sewer, street maintenance, streetlights and drainage

Area Served: 4.61 sq. miles

Estimated Population: 25,835 (Census 2010)

Number of Personnel (city-wide) 131.65 (Full-time equivalent): 1 City Attorney, 2 City Clerk, 5 City Council, 2 City Manager, 1 City Treasurer, 44 Police, 84.20 Public Works, 9 Finance/Human Resources, 4 Information Services, 12 Community Development, 22.65 Parks & Recreation

School Districts: Belmont-Redwood Shores Elementary School District, Sequoia Union High School District, San Mateo County Community College District

Sphere of Influence: Boundaries of 1984, Harbor Industrial Area

Budget: See City of Belmont Website or Financial Data contained in this report

Timeline of Consolidation and Resource Sharing in San Mateo County – Key Events

- 1979 City of San Carlos and Belmont Fire Protection District form South County Fire Joint Powers Authority, restated twice since and currently under notice of dissolution effective on or before October, 2011
- 1984 Joint Powers Authority for Hazardous Materials Emergency Response Team (Hazmat) contract with South County Fire Authority for 20 Cities and all unincorporated areas
- 1998 The City of Redwood City, South County Fire Authority and Woodside Fire Protection District share EMS and Training Battalion Chiefs
- 1998 Pt. Montara Fire Protection District contracts with Half Moon Bay Fire Protection District for staffing and Half Moon Bay Fire Protection District absorbs Pt. Montara personnel
- 1999 County, Cities and Fire Districts establish Joint Powers Agreement for Pre-hospital advanced life support including paramedic first response, ambulance transport and automatic aid and Joint Powers Agreement for 911 dispatch
- 2003 Cities of Daly City, Pacifica and Brisbane form North County Joint Powers Agreement in which three cities share administration but retain operations personnel
- 2004 Town of Hillsborough and City of Burlingame form Central County Fire Department JPA with personnel remaining employees of each city until formal transition to employees of JPA in June 2010
- 2007 Half Moon Bay Fire Protection District and Pt. Montara Fire Protection Districts consolidate forming Coastside Fire Protection District
- 2008 Cities of Millbrae and San Bruno share fire chief
- 2009 Cities of San Mateo and Foster City share fire chief
- 2011 Cities of San Carlos & Belmont adopt plans for stand-alone fire departments that include department fire-fighters/paramedics and either contracting San Carlos contracting with Redwood City for Chief and Administration and Belmont consolidating the fire department with Police
- 2011 Central County Fire (Hillsborough/Burlingame) and Cities of San Bruno and Millbrae pursue consolidated fire service

Note: Other sharing agreements include sharing of battalion chief, training battalion chief, EMS Battalion chief and fire marshal

Summary of San Mateo County Fire Jurisdictions Budgets, staffing, stations
 data based on 2010-11 budgets, 911 communications call annual report.
 Prepared by M. Poyatos, LAFCo

