



LOCAL AGENCY FORMATION COMMISSION

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

REGULAR MEETING

AGENDA

Wednesday, May 15, 2024

2:30 pm

Board of Supervisors Chambers

Hall of Justice and Records

400 County Center

Redwood City, CA 94063

This meeting of the San Mateo Local Agency Formation Commission (LAFCo) will be in person at the above-mentioned address. Members of the public will be able to participate in the meeting remotely via the Zoom platform or in person at 400 County Center Redwood City, CA 94063. For information regarding how to participate in the meeting, either in person or remotely, please refer to the instructions at the end of the agenda.

Hybrid Public Participation

The May 15, 2024, LAFCo regular meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/96442908061>. The webinar ID is 964 4290 8061. The meeting may also be accessed by telephone by dialing +1 669 900 6833 (local) and entering webinar ID then #. Members of the public may also attend this meeting physically in the Board of Supervisors Chambers at 400 County Center, Redwood City, CA 94063.

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

* Spoken public comments will be accepted during the meeting in person or remotely through Zoom at the option of the speaker. Public comments via Zoom will be taken first, followed by speakers in person.

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

ADA Requests

Individuals who require special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact LAFCo staff as early as possible but no later than

(OVER)

COMMISSIONERS: KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT
▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪
DIANE ESTIPONA, CLERK

10:00 a.m. the day before the meeting at lafco@smcgov.org. Notification in advance of the meeting will enable the Staff to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

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

1. Roll Call
2. Public Comment for Items Not on the Agenda and on the Consent Agenda
3. Consent Agenda*
 - a. Approval of Action Minutes: March 20, 2024 (*Page 5*)
 - b. Consideration of LAFCo File No. 24-04 - Proposed Annexation of 10 Los Charros Lane, Portola Valley (APN: 079-060-120) to West Bay Sanitary District (*Page 12*)

Public Hearings

4. Consideration of Final Municipal Service Review for the Broadmoor Police Protection District (*Page 25*)
5. Consideration of Final Municipal Service Review for the City of San Bruno (*Page 135*)
6. Consideration of Adoption of Final Work Program and Final LAFCo Budget for Fiscal Year 2024-2025 (*Page 191*)
7. Consideration of a Resolution Authorizing an Agreement with the County of San Mateo for Staffing, Legal Counsel, Office Space, and Supplies for Fiscal Year 2024-2025 (*Page 210*)

Regular Agenda

8. Legislative and Policy Committee
 - a. Legislative Report – Information Only (*Page 220*)
9. Commissioner/Staff Reports – Information Only
10. Adjournment

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

During the LAFCo hybrid meeting, members of the public may address the Commission as follows:

***Written Comments:**

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

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

***Spoken Comments**

In-person Participation:

1. If you wish to speak to the Commission, please fill out a speaker's slip located at the entrance. If you have anything that you wish distributed to the Commission and included in the official record, please hand it to the Clerk who will distribute the information to the Commission members and staff.

Via Teleconference (Zoom):

1. The Commission meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/96442908061>. The webinar ID is 964 4290 8061. The Commission meeting may also be accessed via telephone by dialing +1 669 900 6833 (local). Enter the webinar ID, then press #. Members of the public can also attend this meeting physically in the Board of Supervisors' Chambers at 400 County Center, Redwood City, CA 94063.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When the Commission Chair or Clerk calls for the item on which you wish to speak, click on "raise hand." Speakers will be notified shortly before they are called to speak.

***Additional Information:**

For any questions or concerns regarding Zoom, including troubleshooting, privacy, or security settings, please contact Zoom directly.

Public records that relate to any item on the open session agenda for a regular Commission meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members or a majority of the members of the Commission.

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

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

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Action Minutes

San Mateo Local Agency Formation Special Commission Meeting

March 20, 2024

Chair Martin called the Wednesday, March 20, 2024, Special Meeting of the Local Agency Formation Commission (LAFCo) to order at 2:30 pm at the San Mateo County Board of Supervisors Chambers, 400 County Center, Redwood City, CA. Members of the public were also able to participate in the meeting remotely via Zoom.

1. Roll Call

Members Present: Kati Martin, Tygarjas Bigstycck, Virginia Chang-Kiraly, Harvey Rarback, Warren Slocum, Ann Draper, Ray Mueller

Members Absent: None

Staff Present: Rob Bartoli, Executive Officer (joined remotely), Timothy Fox, Legal Counsel
Diane Estipona, Clerk

2. Public Comment for Items Not on the Agenda

None.

3. Consent Agenda

- a. **Approval of Action Minutes: March 20, 2024**
- b. **Consideration of LAFCo File No. 23-08 - Proposed Outside Service Agreement for water by the City of Redwood City to 3647 Oak Knoll Drive (APN 057-173-120), Unincorporated Redwood City**
- c. **Consideration of LAFCo File No. 24-01 - Proposed Annexation of 27 Hillbrook Drive, Portola Valley (APN 079-073-170) to West Bay Sanitary District**

Commission Action: Commissioner Bigstycck moved to approve the consent agenda
Commissioner Chang-Kiraly seconded the motion. Motion passed unanimously by roll call vote.
(Ayes: Commissioners Martin, Bigstycck, Chang-Kiraly, Rarback, Slocum, Mueller, and Draper;
Noes: None)

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

ANGELA MONTES, CLERK

LAFCo Meeting
Packet Page 5

4. Consideration of Municipal Service Review Circulation Draft for the Broadmoor Police Protection District

Rob Bartoli, Executive Officer, presented the staff report and draft MSR for the Broadmoor Police Protection District. The MSR encompasses these updates, new data, and revised recommendations. LAFCo has taken no action toward BPPD other than the publication of this and previous studies.

Mr. Bartoli highlighted the main issues discovered in this study including the following:

- BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits.
- BPPD has cut spending dramatically since the start of FY23-24 by eliminating two officer positions, some per-diem officers, and moving other per-diem officers into unpaid volunteer positions. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerned LAFCo staff about whether BPPD and the public have a full understanding of the fiscal health of the District.
- Just two months after the adoption of the FY23-24 Budget, BPPD approved and later rescinded a resolution that declared that BPPD was insolvent and facing a fiscal emergency. The resolution also directed BPPD staff to take steps to file for bankruptcy protection.

Other key issue include:

- BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.
- The District does have independent audits which are shared with staff and Board members; however, it does not appear that these audits are agendaized for discussion at Board meetings.
- BPPD does not have a Master Plan, Strategic Plan, or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrades or repairs and replacement of equipment and vehicles. BPPD has stated that they have contacted the California Special Districts Association regarding hiring a company to produce a strategic fiscal plan for the District.

- The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.

Commissioner Draper mentioned that Page 41 of the agenda packet, incorrectly referenced the City of Burlingame. Mr. Bartoli clarified that it will be revised moving forward along with any minor typos within the report.

Commissioner Rarback asked how the Broadmoor Police Protection District (BPPD) would be merged with the City of Daly City and if it requires dissolution first. Mr. Bartoli responded that the annexation of the unincorporated areas of Broadmoor and Colma to the City of Daly City would be required to implement this governance change.

Commissioner Chang-Kiraly requested a status update for the CSDA hiring a company to produce fiscal plans and reports. Mr. Bartoli stated there is no new update aside from a previously received written comment from the District saying they are pursuing this matter.

Commissioner Bigstycyk asked if conducting the MSR would be the first step for LAFCo to initiate the dissolution via SB 938. Mr. Bartoli confirmed that is one of the requirements including one other finding to fully adopt the MSR.

Commissioner Bigstycyk requested more data from BPPD regarding continuing Brown Act training.

Chair Martin opened public comment.

Johnathan Gruber, a resident of Broadmoor, spoke in favor of BPPD.

David Smith, a resident of Broadmoor, spoke in favor of BPPD.

Andrea Hall spoke in favor of the LAFCo MSR and the recommendations in the report.

Chair Martin closed public comment.

Commissioner Bigstycyk asked the BPPD what kind of training regimen is offered to Commissioners regarding governance. Broadmoor Police Chief Connolly answered that there are online courses available, but no mandatory continuing education is in place. Commissioner Bigstycyk suggested that the Broadmoor Commission seek other opportunities to further their understanding of procedures for meetings. Commissioner Draper also suggested that the BPPD Commission look to other commissions for procedures, policies, and best practices while recommending gaining staff, consultants, or volunteers.

Commissioner Rarback – in favor of the LAFCo recommendations.

Commissioner Chang-Kiraly – in favor of LAFCo and recommended that the BPPD adopt more regular training outside what is offered on their main website.

Chair Martin stated that she would like to see the BPPD Board members be more involved both in the discussions of the MSR at LAFCo and in the discussion of the general fiscal stability of BPPD.

Commissioner Mueller – left the meeting at 3:25 PM due to sickness.

Commission Action: Commissioner Chang-Kiraly moved to approve the draft report. Commissioner Rarback seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstycck, Chang-Kiraly, Rarback, Slocum, and Draper; Noes: None; Absent: Mueller)

5. Consideration of Municipal Service Review Circulation Draft for the City of San Bruno

Mr. Bartoli presented the staff report. The City's Sphere of Influence (SOI) includes approximately 260 acres of unincorporated San Mateo County, including the San Francisco County Jail and San Francisco International Airport lands west of US 101. Since 1979, the SOI for the City has included a recommendation to detach Capuchino High School from the City of San Bruno and annex the property to the City of Millbrae. The High School is connected to San Bruno by a narrow corridor with irregular boundaries and is largely surrounded by the City of Millbrae. Currently, the City of San Bruno provides water and sewer to the property.

While LAFCo staff has not identified any issues with the City's budgeting practices, the City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.

Although the City is financially healthy and is anticipated to be able to meet service demands of foreseeable growth with planned infrastructure improvements, capital the CityNet, the City's cable and internet service, and Stormwater Enterprise funds are operating at a deficit. The City is exploring ways to create new revenue so that it can continue delivering services.

The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City's General Fund.

The City's adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City's General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

LAFCo staff is not aware of any deficiencies in the agency's capacity to meet existing service needs for which the City of San Bruno does not have a plan in place to resolve. The City is aware that the CityNet and Stormwater Enterprise funds are operating at a deficit and are exploring ways to create new revenue so that it can continue to provide services.

The City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to the City Council in FY 23-24 that explores new revenue opportunities.

The City has not had success in increasing the assessment fee for the Stormwater Enterprise Fund, which hasn't been increased since 1994.

Commissioner Draper and Chair Martin asked for additional information regarding the litigation that the City is currently involved in.

Commissioner Draper asked about clarifying the current financial status of the City in the MSR due to the unbalanced budgets.

Chair Martin opened and closed public comment. No public comments were received.

Commission Action: Commissioner Bigstyk moved to approve the draft report. Commissioner Draper seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstyk, Chang-Kiraly, Rarback, Slocum, and Draper; Noes: None; Absent: Mueller)

6. Consideration of Adoption of Proposed Work Program and Draft LAFCo Budget for Fiscal Year 2024-2025

Mr. Bartoli presented the LAFCo Draft Budget and Workplan for FY 2024-25. The proposed LAFCo budget for FY2024-25 is \$816,415 The adopted FY 23-24 budget is \$846, 030 and the estimated FY 23-24 year-end-actuals is \$628,297.

Other costs include programmed computer upgrades and increases in costs for the CALAFCO conference and workshop.

The appropriations budget and net operating budget decreased by \$29,615. However, due to the allocation of fund balance in FY23-24, the 1/3 apportionment will be required to increase by 10% compared to the prior fiscal year.

Staff is conservatively estimating the County Attorney's Office's actual charges based on the complexity of the several anticipated applications and the potential of litigation. Some cost savings will be achieved due to the currently vacant Management Analyst position and the previously vacant Administrative Secretary position. Revenues include fund balance carryover, application fees, and the intergovernmental revenue from the County, cities, and special districts.

Commissioner Draper stated that there should be a task item included to follow through with MSR conditions every fiscal year. Mr. Bartoli clarified that a related item is stated on Page 3 of the budget and will make it more clear in the final proposed workplan.

Chair Martin opened public comment.

Greg Ferris, a Menlo Park resident, spoke in favor of adding an item to a future work plan that pertains to a pending annexation application in the West Menlo Park area.

Chair Martin closed public comment.

Commission Action: Commissioner Chang-Kiraly moved to approve the adoption of the proposed work program and draft the FY2024-25 budget. Commissioner Rarback seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstyck, Chang-Kiraly, Rarback, Slocum, and Draper; Noes: None; Absent: Mueller)

7. Legislative and Policy Committee

a. Legislative Report – Information Only

Mr. Bartoli presented the report. He stated that as of March 11, 2024, CALAFCO is tracking 15 bills. Legislation that is of interest to San Mateo LAFCo includes:

AB 3277 is the annual CALAFCO Omnibus bill for 2024. The bill would add language that clarifies that a financial analysis would only be needed to be conducted by LAFCo and a project applicant in those instances where a portion of the ad valorem property taxes is being sought by an agency. Currently, the section of law would be applicable even in cases where an agency waives any portion of the ad valorem taxes as part of their application. CALAFCO is requesting letters of support for this bill. (CALAFCO – Support/Sponsor)

SB 1209 would authorize a LAFCo to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCo, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from, or relating to the action or determination by the LAFCo. CALAFCO sponsored the bill in response to a 2022 appellate decision out of San Luis Obispo that held that LAFCOs could not use indemnification provisions in applications because indemnifications are a form of agreement that LAFCOs are currently not authorized to enter into. As introduced, the bill would allow LAFCOs to use provisions similar to counties and cities. CALAFCO is requesting letters of support for this bill. (CALAFCO – Support/Sponsor)

AB 805 would set up a program in which the state would provide technical, managerial, administrative, and financial assistance, where applicable, to disadvantaged communities. CALAFCO's position on the bill was changed to support the amendment if the bill includes a provision requiring the state board to consult with the local LAFCo regarding the sewer system. This bill was amended in late January and no longer addresses the consolidation of wastewater systems. (CALAFCO – Support if Amended)

b. Request to Authorize LAFCo Staff to Submit Letters of Support for AB 3277 and SB 1209 to Both Legislative Houses and to the Governor

CALAFCO has requested a letter of support for AB 3277 (Annual CALAFCO Omnibus bill) and for SB 1209 (LAFCo Indemnification). San Mateo LAFCo has drafted two letters of support of each bill. If the letters of support are approved by the Commission, it is recommended that the Commission authorize LAFCo staff to submit the letters to both legislative houses and to the Governor as the bills move through the legislative process.

Chair Martin opened and closed public comment. No written or oral comments were received.

Commission Action: Commissioner Chang-Kiraly moved to approve the letters of Support for AB 3277 and SB1209. Commissioner Rarback seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstycck, Chang-Kiraly, Rarback, Slocum, and Draper; Noes: None; Absent: Mueller)

8. Commissioner/Staff Reports – Information Only

Closed Session - The Commission adjourned to closed session to consider the following item at the end of the agenda, or at any time during the meeting as time permits. After the closed session, the Commission will reconvene in an open session.