Jurisdiction	2010/11 approp.	Spec. Tax	funding source	# of stations	Average Cost per station	# of companies	Average Cost per Company	Total FTE	FF FTE	Area	DOF 2010 pop.	Call Volume 2009	Call Volume 2008	2010 Assessed Valuation
Daly City (NCFA)	\$14,448,466		city gen'l fund	5	\$2,889,693	6	\$2,408,078	74	60	7.5	108,383	6388	6,206	\$8,224,722,463
Pacifica (NCFA)	\$5,792,791		city gen'l fund	2	\$2,896,396	2	\$2,896,396	32	30	12.5	40,431	2708	2,630	\$4,296,048,117
Colma Fire*	\$2,225,457	150	prop/spec. tax	1	\$2,225,457	1	\$2,225,457			3.2	6,387	748	713	\$952,594,078
Brisbane (NCFA)	\$2,334,189		city gen'l fund	1	\$2,334,189	1	\$2,334,189	10	9	2.6	3,744	521	525	\$1,376,337,104
South San Francisco	\$16,980,888		city gen'l fund	5	\$3,396,178	5	\$3,396,178	82	71	9.5	65,872	5922	5,738	\$12,276,603,434
City of San Bruno	\$7,742,448		city gen'l fund	2	\$3,871,224	3	\$2,580,816	32	29	6.1	44,294	3506	3,661	\$4,917,180,742
City of Millbrae*	\$5,935,637	fire assmt*	city gen'l fund	2	\$2,967,819	3	\$1,978,546	27	23	3.2	21,968	2140	2,144	\$3,555,862,495
Central County*	\$15,280,578	570/218 Hillsh	city gen'l fund	5	\$3,056,116	5	\$3,056,116	72	60.5	11.8	40,879	4045	4,360	\$13,323,827,989
CSA 1 (Highlands)*	\$1,650,282	65*	CSA 1 revenue	1	\$1,650,282	1	\$1,650,282			1.2	4,210	438	549	\$722,218,783
City of San Mateo	\$17,655,995		city gen'l fund	6	\$2,942,666	6	\$2,942,666	88	76	14.7	97,535	8619	8,765	\$15,706,011,605
Foster City	\$7,926,025		city gen'l fund	1	\$7,926,025	3	\$2,642,008	36	32	4.1	30,719	1841	2,088	\$6,345,661,564
Belmont San Carlos	\$15,476,822		city gen'l fund/spe	4	\$3,869,206	4	\$3,869,206	48	42	10.1	55,662	4001	4,257	\$11,350,811,095
City of Redwood City	\$15,490,033		city gen'l fund	5	\$3,098,007	6	\$2,581,672	66	59	33.7	78,568	7826	7,719	\$13,904,169,110
CSA 8 (NFO)	\$236,009		CSA 8 revenue	0	n/a	n/a	n/a				3,177	243	219	\$391,104,838
Menlo Park Fire	\$31,000,300		property tax	7	\$4,428,614	8	\$3,875,038	111	90	27	88,514	7964	8,163	\$20,645,801,116
Woodside Fire	\$12,163,948		property tax	3	\$4,054,649	3	\$4,054,649	45	39	31	17,908	1690	1,733	\$7,936,160,761
Coastside Fire*	\$6,972,403	130 & 35*	prop/spec. tax	3	\$2,324,134	3	\$2,324,134	20	15	47.5	25,147	2018	2,257	\$4,454,318,477
County Fire**	\$6,738,184		property tax	4	\$1,684,546	4	\$1,684,546	51	42	224	20,887	2057	2,010	\$4,032,682,144
All Agencies	\$186,050,455			57	3,264,043	64	\$2,907,038		688	450	754,285	62,675	63,737	

This spreadsheet is for general comparison purposes and should be read with notes on page 2 attached.

Police Department & Sheriff Budget by Jurisdiction (Please see footnotes)

	Population 2010	ADOPTED 2010-11 budget	Land Area Sq. Miles	FTE sworn	Officers per 1000 of Pop	Cost Per capita
San Mateo County	718,451					
Atherton	6,914	\$4,980,228	# 6	17	2.46	720.31
Belmont	25,835	9,538,099	# 4.6	32	1.24	369.19
Brisbane	4,282	3,485,543	# 2.6	12	2.80	814.00
Burlingame	28,806	7,894,046	# 5.5	36	1.25	274.04
Colma*	1,792	5,148,700	# 2	19	10.60	2,873.16
Daly City	101,123	23,504,629	# 7.5	113	1.12	232.44
East Palo Alto	28,155	10,900,000	# 2.5	40	1.42	387.14
Foster City	30,567	9,526,632	# 4.1	39	1.28	311.66
Half Moon Bay	11,324	3,653,709	# 6.4	12.6	1.11	322.65
Hillsborough	10,825	7,190,081	# 6.3	25	2.31	664.21
Menlo Park	32,026	14,689,025	# 16.1	48.14	1.50	458.66
Millbrae	21,532	6,193,708	# 3.2	18.5	0.86	287.65
Pacifica	37,234	9,834,070	# 12.5	36	0.97	264.12
Portola Valley	4,353	546,189	# 11	2.89	0.66	125.47
Redwood City	76,815	28,199,686	# 33.7	90	1.17	367.11
San Bruno	41,114	13,018,723	# 6.1	43.5	1.06	316.65
San Carlos	28,406	8,252,950	# 5.5	20.8	0.73	290.54
San Mateo	97,207	27,584,054	# 14.7	108	1.11	283.77
South San Francisco	63,632	18,950,625	# 9.5	79	1.24	297.82
Woodside	5,287	1,295,436	# 12	5.01	0.95	245.02
Total Cities	657,229	214,386,133	172			
Unincorporated	61,222					
Broadmoor PPD	4,026	2,030,055	4 0.5	9	2.24	504.24
CSA 1 Highlands	4,210	637,208	# 1.8	3	0.71	151.36
SFO	N/A		3.6			
NET sheriff patrol	52,986	21,586,308	# 272.0	69	1.30	407.40
Total - all agencies	718,451	\$238,639,704	# 450	878	1.22	332.16