9. Conference with Legal Counsel – Existing Litigation (§ 54956.9):

Name of Case: *East Palo Alto Sanitary Dist. v. San Mateo Local Agency Formation Comm'n (San Mateo County Superior Court Case No. 24-CIV-01489)*

10. Adjournment

The Commission adjourned at 5:30 PM. There was no reportable action from the closed session.

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May 8, 2024

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: Consideration of LAFCo File No. 24-04 - Proposed Annexation of 10 Los Charros Lane, Portola Valley (APN 079-060-120) to West Bay Sanitary District

Summary

This proposal, submitted by landowner petition, requests annexation of 10 Los Charros Lane, Portola Valley (APN 079-060-120) to West Bay Sanitary District and connection to the District's sewer main. The property owner is planning a future project on the property and wishes to connect to a sewer system prior to the project. The proposal has 100 percent landowner consent and waiver of conducting authority proceedings is also requested. Commission approval is recommended.

Departmental Reports

County Assessor: The total net assessed land valuation for the parcel shown in the records of the County Assessor is \$5,020,000. The boundaries of the annexation as proposed conform to lines of assessment and ownership.

County Clerk: The territory has two registered voters. If the annexation is approved, the property will need to be assigned to a precinct that includes West Bay Sanitary District.

County Public Works: The draft map and legal description have not yet been submitted for review.

Town of Portola Valley: The Town's General Plan designation is low intensity residential (1-2 acres per dwelling unit). It will be necessary for any work to be reviewed by Town Planning and Public Works, and an encroachment permit is required.

County Environmental Health: The California Water Service Company and West Bay Sanitary District provide the available water and sewer service in the area. Upon connection to WBSD, the existing onsite wastewater treatment system must be properly destroyed under permit from Environmental Health.

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DIANE ESTIPONA, CLERK

West Bay Sanitary District: Fees for annexation, permits, annual service charges and reimbursement fees associated with this connection will be required and paid for by the proponent. Annexation to the on-site wastewater disposal zone (ZONE) will be required, and the proponent will be required to construct a District conforming pretreatment pumping system on the property and connect to the existing force main on Sausal Drive.

Executive Officer's Report

This proposal has been submitted by landowner petition. The territory proposed for annexation is located at 10 Los Charros Lane, Portola Valley, near Sausal Drive. The property is proposed to connect to an existing sewer force main located in front of 169 Sausal Drive.

The annexation area is within the sphere of influence of West Bay Sanitary District adopted by the Commission in 1984 and is consistent with the District's plans for extending service. Approval of the annexation is recommended.

Annexation to the On-Site Wastewater Disposal Zone

Sections 6960.3 and 6974 of the Health and Safety Code governing sanitary districts require LAFCo approval for formation of, or annexation to, an On-site Wastewater Disposal Zone (Zone) in counties in which LAFCo has added special district members to the Commission and adopted Rules and Regulations Affecting the Functions and Services of Independent Special Districts. West Bay Sanitary District operates a Zone within its jurisdiction to maintain pumping systems where gravity flow to the sewer main is not possible. Annexation of these properties to the Zone is necessary for the District to maintain the pumping system that will be constructed as part of the sewer connection. Staff recommends approval of annexation to the Zone.

California Environmental Quality Act

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

Waiver of Conducting Authority Proceedings

Section 56662(a) of the Cortese-Knox-Hertzberg (CKH) Act specifies that the Commission may waive conducting authority proceedings for annexations of uninhabited territory with 100 percent landowner consent provided that no objection is submitted by subject property owners or voters. The purpose of the conducting authority proceedings is to measure landowner or voter protest within the affected territory. The landowners have requested, and staff recommends waiver of conducting authority proceedings.

Recommended Commission Action by Resolution

By resolution, approve 24-04 - Proposed Annexation of 10 Los Charros Lane, Portola Valley (APN 079-060-120) to West Bay Sanitary District, subsequent annexation to the On-site Wastewater Disposal Zone and Waiver of Conducting Authority Proceedings.

Attachments

- A. Annexation Application for 10 Los Charros Lane, Portola Valley
- B. Vicinity Map

C. Resolution No. 1318

cc: Sergio Ramirez and Jason Feudale, West Bay Sanitary District
Carol Borck, Town of Portola Valley
Gregory Smith, San Mateo County Environmental Health
Penny Boyd, San Mateo County Clerk
Andrew Smith, San Mateo County Assessor
Robert Katz and Jennifer Der Yuen, Property Owners

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

A. GENERAL INFORMATION

- 1. Briefly describe the nature of the proposed change of organization, reorganization, or outside service agreement.

Annexation of 10 Los Charros Lane, arresidential property, to connect to West Bay Sanitary District (including construction and abandonment of septic).

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

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

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

- 3. What are the reasons for the proposal?

To connect our residential property to public sewer to abandon the existing septic system to accommodate our growing family's needs.

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

X Yes No

RECEIVED

APR 03 2024

- 5. Estimated acreage: 1.2

LAFCO

B. SERVICES

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

West Bay Sanitary District

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

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

SERVICE	PRESENT SOURCE	PROPOSED SOURCE	FUNDING SOURCE	
			CONSTRUCTION	OPERATING
<i>Police (example)</i>	<i>Co. Sheriff</i>	<i>City Police</i>	<i>N/A</i>	<i>Taxes</i>
<i>Sewer (example)</i>	<i>None</i>	<i>City of . . .</i>	<i>Proponent</i>	<i>Fees</i>
Sewer	None	West Bay Sanitary	Proponent	

C. PROJECT PROPOSAL INFORMATION

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

Residential property on the north side of Los Charros Lane on the corner of Sausal Lane.

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

Single family home

3. How are adjacent lands used?

North: Residential (single family home)

South: Residential (single family home)

East: Residential (single family home)

West: Residential (single family home)

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

The proposed change will not immediately result in additional development. The abandoned

portion of our lot will be used for landscaping and an ADU at a later time, as well as permit expansion of the main house.

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

Single family residence

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

R-E/1A/SD-1a

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

None

8. What additional approvals will be required to proceed?

West Bay Sanitary
County Environmental Health Services
Town of Portola Valley

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

No

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

It will allow potential construction of an ADU on the leech field and/or expansion of the main house.

* * * * *

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

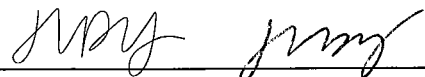
NAME: Jennifer Der Yuen

EMAIL: jderyuen@gmail.com

ADDRESS: 10 Los Charros Lane, Portola Valley

TELEPHONE: 206-963-5363

ATTN: _____



Signature of Proponent

Applica_blk.doc
(10/6/2000)

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

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

1. This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code (commencing with Section 56000, Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000)
2. The specific change(s) of organization proposed (i.e., annexation, detachment, reorganization, etc. is/are:

Annexation
3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) attached hereto and by this reference incorporated herein.
4. The territory(ies) included in the proposal is/are:

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

Connecting to public sewer, including construction and abandonment of septic
7. The proposed annexation is requested to be made subject to the following terms and conditions:

None
8. The persons signing this petition have signed as:

__ registered voters or Owners of land (check one) within the subject territory.

RECEIVED
APR 03 2024
LAFCO

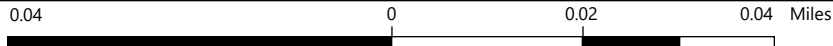
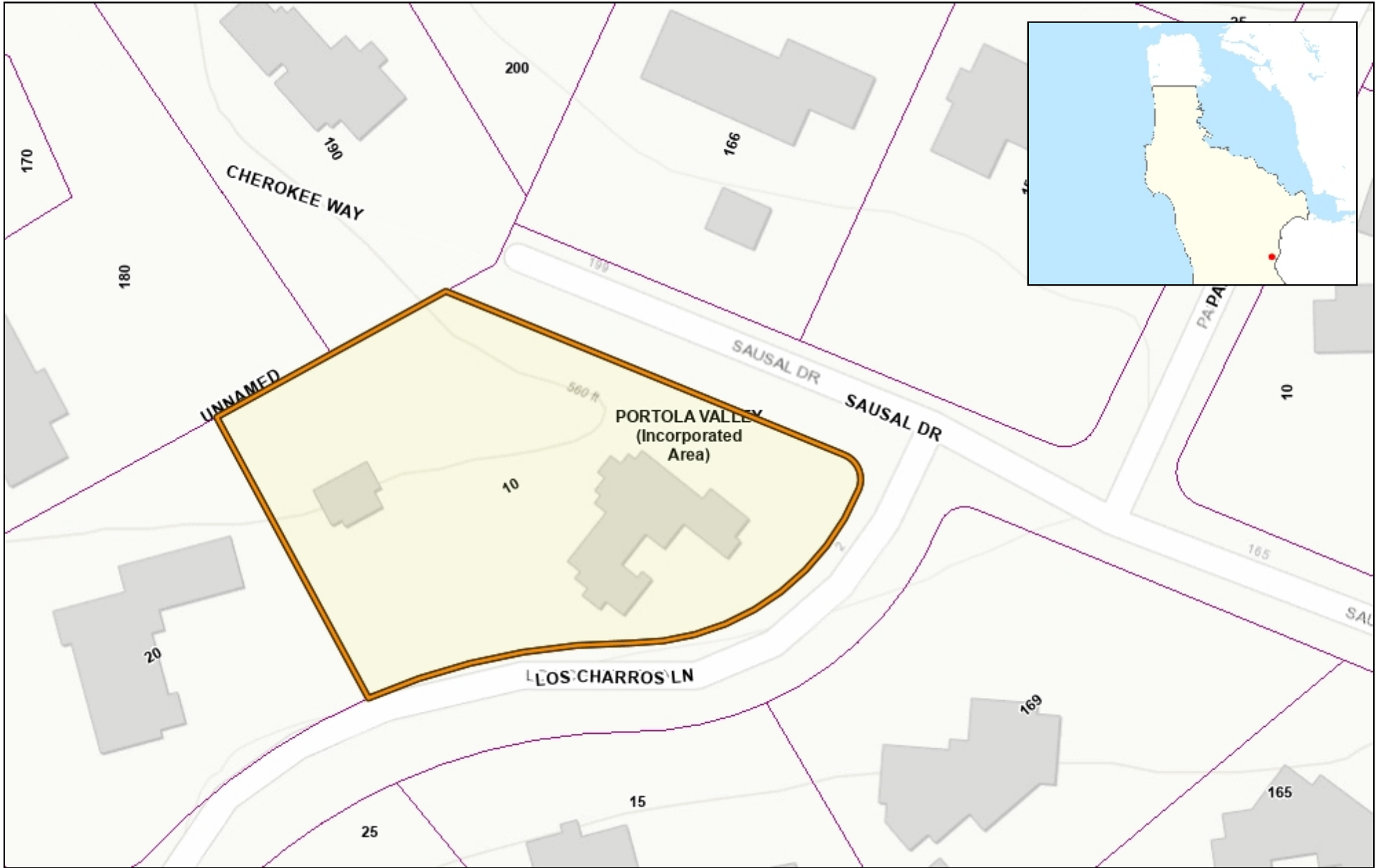
Petition
Page 2 of 2

Wherefore, petitioner(s) request(s) that proceedings be taken in accordance with the provisions of Section 56000, et seq. Of the Government Code and herewith affix signatures as follows:

Chief Petitioners (not to exceed three):

Date:	Printed Name:	Signature/Residence Address:	APN*
3/18/24	Jennifer Der Yuen	10 Los Charros Lane, Portola Valley <i>JDY</i>	
3/18/24	Tim Katz	10 Los Charros Lane, Portola Valley <i>T Katz</i>	

*Assessor's Parcel Number of parcel(s) proposed for annexation.



WGS_1984_Web_Mercator_Auxiliary_Sphere
 © Latitude Geographics Group Ltd.

1:1,128

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

THIS MAP IS NOT TO BE USED FOR NAVIGATION

RESOLUTION NO. 1318

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS, APPROVING LAFCO FILE 24-04 -
ANNEXATION OF 10 LOS CHARROS LANE, PORTOLA VALLEY (APN 079-060-120)
TO THE WEST BAY SANITARY DISTRICT AND THE ON-SITE WASTEWATER DISPOSAL ZONE, AND
WAIVING CONDUCTING AUTHORITY PROCEEDINGS**

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

WHEREAS, a proposal for the annexation of certain territory to the West Bay Sanitary District in the County of San Mateo was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

WHEREAS, the Executive Officer has reviewed the proposal and prepared a report, including the recommendations thereon, the proposal and report having been presented to and considered by this Commission; and

WHEREAS, it appears to the satisfaction of this Commission that all owners of the land included in the proposal consent to the proceeding; and

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

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

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

Section 1. This proposal is approved, subject to the following conditions: None.

Section 2. The boundaries as set forth in the application are hereby approved as submitted and are as described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 3. The territory consists of 1.2 acres, is found to be uninhabited, and is assigned the following distinctive short form designation: Annexation of 10 Los Charros Lane, Portola Valley to the West Bay Sanitary District.

Section 4. Conducting authority proceedings are hereby waived in accordance with Government Code Section 56662(a) and this annexation is hereby ordered.

Section 5. Subsequent annexation to the On-Site Wastewater Disposal Zone is hereby approved.

Regularly passed and adopted this _ day of _____.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioner(s):

Absent and/or Abstentions:

Commissioner(s):

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

ATTEST:

Rob Bartoli
 Executive Officer
 Local Agency Formation Commission

Date: _____

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

Clerk to the Commission
 Local Agency Formation Commission

Date: _____

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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

May 8, 2024

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: Consideration of Final Municipal Service Review for the Broadmoor Police Protection District

Executive Summary

This Municipal Service Review (MSR) for the Broadmoor Police Protection District (BPPD) highlight several areas of concern including the fiscal health of the District and the ability to continue to provide police services to residents. BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of Fiscal Year 2017.

These budget deficits, and the reduction of fund balance, have now directly impacted the District. BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-24 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.

This report explores potential governance and service changes including dissolution of the BPPD or if BPPD filed for bankruptcy. In Sept. 2023, BPPD passed a resolution declaring that the District was fiscally insolvent and facing a financial emergency and requested that BPPD staff pursue steps towards bankruptcy. In January 2024 this resolution was rescinded.

No action by LAFCo has been taken toward BPPD other than the publication to this and previous studies. While there are many different scenarios of either maintaining status quo, changing the governance of BPPD or changing the agency that provides police service to the Broadmoor area, any governance change would require a separate application and action before the LAFCo Commission. If BPPD was to be dissolved, the specifics about what level of

COMMISSIONERS: KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT
▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

service would be provided and how the service would be funded (including information about the status and use of any supplemental property tax) would need to be developed by the agency applying to LAFCo as part of a plan for service. In this scenario, other governance change options, or if BPPD declared bankruptcy, it would be very likely that BPPD rate payers would still be required to pay for any legacy costs associated with BPPD, such as outstanding liability.

Again, while this report does not advocate for any governance change, the report does include recommendations to BPPD that could assist both the District and public in gaining a clearer picture about the financial ability of BPPD to continue to provide services to residents.

Updates to Final Circulation MSR

Edits to the MSR include:

- On April 18, 2024, BPPD selected a consulting firm, NBS, to assist the District with developing a budget for this fiscal year, the creation of a long-term financial plan, and research and analysis for a potential property tax measure for the upcoming November 2024 election. LAFCo staff will continue to monitor these efforts and provide updates to the LAFCo Commission as needed.
- Clarification that currently, the cost per officer are similar to other surrounding agencies.
- A revised recommendation regarding exploring hiring or gaining additional staff, consultants, or volunteers to assist in performing human resource functions and administrative tasks, including budget support.
- Minor typographical corrections.

Background

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

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the Broadmoor Police Protection District (BPPD). As part of the 2022-2023 LAFCo workplan, the Commission authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the Municipal Service Review, which focused on BPPD's operations, finances, and governance. The Special Study was adopted by the Commission on March 15, 2023 meeting. From March 2023 to February 2024, LAFCo staff has provided an update to the Commission about the fiscal status of BPPD and the status of the implementation of the recommendations from the 2023 Special Study. This MSR encompasses these update, new data, and revised recommendations.

During this time period, San Mateo LAFCo staff has also attending several town hall and community meetings to present to the BPPD residents about the adopted Special Study, the work that the LAFCo Commission has done in relationship to the District, and to emphasized that, to date, the Commission has not taken any action towards BPPD.

Broadmoor Police Protection District

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

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

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

Governance

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

The formation of new Police Protection Districts now is prohibited. Code Section 20007 of Health and Safety Code states: "No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter." Per Code Section 20008, "...any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection."

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

Current Key Issues

Key issues identified in compiling information on the City of Burlingame include the following:

1. BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets. The District currently projects a budget deficit of approximately

\$450,000 for FY22-23.

2. BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.
3. Just two months after the adoption of the FY23-24 Budget, BPPD approved and later rescinded a resolution that declared that BPPD was insolvent and facing a fiscal emergency. The resolution also directed BPPD staff to take steps to file for bankruptcy protection.
4. BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.
5. The District does have independent audits which are shared with staff and Board members; however, it does not appear that these audits are agendaized for discussion at Board meetings.
6. BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD has stated that they have contacted the California Special Districts Association regarding hiring a company to produce a strategic fiscal plan for the District.
7. The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.
8. BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source. In addition, the State has taken an interest in potentially redirecting some Excess ERAF to the State. There is a risk that Excess ERAF may not be available in future years for local agencies.
9. BPPD lacks fiscal, governance and administrative policies and procedures that would help address and potentially prevent many of the issues identified above.
10. The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services.

Proposed MSR Recommendations

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

1. Growth and population projections for the affected area.

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

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

1. Growth and Population Determination

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency's service needs, demands or service boundaries.

2. Disadvantaged Unincorporated Communities Determination

The unincorporated area served by BPPD does not contain any disadvantaged unincorporated communities within its service area.

3. Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) than neighboring Daly City.

Recommendations -

1. The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs. Potential options are explored in more detail in Accountability, Structure and Efficiencies.

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

2. The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and volume of calls to demonstrate the benefit of the higher costs associated with higher levels of performance.

4. Financial Ability Determination and Recommendations

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

While cost saving measures were implemented to stabilize the financial situation at BPPD, these measures were implemented shortly after the adoption of the FY23-24 budget by the BPPD Commission. These measures were not included as part of the adopted budget. LAFCo staff is concerned that BPPD and the public do not have a full and accurate view of fiscal status of the District.

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

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

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF, which comprises 12% of the District's overall budget, is considered to be an unstable revenue source. Furthermore, the State has taken an interest in redirecting some Excess ERAF to the State, so there is risk that Excess ERAF may not be available in future years.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD is currently in conversation with the California Special Districts Association regarding hiring a company to develop a strategic plan for the District. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR and the 2023 Special Study. BPPD legal staff is currently reviewing this issue.

Although the District does not have outstanding debt, it does carry significant pension liabilities that may pose a threat to its long-term financial health. In addition, a lack of a reserve fund and the continuing use of the District's fund balance puts the District in a vulnerable position to withstand a financial crisis, such as economic recession, termination of Excess ERAF or unexpected expenses, while still be able to maintain its high level of service. Should the District face insolvency, legacy costs like pension payments for current and retired personnel, would still need to be addressed by the agency that absorbs the provision of police protection services

for Broadmoor. That agency would be entitled to receive District revenue, including the supplemental parcel tax, which could be used to pay for pension costs and other legacy costs. The successor agency would need to evaluate if the supplemental parcel tax or other potential additional taxes should continue to be collected as part of a plan for service.

Recommendations -

1. Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.
2. Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
3. Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
4. Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
5. Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.
6. Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs. LAFCo encourages BPPD to continue to work with the California Special District Association to identify a consulting firm to provide this service.
7. Adopt annual Gann Appropriation Limit resolutions.
8. Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.
9. The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services. It is recommended that BPPD conduct outreach and engagement with residents regarding the fiscal outlook for the District and potential changes to levels of service.
10. Continue to post budget documents and audits on the District's website.

5. Shared Service and Facilities Determination and Recommendations

BPPD should explore gaining additional staff, consultants, or volunteers to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies. BPPD stated that the number of human resource functions is minimal and that share shared services for these types of functions would not be feasible as they are not essential functions of providing police protection.

Recommendation

1. Where feasible, BPPD should explore gaining additional staff, consultants, or volunteers to assist in performing human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.

6. Accountability, Structure, and Efficiencies Determination

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

Recommendation:

1. LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
2. In light of on-going fiscal concerns for BPPD, the District should provide updates to the community about the current fiscal status of BPPD, efforts that BPPD has made.
3. Explore providing video/audio of Board meetings should be posted on the District's website for public viewing.
4. Continue to provide Brown Act training for all Commissioners.
5. Explore hiring or gaining additional staff, or consultants, or volunteers to assist in performing human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
6. Develop accounting, financial, governance and general administrative policies to assist the Commission and District staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review.
7. Provide information to the residents of BPPD about status of pursuing bankruptcy for the District. The information should include data about the current and future fiscal health of BPPD.

7. Other Issues Determinations and Recommendations

There are no other issues that LAFCo has identified through the MSR/SOI process. The Broadmoor Police Protection District is charged with providing police protection services within

its service boundaries. BPPD does not provide services related to water resiliency, climate change and natural hazards and mitigation planning.

Sphere of Influence Determination

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

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

The boundaries of the BPPD encompass the unincorporated Broadmoor and unincorporated Colma communities, which are predominantly developed with urban uses. The Sphere of Influence designation for BPPD is zero (dissolution) as established in 1976 and reaffirmed several times since then, most recently in 2015.

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

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency's service needs, demands or service boundaries.

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

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) than neighboring Daly City.

BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.

The most recent audit for BPPD affirms LAFCo's ongoing concerns about the District's financial health. The report states "...the district has suffered recurring significant loss in last several years, has a net deficiency in net assets and has stated that substantial doubt exists about the district's ability to continue as a going concern."

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.

There are no social or economic communities of interest within the Broadmoor Police Protection District's SOI.

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

No change to the Sphere of Influence of the Broadmoor Police Protection District is proposed at this time.

Governance Options for BPPD:

In light of the fiscal, structural and administrative concerns raised in this report and the 2023 Special Study, a discussion of alternative service and governance options is pragmatic. The 2015 MSR for BPPD identified three government structure alternatives for the District:

Status Quo

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District. However, based on LAFCo's review of recent BPPD audit and budget documents it is probable that changes to the level of service provided by the District or the levels revenue or expenditures would need to change due to budget constraints in the future. The supplemental parcel tax could be increased on property owners to raise revenue, or service and operations could be cut to reduce expenditures. These will be decisions that the BPPD Commission will need to evaluate. As part of the review of the potential changes to services or an increase in revenue, BPPD should engage with the residents of Broadmoor to understand their views on these issues and on the District. If services were not able to be provided by BPPD, the San Mateo County Sheriff's Office or other neighboring agency may be able to assist, but BPPD should engage in discussions with those agencies if the need arises.

Merge Broadmoor Police Protection District with City of Daly City

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

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

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The District could reorganize either

to a County Service Area (a dependent district under the jurisdiction of the County) or as a Community Services District (an independent special district with a five-member board). The reorganized agency could contract for police services. As discussed in the 2015 MSR, the CSA or CSD could also consider contracting for fire and solid waste services.

Any application for a County Service Area (CSA) or a Community Services District would need to include a plan for service that outlined the proposed police protection services that would be provided and information about how those services are proposed to be funded.

Contracting with Another Agency without Reorganization

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

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

Dissolution

BPPD could also be dissolved, either through a petition from registered voters or property owners residing in the District, a resolution from the BPPD Commission or another affected agency, or by LAFCo. This would require a LAFCo process and in most cases, would be subject to a protest proceeding. If the District was dissolved and Broadmoor remained unincorporated, police services could be provided by the San Mateo County Sheriff's Office, similar to other unincorporated areas in the County. The specifics about what level of service would be provided and how the service would be funded (including information about the status and use of any supplemental property tax) would need to be developed by the agency applying to LAFCo as part of a plan for service.

Government Code Section 57451 states that if the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the successor for the purposes of winding up the affairs of the dissolved district. The successor agency also received control over all money and funds. To pay for remaining legacy costs for the District, such as pension liability, the County of San Mateo could use the property tax and supplement property tax revenue that the District currently receives. In this case, revenue would still be collected to pay for legacy costs associated with BPPD even though the District would no longer be providing services. This could mean that rate payers within BPPD would pay for legacy costs

associated with BPPD, even though BPPD is no longer providing police service. Two flow charts outlining the dissolution process are attached to the report as Appendix C.

Bankruptcy

While not a governance change, the BPPD Commission adopted Resolution 2023/24-03 on September 18, 2023 to file for Chapter 9 bankruptcy stating that the agency was facing a fiscal emergency and was insolvent. The resolution was rescinded on January 9, 2024. The cost reduction measures put into place by BPPD have reduced expenditures for the FY23-24 to a point where it seems that the District will have sufficient funds to continue to provide service through the end of this fiscal year, barring any large unforeseen expenditure. While it is challenging for LAFCo to project what an outcome of a bankruptcy proceeding would have on BPPD and service to residents there are several potential outcomes:

- BPPD stabilizes and continues to provide service (status quo)
- BPPD declares bankruptcy, restructures debt and stabilizes
- BPPD declares bankruptcy, restructures debt and still is insolvent, cannot provide service

It is unknown and beyond LAFCo staff's ability to be able to predict if a bankruptcy judge would change the amount of the supplemental property tax (or any revenue from a future property tax measure) that is being paid for by residents of BPPD.

Public/Agency Involvement

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budgets, reports, policies, etc. On February 28, 2024, a Notice of Public Hearing for the Draft MSR was released by LAFCo and published in the San Mateo County Times. In addition, notices were sent to every "affected agency", meaning all other agencies and school districts with overlapping service areas.

On April 9, LAFCo staff presented to draft MSR to the BPPD Commission. On April 18, LAFCo staff gave a presentation to the Broadmoor Property Owners Association.

Two comments were received during the comment period. One letter dated April 24, 2024, was from Paul Davis, BPPD's legal counsel (Attachment D). The letter is a response to a public comment letter from Andrea Hall that was part of the March 20, 2024 LAFCo Agenda Packet for the draft BPPD MSR. The second letter is from Andrea Hall (Attachment F) dated May 1, 2024. Both of these letters discuss the status of previous or on-going litigation related to BPPD or former and current BPPD employees. Ms. Hall also expresses her concern about the potential financial impact to regarding on-going litigation and insurance costs.

Environmental Review/CEQA

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

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

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

Recommendation

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

Attachment

- A. Municipal Service Review for the Broadmoor Police Protection District
- B. Resolution No. 1319 for the Broadmoor Police Protection District Municipal Service Review
- C. MSR Areas of Determinations and Recommendations for the Broadmoor Police Protection District
- D. Letter from Paul Davis (April 24, 2024)
- E. Letter from Andrea Hall (May 1, 2024)



LAFCo Municipal Service Review for the Broadmoor Police Protection District

Final Proposed

May 8, 2024

LAFCo Municipal Service Review of the Broadmoor Police Protect District

SUBJECT AGENCY:

Broadmoor Police Protect District

388 88th Street

Broadmoor CA 94015-1717

Contact: Michael Connolly, Chief of Police

CONDUCTED BY:

San Mateo Local Agency Formation Commission

455 County Center, 2nd Floor

Redwood City, CA 94063

(650) 363-4224

Commissioners:

Kati Martin, Chair, Special District Member

Ray Muller, Vice Chair, County Member

Tygarjas Bigstycck, City Member

Virginia Chang-Kiraly, Special District Member

Harvey Rarback, City Member

Warren Slocum, County Member

Ann Draper, Public Member

Commission Alternates:

Chris Mickelsen, Special District Member

James O’Neill, Public Member

Noelia Corzo, County Member

Ann Schneider, City Member

Staff:

Rob Bartoli, Executive Officer

Diane Estipona, Commission Clerk

Tim Fox, Legal Counsel

**LAFCo Municipal Service Review
and Sphere of Influence Update
Broadmoor Police Protection District**

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Section 1: Introduction

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

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

San Mateo Local Agency Formation Commission

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

The Commission includes two members of the County Board of Supervisors, two members of city councils from the 20 cities, two board members of 21 of the 22 independent special districts, a public member, and four alternate members (county, city, special district, and public).

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

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

Local Government in San Mateo County

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

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

Purpose of a Municipal Service Review/Sphere of Influence Update

This MSR/SOI Update examines the Broadmoor Police Protection District.

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

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.

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

7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

Sphere of Influence Determinations:

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

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

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of MSR determination #3 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. The BPPD does not have any disadvantaged unincorporated communities within its SOI, as the adopted SOI is dissolution and coterminous with the BPPD boundaries.

Background of MSR

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the Broadmoor Police Protection District (BPPD). As part of the 2022-2023 LAFCo workplan, the Commission authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the Municipal Service Review, which focused on BPPD’s operations, finances, and governance. The Special Study was adopted by the Commission on March 15, 2023 meeting. From March 2023 to February 2024, LAFCo staff has provided an update to the Commission about the fiscal status of BPPD and the status of the implementation of the recommendations from the 2023 Special Study. This MSR encompasses these update, new data, and revised recommendations.

During this time period, San Mateo LAFCo staff has also attending several town hall and

community meetings to present to the BPPD residents about the adopted Special Study, the work that the LAFCo Commission has done in relationship to the District, and to emphasized that, to date, the Commission has not taken any action towards BPPD.

Section 2. Summary of Key Issues

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

- 1) BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets. The District currently projects a budget deficit of approximately \$450,000 for FY22-23.
- 2) BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.
- 3) Just two months after the adoption of the FY23-24 Budget, BPPD approved and later rescinded a resolution that declared that BPPD was insolvent and facing a fiscal emergency. The resolution also directed BPPD staff to take steps to file for bankruptcy protection.
- 4) BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.
- 5) The District does have independent audits which are shared with staff and Board members; however, it does not appear that these audits are agendized for discussion at Board meetings.
- 6) BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD has stated that they have contacted the California Special Districts Association regarding hiring a company to produce a strategic fiscal plan for the District.
- 7) The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.
- 8) BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source. In addition, the State has taken an interest in potentially redirecting

some Excess ERAF to the State. There is a risk that Excess ERAF may not be available in future years for local agencies.