Footnotes:

- Atherton daytime school year population doubles due to number of schools.
- Atherton appropriation and fte based on midyear adjustment
- Belmont Adopted budget includes one vacant position.
- Burlingame budget adoption was based on 38 positions, of which two were vacant and later eliminated
- Colma daytime population is exponentially higher due to retail and auto centers
- Colma: 2 positions are unfunded and vacant
- Daly City excludes dispatch and grants (\$2,132,973)
- East Palo Alto 2 officers grant funded
- Foster City budget includes 3 vacant sworn positions that have since been eliminated
- Half Moon Bay has entered into a contract with County Sheriff that will commence June 12, 2011
- Portola Valley contracts with County Sheriff (see below re: Woodside/Portola Valley contract)
- San Bruno & Millbrae share Police Chief
- San Carlos budget reflects partial year of city department & transition to contract with County Sheriff
- SFO under jurisdiction of City & County of San Francisco
- Sheriff Patrol area includes unincorporated areas less Broadmoor, Highlands and SFO
- Sheriff patrol per IFAS report excluding San Carlos, Transit, Portola Valley, Woodside, CSA 1, Avoid 23 & Caron
- Woodside contracts with County Sheriff (See note below re: Woodside/Portola Valley Contract)
- Woodside & Portola Valley contracts provide for sharing of 7 sworn FTE between Woodside, Portola Valley & the County Sheriff
- Woodside has one dedicated motorcycle officer.
- Woodside & Portola Valley share 2 fte

Prepared by: Martha Poyatos, LAFCo

June 15, 2011

Based on 2010-11 budgets and finance department review.

Note: This table is included for general comparison purposes. For more budget specific detail the reader is encouraged to review agency budgets found on agency websites



Attachment B

Recommended Municipal Service Review Determinations City of Belmont, Belmont Fire Protection District and Related County-Governed Districts

1. Growth and Population Projections

- a. Growth projections for the City of Belmont range from 2,900 or 11% over 2010 Census population by 2035 and growth of 3,200 or 12.3% over 2010 by 2035. Projections are not available for individual unincorporated areas.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies:

- a. The City of Belmont Adopted Budgets contain information concerning the City's Capital Improvement Plan, which provides for the construction, maintenance, and repair of City streets, traffic and transportation systems, public buildings, parks, water, storm drain and sewer systems, and other City facilities.
- b. The Harbor Industrial unincorporated area has infrastructure deficiencies in the area of flood control that require collaboration between the County of San Mateo and Cities of Belmont and San Carlos.
- c. Financing infrastructure improvements to serve existing development in unincorporated areas is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.

3. Financial Ability of City to Provide Services

- a. The City of Belmont, like all California cities, has been impacted by effects of economic downturn and State shifts of local revenues and has undertaken a proactive, multi-year budget correction plan referred to as Corrective Action Plan.
- b. Measures to balance the budget include implementation of several budget correction plans that include use of reserves, program and service reductions, personnel reductions and freezing of salaries, service sharing and revenue enhancement.
- c. The City Council has an adopted policy on general fund reserves to maintain reserves of not less than \$2,000,000 and not more than 20 of operating budget.
- d. Unlike any other cities with fire and emergency response service responsibility, fire protection responsibility and funding is separate from the general fund of the City of Belmont by existence of the Belmont Fire Protection District (BFPD), a

subsidiary district of the City of Belmont. The BFPD receives a segregated share of the 1% property tax revenue and is not subsidized by City General Fund revenues.

- e. BFPD 2010-11 Revenue was \$6,470,122 and the District's Projected Year End Fund Balance is \$3,636,431. The lower range of estimated cost of service under the hybrid and contracting models are within the current year revenue range. The low range estimate of the stand alone model exceeds current year revenues by \$826,402.

4. Status of, and Opportunities for, Shared Facilities

- a. By necessity and best practice, the City of Belmont practices resource sharing and shared facilities with the County, cities and other agencies as detailed in the Municipal Service Review.
- b. At the writing of this report, the County, cities and special districts are considering various resource sharing and cost-cutting measures including but not limited to contracting and sharing services in the areas of police, fire and public works services to achieve efficiencies and economies of scale.
- c. Collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection and emergency response.¹ Salaries, health care and pensions are major cost drivers of fire and emergency response. In spite of long-standing practices of automatic aid and shared services, cost of service has grown in the face of diminished funding sources. The prolonged economic downturn and negative impact to funding sources and the pending dissolution of the Belmont San Carlos Fire Department underscore the need for the County, fire districts and cities to create further efficiencies, work toward sustainable regional service delivery and a stable governance model.