- 9) BPPD lacks fiscal, governance and administrative policies and procedures that would help address and potentially prevent many of the issues identified above.
- 10) The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services.

Previous Recommendations 2023 Special Study

After the completion of the 2023 Special Study, LAFCo requested responses from BPPD about if the District agrees or disagrees with the recommendation, comments on the recommendations, and planned date for change or implementation. As part of this MSR, LAFCo staff requested any updates to these status of the recommendations from BPPD. The following table shows the original recommendations and updates for the MSR:

Table 1 BPPD Response to 2023 Special Study Recommendations

LAFCo Recommendation	BPPD Responses
<p>1. The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.</p>	<p>This refers to matters other than routine Investigative and patrol functions. BPD shares some costs e.g., dispatching services as do all agencies reliant on County Services.</p> <p>As of July 2023, SM County has elected to cease payroll services for Broadmoor PD. As a result we had to find a private vendor to handle our payroll services. This has caused severe operational and tax filing issues. AS of todays date, the private vendor is unable to resolve issues with federal tax filing.</p>
<p>2. The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and call volume. to demonstrate the benefit of higher costs associated with higher levels of performance.</p>	<p>The national average for priority call response is approximately 8 minutes. BPD average priority call time is approximately 2 minutes. Many factors go into prioritizing call response and BPD is adhering to best practices.</p>
<p>3. Prepare a quarterly financial report which presents the District’s financial condition in a user- friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to- actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District’s fund balance should be discussed in the budget documents.</p>	<p>This was discussed in 2021 and was never implemented after June 2021. This will be implemented immediately with end of year review with FY 2022/23.</p> <p>The first projected report is anticipated to be in September/ October 2023.</p> <p>The data has been collected and sent to the Board of Police Commissioners. We are unable to find an entity that can validate the raw data we have compiled.</p>

<p>4. Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District’s fiscal ability to meet these goals.</p>	<p>The Department is in current close discussions with CalPERS with adherence to best practices</p> <p>Long Term retirement fiscal costs are predicated upon CalPERS rising costs. In recent years, BPD members contributions have risen significantly. We have reached out to the California Special District’s for assistance on strategic planning on their website.</p> <p>Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning</p>
<p>5. Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.</p>	<p>Our reserve funds have been consumed by mandated corrections by CalPERS to adjust and remedy past evasive practices employed by former District Managers. Significant litigation has severely impacted the budget.</p> <p>The County of San Mateo has issued several documents which forecast our anticipated revenue. Along with our fiscal planning document, we plan to initiate our budget process in March 2024 with a goal to reduce further spending in an attempt to build a reserve fund.</p>
<p>6. Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.</p>	<p>The 2023 Audit is in DRAFT form and will be sent out from our auditor in the coming weeks.</p>
<p>7. Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.</p>	<p>Unable to implement at this time. This will be reviewed when the appropriate time comes.</p>
<p>8. Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.</p>	<p>We have reached out to California Special Districts vendors listed on their website (Regional Government Services)</p> <p>Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning</p> <p>There are currently no plans for any type of facility upgrade or needed repairs.</p> <p>Vehicle replacements are on an as needed basis.</p>
<p>9. Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight</p>	<p>This is already in practice and has been for 15 years and BPPD is in discussion with vendors.</p>

and transparency	
10. Adopt annual Gann Appropriation Limit resolutions	Awaiting a legal and fiscal determination by BPPD Legal Counsel
11. Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.	The district always looks for ways to reduce reliance on uncertain funds; however, income from grants and other uncertain sources has been reliable and most agencies rely upon such income streams.
12. Post budget documents and audits on the District's website	This has been accomplished and past budget and audits have been posted as well as past audit reports.
13. LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.	IN PROGRESS
14. Video/audio of Board meetings should be posted on the District's website for public viewing.	POLICY IS BEING DEVELOPED
15. Provide Brown Act training for all Commissioners.	There has been no change in Elected Commissioners at Broadmoor. Current Commissioners are in compliance. BPPD Counsel advises the BPPD Board of Commissioners accordingly when an issue arises.
16. Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.	This would not be a good use of limited resources. The District believes that the efficient use of tax dollars must be limited to essential needs, which do not include hiring personnel that are not absolutely essential to the mission of providing police services.
17. Post position salary and compensation data on the District's website.	This is available on the Transparent California website and our Budget documents posted on our website. The District does not have a full-time webmaster and the cost of hiring someone for this purpose would be fiscally challenging given competing priorities.
18. Post contracts and hiring policies on District's website	Applicants for Peace Officer and other positions are posted when needed.
19. Develop accounting, financial, governance and general administrative policies to assist the Commission and District staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review	There is no district staff. Any administrative support is either internal staff or identified consultants. Additional staff would incur costs that the District is not fiscally prepared for.

As many of these recommendations are still in the process of being implemented to reviewed by the District, San Mateo LAFCo will continue to include these recommendations in this MSR. The full response table is in the report as Appendix D.

Section 3. Affected Agencies

County and Cities: San Mateo County, City of Daly City, Town of Colma

School District: Jefferson Elementary School District

Independent Special Districts: San Mateo County Harbor District and San Mateo County Mosquito & Vector Control District

Section 4: Background & History of Broadmoor Police Protection District

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

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

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

Broadmoor Police Protection District was formed under California Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California that employees its own officers. The two other remaining police protection districts, both located in Fresno County, contract with the sheriff’s office for staffing.

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

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

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

Current Sphere of Influence

The boundaries of the BPPD encompass the unincorporated Broadmoor and unincorporated Colma communities. The Sphere of Influence designation for BPPD is zero (dissolution) as established in 1976 and reaffirmed several times since then, most recently in 2015.

Section 5: Areas of Review

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

1) Growth & Population

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

Discussion

a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?

The Broadmoor Police Protection District provides police protection services to approximately 7,200 residents in BPPD does not provide any other services in the District’s service area. unincorporated Broadmoor Village and an unincorporated area adjacent to Colma. The area is largely residential with some commercial uses and primary built out. BPPD’s service area is wholly comprised of unincorporated territory with the County of San Mateo acting as the land use planning agency.

b-c) Will population changes have an impact on the subject agency’s service needs and demands or require change in service boundaries?

The territory served by BPPD is not expected to experience significant population growth or development over the next 5-10 years. Currently, the County of San Mateo Housing Element is exploring rezoning some properties in the unincorporated Colma area, but these are still in progress. No changes in the development pattern of the Broadmoor Village area is proposed by the County.

Growth & Population Determinations

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency’s service needs, demands or service boundaries.

Recommendation

None

2) Disadvantaged Unincorporated Communities

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

a-c) Disadvantaged Unincorporated Communities

The unincorporated area served by BPPD does not contain any disadvantaged unincorporated communities within its service area.

Disadvantaged Unincorporated Communities Determinations

The unincorporated area served by BPPD does not contain any disadvantaged unincorporated communities within its service area.

Recommendation

None

3) Capacity and Adequacy of Public Facilities and Services

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

Discussion:

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

As of March 2023, BPPD currently operates with 7-full sworn officers, including the Chief of Police, a reduction of two officers from 2022. There are also 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. While there are five per diem officers, which are typically paid positions, all of these officers have transferred to non-paying reserve positions since November 2022 for budgetary reasons³. From August 2023 to March 2024, the Chief of Police/General Manager salary was reduced by 50%, however the position remained full time. Since the start of March 2024, the position salary has been reinstated to 100%. The part-time Commander position has been vacant since November 2023⁴.

Per BPPD, the District does not have specific ratio for sworn officers to residents. Currently minimum staff is one officer per patrol shift with a sergeant working a split days/night schedule to supervise and assist with patrol and patrol supervisory duties. Reserve officers are used when available to support or augment patrol shifts There are four officers, one corporal and one sergeant assigned to patrol⁵.

When the Special Study was published in 2023, BPPD operated with 9 full-time sworn officers,

³ BPPD Response to LAFCo 3/1/2024

⁴ Ibid

⁵ Ibid

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

Prior to 2021, BBPD had a reserve officer unit that was staffed with a minimum of 10 reserve officers. Per District staff, In October 2021, the reserve officer unit was decommissioned due a lack of participation by the reserve officers.

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

In the 2023 Special Study for BPPD, the district had a ratio of 2.04 officers per 1,000 residents. With the reduction of two officer positions, the ratio has dropped to 1.03 officers per 1,000 residents, a ratio lower than the City of Daly City.

Table 2. Officers Per Residents (Budgeted positions as of 3/5/2024)

Agency	Residents	Full Time-Officers	Officers Per 1,000 Residents
BPPD (FY24)	7,206	7	1.03
City of Daly City PD (FY22)	104,901	111	1.06
Town of Colma PD (FY22)	1,507	19	12.61
County Service Area 1 (Contacted with San Mateo County Sheriff) (FY22) ⁶	4,767	3	0.63

Table 3. Comparison of Costs of Police Services

Agency	Police Budget	Calls for Service	Cost per Call for Service
BPPD (FY22)	\$2,692,985	6,772	\$398
City of Daly City PD (FY22)	\$48,030,642	57,177	\$840
Town of Colma PD (FY22)	\$9,167,209	23,458	\$390

⁶ The contract with County Service Area 1 (Highlands) includes 18 hours of patrol service, 12 deputy hours per day shift and six deputy hours per night shift seven days a week. Response outside of those hours is provided out of the San Mateo County Sheriff’s Office and response requiring more than one deputy or additional service such as detectives, etc. are funded by the Sheriff’s Budget

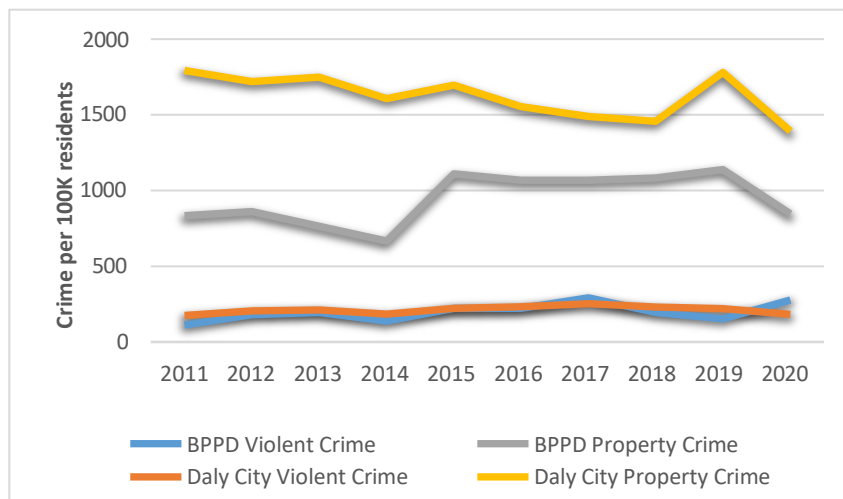
County Service Area 1 (Sheriff Service) (FY22)	\$866,555	2,110	\$411
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The Broadmoor Police Protection District handles a variety of public assistance, patrol, traffic enforcement, as well as emergency Priority 1 response calls. The overall calls for service in FY 21-22 totaled approximately 6,772 calls and with a budget of \$2,692,985, that equates to \$398 per call response. The District’s cost per call is comparable to the Town of Colma and County Service Area 1 (Highlands), both of which, like Broadmoor, are small communities with less than 10,000 residents.

A review of Part I violent crime (defined by the Federal Bureau of Investigation [FBI] as homicide, rape, robbery and aggravated assault) in Broadmoor and Daly City over the past 10 years reveals a comparable annual violent crime rate of approximately 2,000 violent crimes per 100,000 residents. In contrast, the Part I property crime (defined by the FBI as arson, burglary, larceny-theft and motor vehicle theft) was significantly higher in Daly City, reflecting the abundance of commercial businesses in Daly City compared to the mostly residential Broadmoor (Figure 1)⁷. In addition, Daly City has seen a higher clearance rate for both violent and property crimes (57% and 20%, respectively) over the past ten years compared to Broadmoor (44% and 10%), although the gap is narrowing for violent crime clearance in recent years (Figure 2).

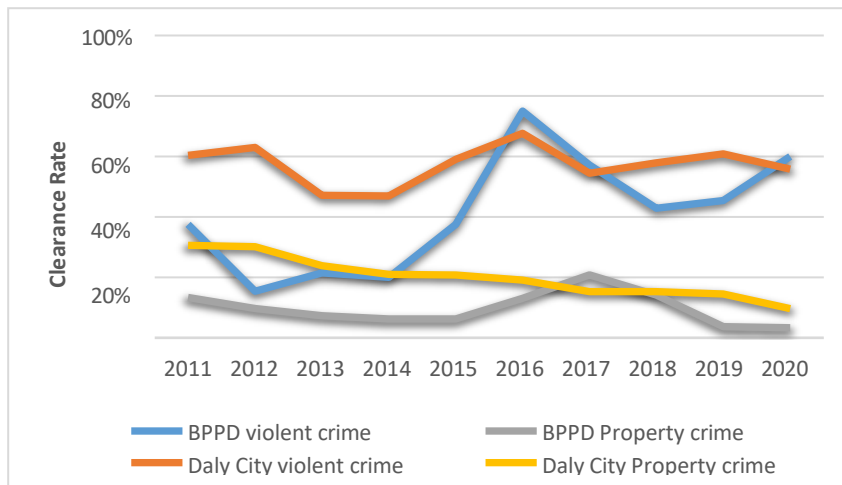
The Part I crime and clearance data demonstrate that the likelihood of experiencing a violent crime is similar for residents in Broadmoor and Daly City, and that the likelihood of a crime being cleared (“solved”) is higher for residents of Daly City. This suggests that ~~despite Broadmoor’s higher cost for service,~~ the two police departments are providing a similar level of police protection to their residents.

Figure 1. Part I Crime rates in Broadmoor and Daly City



⁷ FBI Crime Explorer, <https://cde.ucr.cjis.gov/LATEST/webapp/#/pages/home>

Figure 2. Part I Clearance Rates in Broadmoor and Daly City



Capacity and Adequacy of Public Facilities and Services Summary and Recommendations

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) ~~than to~~ neighboring Daly City.

Recommendations

- 1) The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs. Potential options are explored in more detail in Accountability, Structure and Efficiencies.
- 2) The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and volume of calls. ~~to demonstrate the benefit of the higher costs associated with higher levels of performance.~~

4) Financial Ability

Financial ability of agencies to provide service	Yes	Maybe	No
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?		X	
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	X		

c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	X		
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	X		
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?	X		
f) Is the organization’s debt at an unmanageable level?			X

a) Budget practices:

The BPPD Commission reviews and adopts budget proposals each fiscal year. Budget proposals typically include anticipated revenue and expenditures for the upcoming fiscal year along with a summary of prior year revenues and expenditures. However, the most recent budget proposals for however, the FY 23-24 budget does not include a summary of FY21-22 estimated actuals. The District does not have a reserve fund and its only “reserve” is any excess fund balance that carries over from one year to the next.

The adopted budget proposals do not indicate how prior year surplus or losses impact the current year’s budget. BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

Actual revenue and expenditures for each fiscal year can be found in the annual audit reports and are described in Table [43](#). The largest expenditures are employee salary and benefits, including CalPERS pension contributions. BPPD experienced a budget loss each year from FY17 through FY22 and estimates a budget loss of over \$250,000 for FY23. Although expenditures did not exceed revenue in FY21, the budget underestimated its expenditures by over \$300K. While not explicitly stated in budget documents, it appears from audit documents that the District’s fund balance is being utilized to address these losses.

In an analysis done by LAFCo, if all revenue collected by the District were to increase by 5%, including the supplement tax, property tax, and Excess ERAF, total revenue would only increase by approximately \$150,000. BPPD deficits have been an average of \$250,000 over the last six years.

Table 4. FY17 through FY23 Revenues and Expenditures⁸

	Adopted Budget		Actual Revenue & Expenditures					
	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Revenue								
Property taxes	\$1,502,500	\$1,525,000	\$1,601,244	\$2,708,371	\$1,513,527	\$1,404,010	\$1,300,497	\$1,236,826
ERAF	\$500,000	\$500,000	\$566,781		\$420,737	\$395,540	\$302,068	\$267,015
Supplemental Assessment	\$700,000	\$700,000	\$716,207		\$684,129	\$651,210	\$651,210	\$620,852
Other misc.	\$275,000	\$289,000	\$338,198	\$330,142	\$330,963	\$356,781	\$406,283	\$331,749
TOTAL REVENUE	\$2,977,500	\$3,014,000	\$3,222,430	\$3,038,513	\$2,949,356	\$2,807,541	\$2,660,058	\$2,456,442
Expenditures								
Personnel	\$1,960,559	\$1,986,613	\$2,186,905	\$2,049,242	\$2,495,139	\$2,294,409	\$2,233,012	\$1,739,329
Office expenses	\$142,650	\$136,200	\$126,038	\$920,274	\$189,449	\$207,209	\$138,999	\$327,396
Insurance	\$644,500	\$630,054	\$478,216		\$278,251	\$144,716	\$113,942	\$93,838
Professional contract services	\$354,700	\$296,700	\$370,234		\$231,142	\$210,465	\$220,765	\$200,193
Other professional services	\$35,500	\$54,350	\$198,327		\$78,072	\$194,551	\$120,209	\$65,652
Vehicle maintenance	\$107,500	\$78,500	\$41,643		\$131,583	\$106,928	\$72,393	\$78,845
Other	\$87,875	\$85,375	\$120,621	\$55,168				
TOTAL EXPENDITURES	\$3,333,284	\$3,267,792	\$3,521,984	\$3,024,684	\$3,403,636	\$3,158,278	\$2,899,320	\$2,505,253
<i>Surplus (loss)</i>	<i>(\$355,784)</i>	<i>(\$253,792)</i>	<i>(\$299,554)</i>	\$13,829	<i>(\$454,280)</i>	<i>(\$350,737)</i>	<i>(\$239,262)</i>	<i>(\$48,811)</i>

The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19, FY23 and FY24. This was planned for this in FY17 (due to increased costs related to a lawsuit) and FY23 (increased insurance fees as result of lawsuits), but there were no explanations in FY18 and FY19. Although BPPD received more revenue than projected between FY17 through FY21, it underestimated annual expenditures from as little as \$134,183 in FY17 to as much as \$874,958 in FY20 (Figure 1). The budget items that were most significantly underestimated were salaries and wages, retirement, contracts, professional services and insurance (Table 54).

⁸ Lamorena & Chang CPA audits for BPPD

Figure 1. Proposed versus Actual Budget Expenditures for FY17 through FY22

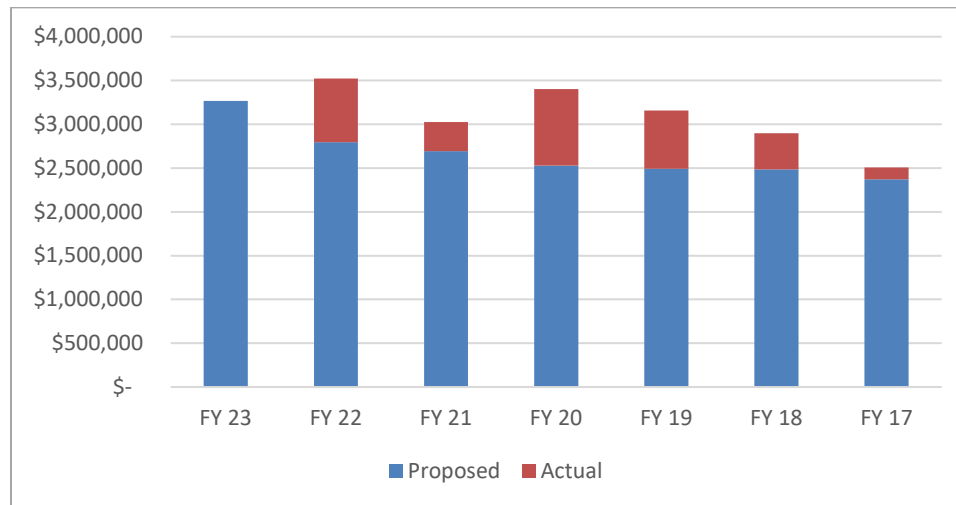


Table 5. Proposed versus actual expenditures FY17-22⁹

Retirement	Proposed	Actual
FY17	\$ 246,895	\$238,795
FY18	\$ 536,345	\$515,608
FY19	\$ 395,672	\$603,300
FY20	\$ 393,226	\$682,820
FY 21	\$ 308,134	Unk
FY 22	\$ 325,514	Unk

Insurance	Proposed	Actual
FY17	\$ 91,000	\$ 93,838
FY18	\$ 51,442	\$113,942
FY19	\$ 95,000	\$144,716
FY20	\$ 120,000	\$278,251
FY 21	\$ 283,690	Unk
FY 22	\$ 325,000	\$478,216

Professional contract services	Proposed	Actual
FY17	\$ 147,696	\$200,193
FY18	\$ 148,132	\$220,765
FY19	\$ 159,632	\$210,465
FY20	\$ 167,632	\$231,142
FY 21	\$ 192,371	Unk
FY 22	\$ 197,371	\$370,234

Other professional services	Proposed	Actual
FY17	\$ 52,500	\$ 65,652
FY18	\$ 69,300	\$120,209
FY19	\$ 91,700	\$194,551
FY20	\$ 91,700	\$ 78,072
FY 21	\$ 92,200	Unk
FY 22	\$ 113,000	\$198,327

Between FY17 and FY20, the general fund balance decreased annually. The general fund increased minimally in FY21 by \$13,829 and reported an ending fund balance of \$1,104,416 at the end of FY21¹⁰. However, the District experienced another decrease in FY 22 and reported an ending fund balance of \$804,862 on June 30, 2022. Based on unaudited estimated actuals for FY23 , the District had an estimated fund balance of an estimated \$400,000 at the June 30,

⁹ Ibid

¹⁰ Lamorena & Chang CPA audits for BPPD

2023. While the fund balance has continued to decrease, fund balance amounts have not been shown in budget documents.

The District had negative cash on-hand for two months during FY22-23, and on December 1, 2023, was removed from the San Mateo County Voluntary Investment Pool for violating the requirement that Pool participants maintain a minimum balance requirement of \$250K during three months in calendar year 2023. The County Treasurer’s Office, in coordination with Controller’s Office, removed the District from the County Pool to protect other Pool participants should the District become insolvent or file for bankruptcy. BPPD funds has been transferred to an independent bank account that is maintained by the Treasurer’s office.

BPPD provided a spreadsheet regarding revenue and expenditures for 2021-2024 that also presented at a BPPD Commission meeting. The document submitted to LAFCo was presented in calendar years. Based on this data LAFCo staff created the following table showing these revenues and expenditures by Fiscal Year:

BPPB Budget Data¹¹

	FY21-22		FY22-23		FY23-24	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
July	\$315,561	\$15,261	\$273,380	\$50,366	\$276,639	\$5,463
August	\$246,067	\$306,404	\$293,740	\$276,503	\$120,301	\$428,932
September	\$230,022	\$6,601	\$262,595	\$5,779	\$216,517	\$2,610
October	\$337,409	\$144,076	\$375,815	\$75,373	\$104,213	\$182,879
November	\$394,790	\$119,512	\$203,709	\$158,301	\$80,292	\$105,528
December	\$302,184	\$1,064,787	\$366,066	\$1,153,092	\$262,699	\$1,151,159
January	\$220,116	\$479,825	\$398,905	\$486,999	\$304,170	\$500,074
February	\$237,279	\$42,572	\$183,669	\$32,937	\$95,907	
March	\$228,413	\$117,679	\$238,750	\$125,481		
April	\$391,924	\$632,441	\$253,928	\$701,698		
May	\$301,940	\$212,797	\$440,208	\$231,361		
June	\$410,655	\$57,543	\$434,679	\$53,869		
Totals	\$3,616,359	\$3,199,499	\$3,725,444	\$3,351,758	\$1,460,739	\$2,376,646
Net Income (Loss)	(\$416,860)		(\$373,686)		\$915,907	

Currently final audited actuals for FY2022- 2023 are not available. BPPD has stated that the budget for FY 2022-2023 were offset by unknown 2022 debt and reduced expenditures. However, in review of the data provided by BPPD, the District lost \$373,686 in FY22-23 and expenditures increased over the last year. As of this report, BPPD has not clarified this issue. The data provided by BPPD to LAFCo also includes financial data that differs from the final actual reported in the 2022 audit for BPPD.

¹¹ BPPD Response to LAFCo 3/1/2024 – Broadmoor Fiscal Breakdown

Per the District’s audits and correspondence with District staff, two legal cases pending. One is related to a litigation and settlement with CalPERS. Per BPPD, it is unknown what the fiscal impact will be to the District other than ongoing legal fees. The other case is awaiting an appellate court decision with a tentative trial date in 2025. If there is a payment, the District risk pool insurance will cover expense and settlements, but there may be impacts to liability insurance costs for the District with impacts to the District’s General Fund.

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

Despite multiple years of reporting a negative net position, the audits during this time period did not include a discussion about any recommendations in the audit process. In 2017 a separate Management Letter was drafted highlighting several recommendations for financial accounting, internal controls, depreciation, and the creation of several policies. While some of these were implemented, there is no follow up documentation in subsequent audits for the majority of these recommendations.

As of June 30, 2022, the District has a negative net position of \$1,262,011¹². The District was able to reduce its long-term liabilities by \$1,402,544 during FY22, however, it is unclear to LAFCo staff how this reduction occurred. The most recent audit affirms LAFCo’s ongoing concerns about the District’s financial health. The report states “....the district has suffered recurring significant loss in last several years, has a net deficiency in net assets and has stated that substantial doubt exists about the district’s ability to continue as a going concern.” Specifically, “Given the agency maintained only \$779,573 operating cash balance as of June 30, 2022, management believes that it may not [have] sufficient capital to operate over the next 12 months. This is [the] third years of consecutive net loss of \$112,080 for 2022, 2021 is \$258,072, and 2020 is \$454,291.”¹³ In addition to the net losses for the past several years, the increase in legal and insurance costs contribute to the uncertainty to lawsuits facing the District.

While the District does undertake independent audits the audits are not presented at BPPD Commission meetings.

Due to these mounting financial challenges, the District took several actions shortly after adoption of the FY 23-24 budget, including¹⁴:

- Elimination of 2 full-time positions and 0.5 of a Commander position.
- Suspended operations of non-critical staff that augment patrol and furloughed investigations staff.

¹² Ibid

¹³ Ibid

¹⁴ Correspondence with BPPD

- Immediate reduction of some staff members' positions from full-time hours to part-time (Note: this included a reduction the Chief of Police's salary, but not work hours) .
- Further reduced of the Commander position to .25 FTE (10 hours per week).
- Implemented efforts to reduce overtime expenditures.
- Reinstated the Reserve Police Officer program (currently have 1 reserve officer with 2 in the immediate hiring phase).
- Building volunteer staff (currently 2 volunteers who handle facilities and vehicles).
- Developing plans to drastically reduce the District's vehicle fleet.
- Working with vendors to extend the timelines for paying outstanding bills.

While these actions were taken by the District, in a review by LAFCo staff of agenda, meeting minutes, and resolutions from this time, it does not appear that the BPPD Commission took these actions or formally gave direction to the Chief of Police/General Manger. There were no staff reports outlining why these actions were taken, why one action was taken over another, or any period for input from the public.

These expenditure reducing actions were also taken shortly after the BPPD adopted the FY23-24 budget. None of these cost saving measures were included in the adopted budget.

In addition, the Commission adopted Resolution 2023/24-03 on September 18, 2023 to file for Chapter 9 bankruptcy stating that the agency was facing a fiscal emergency and was insolvent. The resolution was rescinded on January 9, 2024. The cost reduction measures put into place by BPPD have reduced expenditures for the FY23-24 to a point where it seems that the District will have sufficient funds to continue to provide service through the end of this fiscal year, barring any large unforeseen expenditure. Budget projections for the rest of the fiscal year are not available from BPPD at this time. Since expenditures are drastically different from previous years, LAFCo staff is unable to provide an accurate forecast of future fund balances for BPPD.

Future Ballot Measure and FY24-25 Budget

The District is exploring the option of increasing the District's supplemental parcel tax above the maximum 5% annual increase effective July 1, 2024. Any increase above the 5% current special tax would require a ballot measure and voter approval. As of the writing of this report, the District has not yet submitted a ballot measure of the November 5, 2024 election. BPPD has not made public the amount of the increase or what level of service the District envisions would be possible in the long-term with a supplemental parcel tax increase. The District is looking to contract with an accounting firm regarding a financial analysis for the potential tax measure. The District anticipates that the FY24-25 Budget process will commence in March 2024. As part of this process, BPPD staff has stated that they will providing budgeting projections.

On April 18, 2024, BPPD selected a consulting firm, NBS, to assist the District with developing a budget for this fiscal year, the creation of a long-term financial plan, and research and analysis for a potential property tax measure for the upcoming November 2024 election. LAFCo staff will continue to monitor these efforts and provide updates to the LAFCo Commission as needed.

Pension Liability

BPPD is currently contending with a CalPERS investigation in which CalPERS alleges that several retirees of the District received full-time compensation as employees while also receiving retirement benefits and two retirees received large lump sum payments in addition to their regular pay. In a letter submitted by CalPERS to BPPD, CalPERS “noted instances of non-compliance with employment of retire annuitants, publicly available pay schedules, and incorrect reporting or non-reporting of payrates, earnings, and special compensation¹⁵.”