5. Governance, Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

- a. The City of Belmont maintains an extensive website that provides access to City programs, documents and other information in a timely manner.
- b. The Council appointed boards, committees and commissions provide for public input and participation in a variety of city programs and services.
- c. Opportunities exist to collaborate with the County of San Mateo to annex areas in the City's sphere of influence that are surrounded by the City, that could benefit from City services and contribute to city property tax and other revenues.
- d. Opportunities exist to collaborate with the County of San Mateo to explore governance alternatives of the Harbor Industrial Sewer Maintenance District for more cost effective and efficient service and equitable rates.
- e. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services

¹ Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

such as road maintenance, sewer service, police and fire protection and building inspection. For the City of Belmont, this includes the Harbor Industrial Area and, proposed for addition to the City's sphere a small area of Unincorporated Devonshire.

- f. Opportunities also exist for the County and City of Belmont to promote annexation of unincorporated areas to achieve efficiencies in service delivery and/or examine contract service provided by the agency best able to provide efficient service.
- g. The Belmont City Council has an adopted policy supporting a cooperative approach to annexation of the Harbor Industrial Association.
- h. Absent annexation, opportunities exist for the County and City of Belmont to examine alternatives in operation and governance of the Harbor Industrial Sewer Maintenance District operations for a more efficient and regional approach. These include: establishing sewer service as a subsidiary district of the City to provide for a subsidiary district with responsibility for sewer functions and sewer service for city territory and unincorporated areas in the City's sphere; the County contracting with nearby cities for sewer maintenance and operation; and expansion of the service of the South Bayside System Joint Power Authority (SBSA JPA) to transfer sewer operations and maintenance of sewer infrastructure of all entities that flow to the plant.



Attachment C

Recommended Sphere of Influence Determinations City of Belmont, Belmont Fire Protection District and Related County-Governed Districts

Sphere of Influence 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. The following section discusses these areas of determination.

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

Land use designations in unincorporated areas in the City's sphere are substantially compatible with land use in City boundaries. In the case of the Harbor Industrial Area and the portion of Devonshire recommended for inclusion in the City's sphere there is little in the way of land use or infrastructure that distinguishes these unincorporated areas from the surrounding areas in city boundaries. There are no agricultural lands in the study area and proposed determinations.

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

The study area consists of two non-contiguous areas. Devonshire unincorporated area recommended for inclusion in the sphere does not include residential development. Census 2000 population for the Harbor Industrial Area was 155 persons. The area is in need of basic municipal services. It is anticipated that the level of demand may increase modestly as a result of development potential in some areas. The County of San Mateo provides most municipal service to these unincorporated areas from the County Government Center and Corporation Yard in Redwood City. The area is also included in Belmont Fire Protection District and Mid-Peninsula Water District.

Adopted: _____
Date

**Sphere of Influence – City of Belmont, Belmont Fire Protection District
and Related County-Governed Districts
July 13, 2011**

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

Services provided to the study area are outlined above. The City's public facilities, including parks and roads, are adequate to serve the existing population and in many cases already serve residents of unincorporated areas in the City's sphere. The City's Capital Improvement Program and Pavement Management Program include plans for improvement of public facilities and recommended improvements are included in each budget cycle according to priorities and resources available. Likewise the County of San Mateo adopts a capital improvement plan for infrastructure in the Harbor Industrial Area in the City's sphere.

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

The unincorporated Harbor Industrial Area is substantially surrounded by the City of Belmont. The portion of the Devonshire Area recommended for inclusion in the City's sphere is accessed from Belmont and under the same ownership as adjacent properties within City boundaries. The City and these unincorporated areas share common service delivery patterns, land use patterns, access and school district boundaries and share social and economic communities of interest.

It is recommended that the Commission adopt these sphere determinations and update the City of Belmont Sphere of Influence to reaffirm placement of the Harbor Industrial Area in the City's sphere, add to the sphere the designated areas of Unincorporated Devonshire that include lands owned by Sequoia High School District and adjacent undeveloped lands. It is further recommended that the privately owned lands not in the Belmont Fire Protection District be included in the District's sphere in anticipation of annexation to the City and the District.