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

The District is seeing rising pension costs and increases to the District’s net pension liability (Table 6). At the end of FY21, BPPD’s net pension liability had increased \$638,612 since FY17, bringing the total long-term liabilities to \$3,301,465. BPPD offers four plans, a Safety Plan, a PEPRSA Safety Police Plan, a Miscellaneous Plan and a PEPRSA Miscellaneous Plan¹⁶. Currently, the largest liability is with the Safety Plan. While pension liability and unfunded liability is not unique to the BPPD, having a negative net position (where liabilities exceed assets 3 to 1), the potential for unbudgeted payments to CalPERS in response to ongoing investigations, and budget deficits in several of the last fiscal are circumstances that many other agencies do not have.

Table 6. Annual Pension Contributions and Long-Term Pension Liability

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

Other Post-Employment Benefits (OPEB)

BPPD does not provide any other post-employment benefits for medical or life insurance.

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

¹⁵ CalPERS Office of Audit Services Employer Compliance Review – “Review of Broadmoor Police Protection District” December 2021

¹⁶ The California Public Employees’ Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. The changes included setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension.

In review of independent audits for BPPD, the Districts fund balance has continued to decrease. For FY20-21, the ending fund balance was \$1.1 Million. This was decreased by \$299,544 for a total new fund balance of \$804,862 by FY21-22¹⁷. If data provided by BPPD is utilized for estimated FY22-23 revenue and expenditures, the ending fund balance on June 30, 2023 was \$431,176.

c) Service charges and other revenue sources: BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. In 1978, voters passed Proposition 13, which limited local agencies to a fixed 1% property tax, and each County Controller determines how to allocate the resulting revenues among various districts and agencies. The property tax revenue received by BPPD is unrestricted and can be used for all District business. Between FY17 and FY20 property taxes accounted for 50% of BPPD's revenue. Property taxes are a consistent source of revenue but are subject to economic growth and decline.

The supplemental parcel tax is the second largest source of revenue and accounts for an average of 22% of BPPD's revenue. The parcel tax was established in 2005 after receiving voter approval from Broadmoor residents in 2000 and is restricted to police activities. The supplemental parcel tax is a reliable source of funding, as each parcel is subject to a flat fee annually. The tax includes an escalation factor of up to five percent (per fiscal year) based upon the Consumer Price Index. The District increased the rate for the first time since FY 21-22 on August 8, 2023 (effective July 1, 2023). The FY 23-24 rate for residential dwellings is \$507.15 and \$1,108.01 for commercial or industrial parcels. There is no sunset date for this special parcel tax. Noticing is required every year to continue the existing rate, decrease or increase the rate.

As described above, the District is exploring the option of increasing the District's supplemental parcel tax above the maximum 5% annual increase effective July 1, 2024. Any increase above the 5% current special tax would require a ballot measure and voter approval. As of the writing of this report, the District has not filed the paperwork to add a ballot measure to the November 5, 2024 election. BPPD has not made public the amount of the increase or what level of service the District envisions would be possible in the long-term with a supplemental parcel tax increase.

Between FY17 and FY20, Excess ERAF accounted for approximately 12% of BPPD's revenue and represents the District's third largest source of revenue¹⁸. BPPD receives this revenue through the County as part of the ERAF calculation that limits funding shifts to school districts. When property tax revenues exceed a calculated amount, excess funds are allocated to other agencies, like BPPD, that receive property taxes. The County Controller does not recommend that agencies budget these supplemental funds for ongoing operations as they are determined

¹⁷ Lamorena & Chang CPA audits for BPPD

¹⁸ In the early 1990s, the Legislature permanently redirected a significant portion of the property tax revenue from cities, counties, and special districts to schools and community colleges. Revenue from ERAF is allocated to schools and community colleges to offset the funding these entities otherwise would receive from the state General Fund. In a few counties (including San Mateo), ERAF revenue is more than enough to offset all of the General Fund allocated to schools and community colleges. The portion of ERAF not needed for schools and community colleges is dispersed to other agencies in the county. The revenue shifted through this process is known as excess ERAF. (Source: California Legislative Analyst's Office)

each year and are not a reliable source of revenue on an ongoing basis.

Furthermore, the State has taken an interest in redirecting some of the excess ERAF to the State and away from local agencies. In 2022, as part of the proposed California State Budget, Excess ERAF was proposed to be capped at current levels for cities and counties and completely eliminated for special districts. If this had passed, the loss of ERAF funds would reduce the District's revenue moving forward by 12%. While the proposal was not ultimately included in the State budget, the issue of Excess ERAF will continue to be of interest to the State as California is facing projected budget deficits in upcoming fiscal years.

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

Gann Appropriation Limits

In 1979, California voters approved the Gann Appropriation Limit Initiative, which established requirements for cities, counties, and most special districts that used property taxes or proceeds from property taxes to calculate an appropriation limit each year to reduce the amount of growth in expenditures for each agency¹⁹. This requirement applies to all cities and districts that receive 12.5% or more of the 1% property tax. The District receives approximately 26% of the 1% property tax in District boundaries. A formula was developed to increase the limit by the change in agency population and the Consumer Price Index (CPI) from the prior year.

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

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

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

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

Financial Ability Summary and Recommendations

BPPD has had significant budget deficits in five of the last six fiscal years. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted

¹⁹ Government Code Section 7900 et seq.

unbalanced budgets for FY17, FY18, FY19 and FY23. For these budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.

While cost saving measures were implemented to stabilize the financial situation at BPPD, these measures were implemented shortly after the adoption of the FY23-24 budget by the BPPD Commission. These measures were not included as part of the adopted budget. LAFCo staff is concerned that BPPD and the public do not have a full and accurate view of fiscal status of the District.

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

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

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF, which comprises 12% of the District's overall budget, is considered to be an unstable revenue source. Furthermore, the State has taken an interest in redirecting some Excess ERAF to the State, so there is risk that Excess ERAF may not be available in future years.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD is currently in conversation with the California Special Districts Association regarding hiring a company to develop a strategic plan for the District. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR and the 2023 Special Study. BPPD legal staff is currently reviewing this issue.

Although the District does not have outstanding debt, it does carry significant pension liabilities that may pose a threat to its long-term financial health. In addition, a lack of a reserve fund and the continuing use of the District's fund balance puts the District in a vulnerable position to withstand a financial crisis, such as economic recession, termination of Excess ERAF or unexpected expenses, while still be able to maintain its high level of service. Should the District face insolvency, legacy costs like pension payments for current and retired personnel, would still need to be addressed by the agency that absorbs the provision of police protection services for Broadmoor. That agency would be entitled to receive District revenue, including the supplemental parcel tax, which could be used to pay for pension costs and other legacy costs. The successor agency would need to evaluate if the supplemental parcel tax or other potential additional taxes should continue to be collected as part of a plan for service.

Recommendations

- 1) Prepare a quarterly financial report which presents the District’s financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District’s fund balance should be discussed in the budget documents.
- 2) Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District’s fiscal ability to meet these goals.
- 3) Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
- 4) Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
- 5) Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.
- 6) Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs. LAFCo encourages BPPD to continue to work with the California Special District Association to identify a consulting firm to provide this service.
- 7) Adopt annual Gann Appropriation Limit resolutions.
- 8) Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.
- 9) The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services. It is recommended that BPPD conduct outreach and engagement with residents regarding the fiscal outlook for the District and potential changes to levels of service.
- 10) Continue to post budget documents and audits on the District’s website.

5) Shared Service and Facilities

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

a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.

BPPD has contracts with the County of San Mateo for both dispatching and crime lab services.

b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?

In the 2023 Special Study, LAFCo recommended that BPPD explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies. BPPD stated that the number of human resource functions is minimal and that share shared services for these types of functions would not be feasible as they are not essential functions of providing police protection.

c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?

Staff has not identified potential any governance options that would allow for additional facility or resource sharing, make excess capacity available to others, or avoid duplication of resources.

Shared Service and Facilities Determinations

BPPD should explore hiring-gaining additional staff, ~~or~~ consultants, or volunteers to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies. BPPD stated that the number of human resource functions is minimal and that share shared services for these

types of functions would not be feasible as they are not essential functions of providing police protection.

Recommendation

- 1) Where feasible, BPPD should explore ~~hiring~~ gaining additional staff, ~~or~~ consultants, or volunteers to assist in performing human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.

6) Accountability, Structure and Efficiencies

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

- a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. Meetings are open to the public and are held in the BPPD headquarters. The District posts copies of meeting agendas to their website, however, the full meeting packet is not available. Currently, staff reports for agenda items are not produced. 2024 agenda are not archived on

the BPPD website.

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

In 2019, a BPPD Commissioner was appointed Police Chief by the Commission. During this selection process, the Commissioner participated in the search and selection for a new Police Chief and “advocated for a non-agendized vote on the decision that would result in his appointment.”²⁰ The Commissioner was appointed to the Police Chief’s position on a 2-0 vote.

BPPD stated that meeting notices for public meetings are published three public locations as well as posting electronic notices on social media, including Facebook and Nextdoor platforms. BPPD staff also have presented at the Broadmoor Property Owners Association, several of which were attended by LAFCo and County staff.

b) Are there any issues with staff turnover or operational efficiencies?

Per the BPPD staff, the District has been able to meet staffing requirements. BPPD continues to have applicants but in lower numbers..

The Police Chief/General Manager provides all administrative and human resource function for the District. An outside account provides accounting functions, and an outside auditor provides auditing services.

The District has a Memorandum of Understanding that covers all line personnel, civilian employees, and per-diems. This MOU expired at the end of FY22-23 and negotiations are currently ongoing²¹. The position of Chief of Police and Police Commander are covered by separate contracts. The BPPD Commission reviews and approves the initial contract and any amendments to the Chief of Police contract.

c) Audits and transparency: As of the publication of this report, the latest independent audit is not available on the District’s website. The website does include budgets for 2016 through 2023. The only audit available for review on the District’s website is for FY 2017. In review of agenda and minutes for the District, independent audits including the most recent 2022 audit, were not brought to the Commission for review and approval.

The County of San Mateo provided payroll services to the District, this contract ended on June 30, 2023. The District now contracts with a private provider for payroll services. Per BPPD, there are going operational and tax issues regarding payroll that the private provide has not been able to address, including with federal tax filings²².

The Broadmoor Police Protection District’s website provides basic contact information, meeting

²⁰ Jason Green and Robert Salonga “Ex-Broadmoor police chief pleads no contest to conflict-of-interest charge” *The Mercury News* 8/4/2021.

²¹ BPPD Response to LAFCo 3/1/2024

²² Ibid

notices, agendas, and minutes, and a community events calendar. Copies of minutes, agenda, and resolutions are now available from 2017 to 2023 are available on the BPPD website. Agendas for 2024 are currently not archived. As mentioned previously, written staff reports are not created for agenda items.

Salary information for District positions is included in budget documents and adopted salary ranges for positions and classifications are now available on the District's website.

d-f) Governance Options:

In light of the fiscal, structural and administrative concerns raised in this report and the 2023 Special Study, a discussion of alternative service and governance options is pragmatic. The 2015 MSR for BPPD identified three government structure alternatives for the District:

Status Quo

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District. However, based on LAFCo's review of recent BPPD audit and budget documents it is probable that changes to the level of service provided by the District or the levels revenue or expenditures would need to change due to budget constraints in the future. The supplemental parcel tax could be increased on property owners to raise revenue, or service and operations could be cut to reduce expenditures. These will be decisions that the BPPD Commission will need to evaluate. As part of the review of the potential changes to services or an increase in revenue, BPPD should engage with the residents of Broadmoor to understand their views on these issues and on the District. If services were not able to be provided by BPPD, the San Mateo County Sheriff's Office or other neighboring agency may be able to assist, but BPPD should engage in discussions with those agencies if the need arises.

Merge Broadmoor Police Protection District with City of Daly City

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

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

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

Any application for a County Service Area (CSA) or a Community Services District would need to include a plan for service that outlined the proposed police protection services that would be provided and information about how those services are proposed to be funded.

Contracting with Another Agency without Reorganization

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

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

Dissolution

BPPD could also be dissolved, either through a petition from registered voters or property owners residing in the District, a resolution from the BPPD Commission or another affected agency, or by LAFCo. This would require a LAFCo process and in most cases, would be subject to a protest proceeding. If the District was dissolved and Broadmoor remained unincorporated, police services could be provided by the San Mateo County Sheriff's Office, similar to other unincorporated areas in the County. The specifics about what level of service would be provided and how the service would be funded (including information about the status and use of any supplemental property tax) would need to be developed by the agency applying to LAFCo as part of a plan for service.

Government Code Section 57451 states that if the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the successor for the purposes of winding up the affairs of the dissolved district. The successor agency also received control over all money and funds. To pay for remaining legacy costs for the District, such as pension liability, the County of San Mateo could use the property tax and supplement property tax revenue that the District currently receives. In this case, revenue would still be collected to pay for legacy costs associated with BPPD even though the District would no longer be providing services. This could mean that rate payers within BPPD would pay for legacy costs associated with BPPD, even though BPPD is no longer providing police service. Two flow charts outlining the dissolution process are attached to the report as Appendix C.

Bankruptcy

While not a governance change, the BPPD Commission adopted Resolution 2023/24-03 on September 18, 2023 to file for Chapter 9 bankruptcy stating that the agency was facing a fiscal emergency and was insolvent. The resolution was rescinded on January 9, 2024. The cost reduction measures put into place by BPPD have reduced expenditures for the FY23-24 to a point where it seems that the District will have sufficient funds to continue to provide service through the end of this fiscal year, barring any large unforeseen expenditure. While it is challenging for LAFCo to project what an outcome of a bankruptcy proceeding would have on BPPD and service to residents there are several potential outcomes:

- BPPD stabilizes and continues to provide service (status quo)
- BPPD declares bankruptcy, restructures debt and stabilizes
- BPPD declares bankruptcy, restructures debt and still is insolvent, cannot provide service

It is unknown and beyond LAFCo staff's ability to be able to predict if a bankruptcy judge would change the amount of the supplemental property tax (or any revenue from a future property tax measure) that is being paid for by residents of BPPD.

Accountability, Structure, and Efficiencies Determination

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

Recommendations:

- 1) LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
- 2) In light of on-going fiscal concerns for BPPD, the District should provide updates to the community about the current fiscal status of BPPD, efforts that BPPD has made.
- 3) Explore providing video/audio of Board meetings should be posted on the District's website for public viewing.
- 4) Continue to provide Brown Act training for all Commissioners.
- 5) Explore hiring or gaining additional staff, or consultants, or volunteers to assist in performing human resource functions and administrative tasks, including budget support. ~~Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support.~~ These functions could also be shared services with neighboring agencies.

6) Develop accounting, financial, governance and general administrative policies to assist the Commission and District staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review.

7) Provide information to the residents of BPPD about status of pursuing bankruptcy for the District. The information should include data about the current and future fiscal health of BPPD.

7) Other

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

a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?

There are no other issues that LAFCo has identified through the MSR/SOI process.

b-c) Water Resiliency and Climate Change and Natural Hazards and Mitigation Planning

The Broadmoor Police Protection District is charged with providing police protection services within its service boundaries. BPPD does not provide services related to water resiliency, climate change and natural hazards and mitigation planning.

Other Area Determination

There are no other issues that LAFCo has identified through the MSR/SOI process. The Broadmoor Police Protection District is charged with providing police protection services within

its service boundaries. BPPD does not provide services related to water resiliency, climate change and natural hazards and mitigation planning.

Section 5: Sphere of Influence Review and Update

Determinations

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

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

The boundaries of the BPPD encompass the unincorporated Broadmoor and unincorporated Colma communities, which are predominantly developed with urban uses. The Sphere of Influence designation for BPPD is zero (dissolution) as established in 1976 and reaffirmed several times since then, most recently in 2015.

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

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency's service needs, demands or service boundaries

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

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) than neighboring Daly City.

BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.

The most recent audit for BPPD affirms LAFCo's ongoing concerns about the District's financial health. The report states "...the district has suffered recurring significant loss in

last several years, has a net deficiency in net assets and has stated that substantial doubt exists about the district’s ability to continue as a going concern.”

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.

There are no social or economic communities of interest within the Broadmoor Police Protection District’s SOI.

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

No change to the Sphere of Influence of the Broadmoor Police Protection District is proposed at this time.

On the basis of the Municipal Service Review:

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

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

Appendix A. Broadmoor Police Protection District Fact Sheet

Michael P. Connolly, Interim Chief of Police

Broadmoor Police Protection District

388 88th Street

Daly City, CA 94015-1717

(650) 755-3840

Date of Formed: December 21, 1948

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

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

Compensation: No compensation to Commissioners

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

Services Provided: Police Protection

Area Served: 0.55 square miles

Population: Approximately 7,206

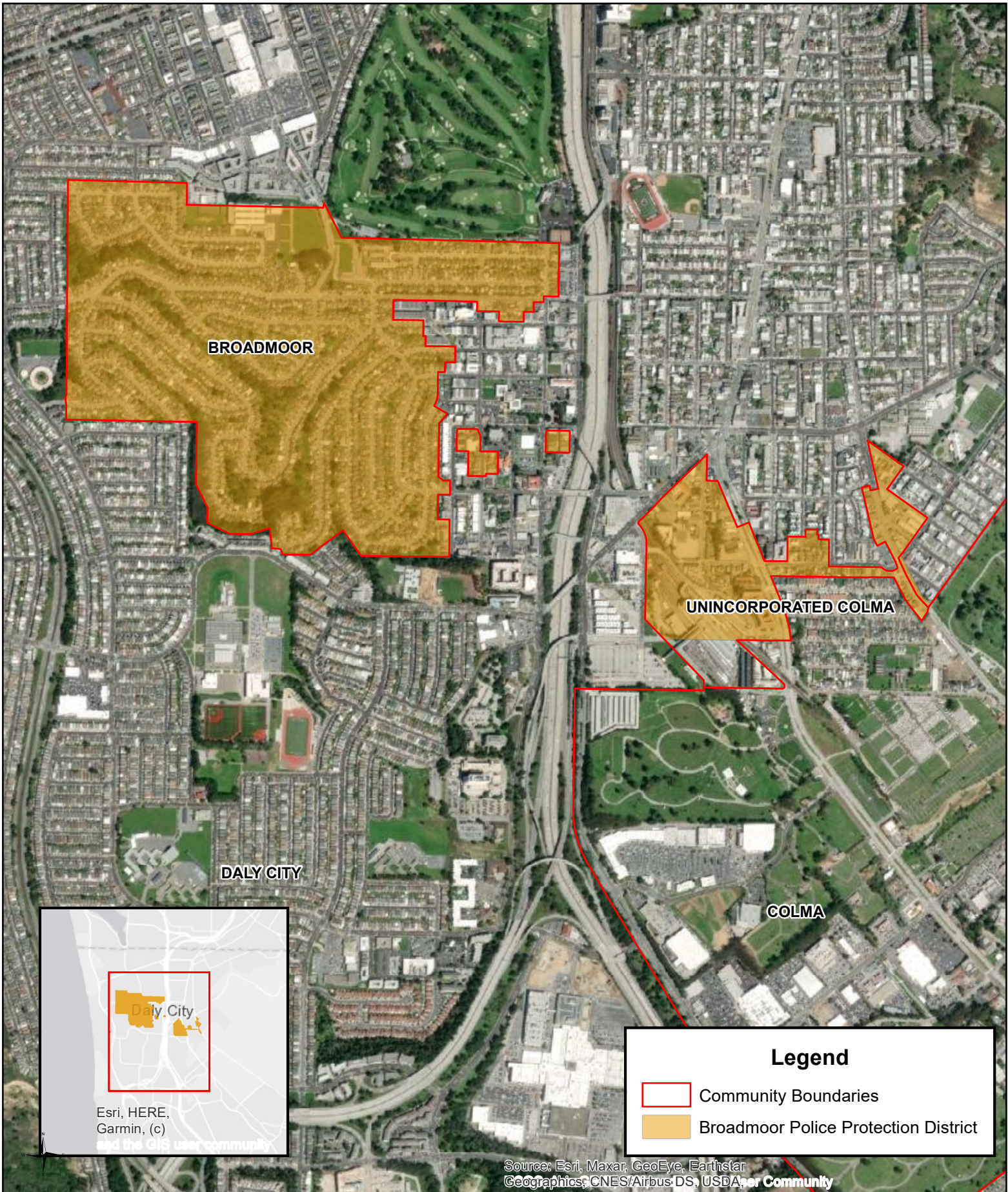
Number of Personnel: 7 full-time sworn officers, including a Chief of Police, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers

Sphere of Influence: Zero (Dissolution)

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

Appendix B. References

Correspondence with BPPD staff



Broadmoor Police Protection District

RECOMMENDATION	Does BPPD AGREE/ NOT AGREE with recommendation (YES/NO)	PLANNED DATE FOR CHANGE OR IMPLEMENTATION	COMMENTS OR REASON FOR NON- AGREEMENT	DETAILS OF CHANGE OR IMPLEMENTATION	UPDATES FOR MSR
Capacity and Adequacy of Public Facilities and Services					
<p>1. The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.</p>	<p>Agree in part. COMMENT: This refers to matters other than routine Investigative and patrol functions. BPD shares some costs e.g., dispatching services as do all agencies reliant on County Services.</p>	<p>On-going and operational with local agencies. Daly City and Colma Police Department provide cover units as back up and occasionally will handle calls for service. Broadmoor Police also provides this service for other agencies based upon high priority calls. Broadmoor Police also provide linguistics/ Translation services for both field and investigative support. (Spanish/ Cantonese) to numerous agencies.</p>	<p>We do not use other facilities unless a protracted investigation may call for mutual aid. While Police departments generally assist each other in crisis situations, they do not share costs for service delivery. This is evidenced by the fact that every agency must pay booking fees to the SO and Lab fees to the Crime Lab.</p>	<p>N/A</p>	<p>This refers to matters other than routine Investigative and patrol functions. BPD shares some costs e.g., dispatching services as do all agencies reliant on County Services. As of July 2023, SM County has elected to cease payroll services for Broadmoor PD. As a result we had to find a private vendor to handle our payroll services. This has caused severe operational and tax filing issues. AS of todays date, the private vendor is unable to resolve issues with federal tax filing.</p>
<p>2. The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and call volume to demonstrate the benefit of higher costs associated with higher levels of performance.</p>	<p>Agree in part. COMMENT: The District already has in place procedures for monitoring employees' performance, which includes cost of providing service along with efficiency of such service. Employees' supervisors prepare regular evaluations</p>	<p>We have statistics going back to 1999. In 2021, a new method of Computer Assisted Dispatching (CAD) was implemented and tracks all metrics.</p>	<p>Call Response times are currently reviewed, and standards are classified in 5 categories for response time. We do track this. Response times are generally dictated by the severity of the incident. Our metrics of response time are reviewed by me to ensure we are complying with best practices. Higher levels of service are being accomplished through community advocacy and discussion.</p>	<p>N/A</p>	<p>See attached Dispatch call priorities breakdown. The national average for priority call response is approximately 8 minutes. BPD average priority call time is approximately 2 minutes. Many factors go into prioritizing call response and BPD is adhering to best practices.</p>

			Call Volume is measured in several ways: Calls for Service. Incident reports generated, number of arrests. Arrest violations are broken down to ascertain crime trends. Moving vehicle citations are tracked to identify problem areas where vehicle enforcement may need additional attention.		
Financial Ability					
1. Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to- actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.	Agree	District Annual Audits are prepared for the District, County and State in a timely manner. The report is directly sent to the Board and adopted through public meetings	This was discussed in 2021 and was never implemented after June 2021. This will be implemented immediately with end of year review with FY 2022/23.	The first projected report is anticipated to be in September/ October 2023	The data has been collected and sent to the Board of Police Commissioners. We are unable to find an entity that can validate the raw data we have compiled. This data will be included in the documents sent to Director Bartoli
2. Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic	Agree		The Department is in current close discussions with CalPers with adherence to best practices. As we work to mitigate significant mishandling of the		Long Term retirement fiscal costs are predicated upon CALPERS rising costs. In recent years, BPD members contributions have risen significantly.

<p>planning session that will help prioritize goals and review the District’s fiscal ability to meet these goals.</p>			<p>CalPers accounts, we will seek to address the Districts ability to address the fiscal needs. To be clear, these fiscal liabilities will be borne by any successor agency.</p>		<p>We have reached out to the California Special District’s for assistance on strategic planning on their website. Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning</p>
<p>3. Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.</p>	<p>Agree</p>	<p>Any ability to address the District’s fund balance will be a direct result from reduced legal costs.</p>	<p>Our reserve funds have been consumed by mandated corrections by CalPERS to adjust and remedy past evasive practices employed by former District Managers. Significant litigation has severely impacted the budget.</p>		<p>The County of San Mateo has issued several documents which forecast our anticipated revenue. Along with our fiscal planning document, we plan to initiate our budget process in March 2024 with a goal to reduce further spending in an attempt to build a reserve fund.</p>
<p>4. Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.</p>	<p>Agree</p>	<p>This has been the operational practice for several years. ALL AUDITS are available for review</p>	<p>Timely reporting and required reporting dates are published. Our auditing firm has been notified that the County Controller is now requesting the reports sooner. While the audits are generally submitted in May we plan to initiate earlier reporting starting January 2024.</p>		<p>The 2023 Audit is in DRAFT form and will be sent out from our auditor in the coming weeks.</p>
<p>5. Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve</p>	<p>Agree</p>			<p>Unable to implement at this time. This will be reviewed when the appropriate time comes.</p>	<p>NO UPDATE AVAILABLE.</p>

funds are utilized.					
6. Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.	Agree		The ability to determine a facility upgrade to facilitate future needs is not practical. We are in a fixed complex without the ability to upgrade. Capital Improvements have been made in FY 2020 to support BPD functionality to the residents. Facility infrastructure is updated and scheduled as needed to maintain compliance with existing regulatory agencies.		We have reached out to California Special Districts vendors listed on their website (Regional Government Services) Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning There are currently no plans for any type of facility upgrade or needed repairs. Vehicle replacements are on an as needed basis.
7. Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight and transparency.	Agree		This is already in practice and has been for 15 years		NO UPDATE AVAILABLE. In discussions with vendors
8. Adopt annual Gann Appropriation Limit resolutions.	Disagree		The District is a single purpose, non-enterprise district. Almost all revenue derives from property taxes and a small amount of revenue derives from user fees. The Gann limitation does not apply to this District that existed on January 1, 1978, and for the 1977/78 fiscal year the amount of <i>ad valorem</i> taxes the District received was far less than the 12 1/2% cap provided by California Constitution Article XIII B §9(c).		Awaiting a legal and fiscal determination by BPPD Legal Counsel

			Nevertheless, the District is in the process of reexamining this issue the appropriations limit is the budget itself.		
9. Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.	Disagree.		The district always looks for ways to reduce reliance on uncertain funds; however, income from grants and other uncertain sources has been reliable and most agencies rely upon such income streams. <i>The District's revenue is essentially from property taxes and it receives no sales or other tax revenue. The District relies upon all sources of revenue.</i>		NO UPDATE AVAILABLE
10. Post budget documents and audits on the District's website	Agree		This has been accomplished and past budget and audits have been posted as well as past audit reports.		NO UPDATE AVAILABLE
Accountability, Structure & Efficiencies					
1. LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Commissioners. The District could explore sharing services with cities or	Agree		Reports and quarterly schedules are being built out for regular budget reports. As Audit reports become available, these reports will be noted on public agendas and posted on our website. Other jurisdictions do not share services. The agenda packets are created and reviewed by the Police commissions legal counsel. The Commission welcomes		IN PROGRESS

<p>other special districts to assist in creating the staff reports and compiling an agenda packet.</p>			<p>any suggestions for creating the staff reports without incurring further expenditures.</p>		
<p>2. Video/audio of Board meetings should be posted on the District’s website for public viewing.</p>	<p>Agree</p>		<p>Equipment has been purchased and is being installed to comply with this recommendation.</p>		<p>POLICY IS BEING DEVELOPED</p>
<p>3. Provide Brown Act training for all Commissioners.</p>	<p>Agree</p>		<p>This has been provided by our insurance carrier in 2021. A Risk management position was created in 2021 to ensure compliance.</p>		<p>There has been no change in Elected Commissioners at Broadmoor. Current Commissioners are in compliance. BPPD Counsel advises the BPPD Board of Commissioners accordingly when an issue arises.</p>
<p>4. Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.</p>	<p>Disagree COMMENT: This would not be a good use of precious tax dollars. The District believes that the efficient use of tax dollars must be limited to essential needs, which do not include hiring personnel that are not absolutely essential to the mission of providing police services.</p>		<p>The number of human resource functions is minimal. Our insurance carrier provides guidance along with CA Peace Officer Standards and Training. The use of neighboring agencies would incur a cost we currently do not pay. <i>This would not be a good use of limited resources. The District believes that the efficient use of tax dollars must be limited to essential needs, which do not include hiring personnel that are not absolutely essential to the mission of providing police services.</i> <i>Neighboring agencies do not</i></p>		<p>NO UPDATE AVAILABLE</p>

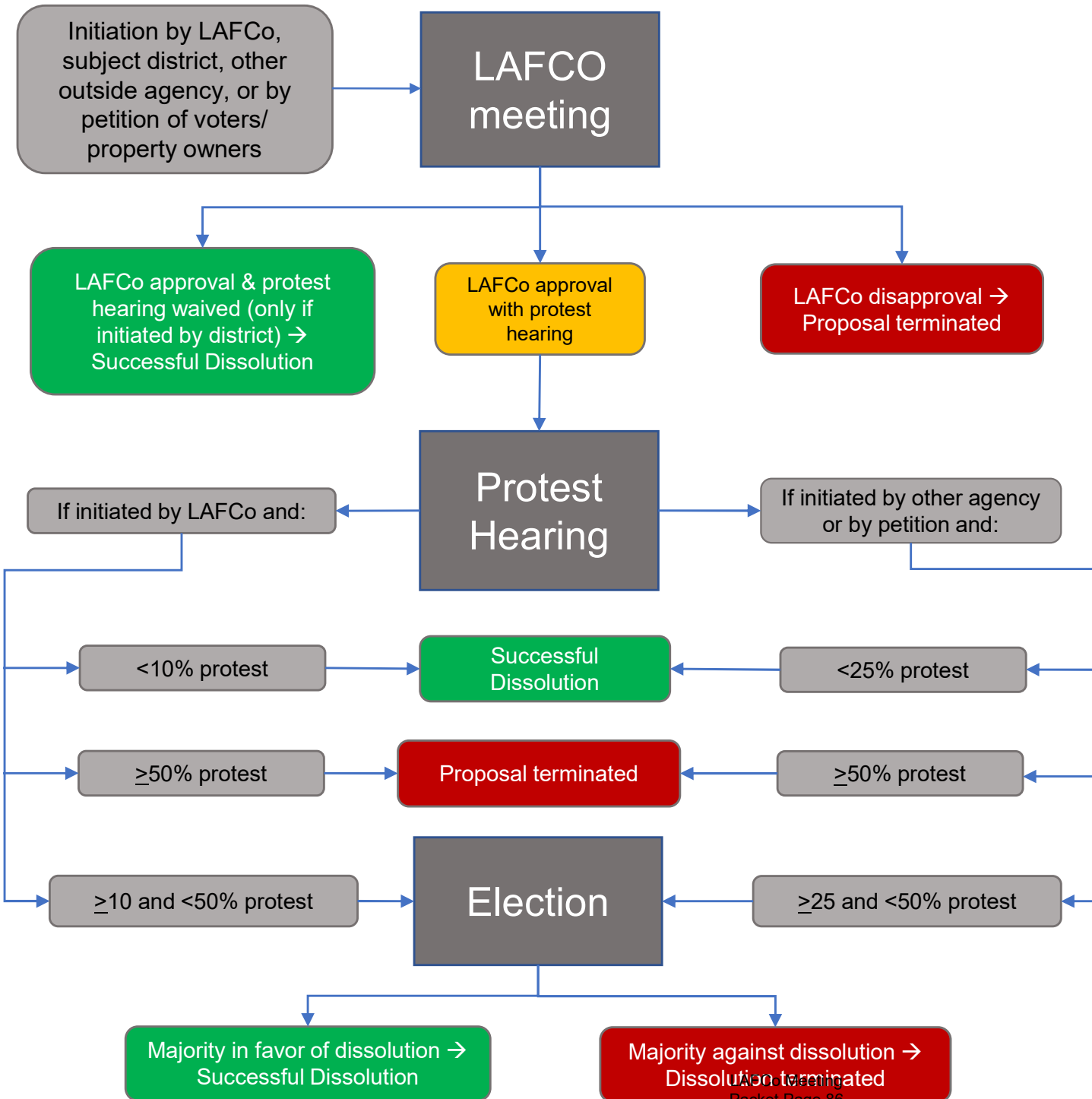
			<i>engage in shared services of this kind. The needs of each agency vary so dramatically it would not be feasible to share these costs.</i>		
5. Post position salary and compensation data on the District’s website.	Disagree		This is available on the Transparent California website and our Budget documents posted on our website. <i>The District does not have a full-time webmaster and the cost of hiring someone for this purpose would be fiscally challenging given competing priorities.</i>		NO UPDATE AVAILABLE
6. Post contracts and hiring policies on District’s website.	Disagree		Applicants for Peace Officer and other positions are posted when needed. The only contracted position is that of the Chief of Police. That will be posted when the Commission is seeking a permanent Chief/District Manager. <i>When that happens, all relevant information will be posted. Currently, the District is served by an Interim Chief / District Manager.</i>		NO UPDATE AVAILABLE
7. Develop accounting, financial, governance and general administrative policies to assist the Commission and District	Agree		The staff that is referenced here is both for the District and Commission. Meeting agendas, noticing, Brown Act facts are provided.		NO UPDATE AVAILABLE There is no district staff. Any administrative support is either internal staff or

BPPD Response Matrix

1/26/2024

staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review.			As we look to revamp our current website, we plan to post more relevant documents there.		identified consultants. Additional staff would incur costs that the District is not fiscally prepared for.
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Dissolution of a Special District



Key Points

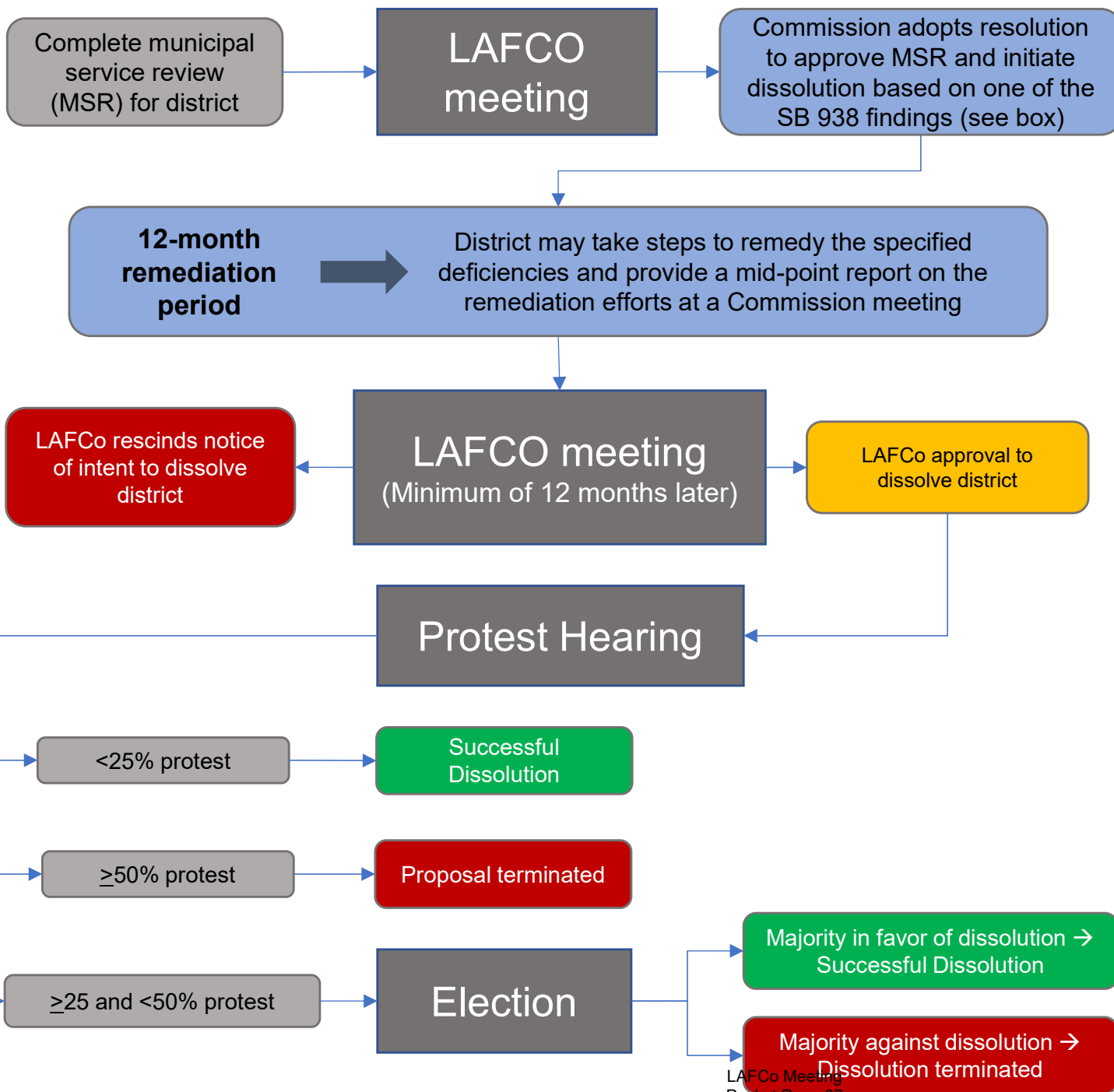
Dissolution proposal must include a plan for service that describes:

- The services currently provided by the subject district
- The level & range of those services
- The successor agency that will provide services & when new service will begin
- Any improvements, upgrades or other conditions that the successor agency would require
- How services will be financed & how liabilities will be paid

Protest thresholds:

- **Successful dissolution:** <25% of registered voters OR <25% of landowners within the district who also own <25% of the assessed value of land in district. (Threshold is <10% if LAFCo-initiated.)
- **Proposal terminated:** ≥50% of registered voters OR ≥50% of landowners who also own ≥50% of assessed value of land in district.
- **Election is ordered:** At least 25% & less than 50% of registered voters OR at least 25% & less than 50% of landowners who also own at least 25% & less than 50% of assessed value in district (Lower threshold is 10% if LAFCo-initiated.)

Dissolution of a Special District via SB 938



What is SB 938?

Signed into law in 2022, SB 938 creates a higher voter protest threshold for LAFCo-initiated dissolutions that meet specific criteria (25% protest threshold instead of 10%). A minimum of a 12-month remediation period must occur before action can be taken.

What are the requirements to initiate dissolution using SB 938?

Commission must adopt a municipal service review (MSR) that includes a finding that at least one of the following conditions is met:

- One or more documented chronic service provision deficiencies AND Board management is not actively engaged in efforts to fix deficiencies
- Expenditure of public funds in an unlawful or reckless manner AND no action has been taken to prevent similar future spending
- Willful neglect and failure to adhere to the California Public Records Act and other public disclosure laws
- Failure of Board to meet the min. # of times required by its principal act in the prior year AND no action has been taken to ensure future mtgs are held on timely basis
- Consistent failure to perform timely audits over the last three years
- Recent audits show chronic issues with the district's fiscal controls AND no action has been taken to remediate the issue

RESOLUTION NO. 1319

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTION 56430 FOR THE BROADMOOR POLICE PROTECTION DISTRICT**

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

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

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

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the Broadmoor Police Protection District;

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

WHEREAS, the Executive Officer set a public hearing date for May 15, 2024, for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on May 15, 2024; and

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

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

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

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

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

The boundaries of the BPPD encompass the unincorporated Broadmoor and unincorporated Colma communities, which are predominantly developed with urban uses. The Sphere of Influence designation for BPPD is zero (dissolution) as established in 1976 and reaffirmed several times since then, most recently in 2015.

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

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency's service needs, demands or service boundaries

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

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) than neighboring Daly City.

BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.

The most recent audit for BPPD affirms LAFCo's ongoing concerns about the District's financial health. The report states "...the district has suffered recurring significant loss in last several years, has a net deficiency in net assets and has stated that substantial doubt exists about the district's ability to continue as a going concern."

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.

There are no social or economic communities of interest within the Broadmoor Police Protection District's SOI.

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

No change to the Sphere of Influence of the Broadmoor Police Protection District is proposed at this time.

WHEREAS, based on the results of the MSR, staff has determined that the SOI for the Broadmoor Police Protection District does not need to be updated at this time; and

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

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

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

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated May 15, 2024, Final Municipal Service for the Broadmoor Police Protection District, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

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

Regularly passed and adopted this ___day of__.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioners Absent and/or Abstentions:

Commissioners:

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

ATTEST:

Executive Officer
 Local Agency Formation Commission

Date: _____

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

Date: _____

Clerk to the Commission
 Local Agency Formation Commission

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for
the Broadmoor Police Protection District

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency's service needs, demands or service boundaries.

Recommendation

- None

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

Determination

The unincorporated area served by BPPD does not contain any disadvantaged unincorporated communities within its service area.

Recommendation

- None

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

Determination

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) to neighboring Daly City.

Recommendations

- 1) The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs. Potential options are explored in more detail in Accountability, Structure and Efficiencies.
- 2) The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and volume of calls.

Financial ability of agencies to provide services.

Determination

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

While cost saving measures were implemented to stabilize the financial situation at BPPD, these measures were implemented shortly after the adoption of the FY23-24 budget by the BPPD Commission. These measures were not included as part of the adopted budget. LAFCo staff is concerned that BPPD and the public do not have a full and accurate view of fiscal status of the District.

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

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

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF, which comprises 12% of the District's overall budget, is considered to be an unstable revenue source. Furthermore, the State has taken an interest in redirecting some Excess ERAF to the State, so there is risk that Excess ERAF may not be available in future years.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD is currently in conversation with the California Special Districts Association regarding hiring a company to develop a strategic plan for the District. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR and the 2023 Special Study. BPPD legal staff is currently reviewing this issue.

Although the District does not have outstanding debt, it does carry significant pension liabilities that may pose a threat to its long-term financial health. In addition, a lack of a reserve fund and the continuing use of the District's fund balance puts the District in a vulnerable position to withstand a financial crisis, such as economic recession, termination of Excess ERAF or unexpected expenses, while still be able to maintain its high level of service. Should the District face insolvency, legacy costs like pension payments for current and retired personnel, would still need to be addressed by the agency that absorbs the provision of police protection services for Broadmoor. That agency would be entitled to receive District revenue, including the

supplemental parcel tax, which could be used to pay for pension costs and other legacy costs. The successor agency would need to evaluate if the supplemental parcel tax or other potential additional taxes should continue to be collected as part of a plan for service.

Recommendations

- 1) Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.
- 2) Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
- 3) Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
- 4) Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
- 5) Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.
- 6) Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs. LAFCo encourages BPPD to continue to work with the California Special District Association to identify a consulting firm to provide this service.
- 7) Adopt annual Gann Appropriation Limit resolutions.
- 8) Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.
- 9) The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services. It is recommended that BPPD conduct outreach and engagement with residents regarding the fiscal outlook for the District and potential changes to levels of service.
- 10) Continue to post budget documents and audits on the District's website.

Status of, and opportunities for, shared facilities.

Determination

BPPD should explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies. BPPD stated that the number of human resource functions is minimal and that share shared services for these types of functions would not be feasible as they are not essential functions of providing police protection.

Recommendation

- 1) Where feasible, BPPD should explore gaining additional staff, consultants, or volunteers to assist in performing human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.

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

Determination

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

Recommendations:

- 1) LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
- 2) In light of on-going fiscal concerns for BPPD, the District should provide updates to the community about the current fiscal status of BPPD, efforts that BPPD has made.
- 3) Explore providing video/audio of Board meetings should be posted on the District's website for public viewing.
- 4) Continue to provide Brown Act training for all Commissioners.
- 5) Explore hiring gaining additional staff, or consultants, or volunteers to assist in performing human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
- 6) Develop accounting, financial, governance and general administrative policies to assist the Commission and District staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review.

- 7) Provide information to the residents of BPPD about status of pursuing bankruptcy for the District. The information should include data about the current and future fiscal health of BPPD.

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

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

There are no other issues that LAFCo has identified through the MSR/SOI process. The Broadmoor Police Protection District is charged with providing police protection services within its service boundaries. BPPD does not provide services related to water resiliency, climate change and natural hazards and mitigation planning.

Recommendation -

- None

SEATTLE
(206) 497-1188
WASHINGTON, DC
(202) 241-1316
SAN MATEO
(650) 349-0700

PAUL M. DAVIS
ATTORNEY AT LAW
1 BLACKFIELD DRIVE
SUITE 193
TIBURON, CALIFORNIA 94920-2053

PAUL M. DAVIS
ALSO ADMITTED IN THE
DISTRICT OF COLUMBIA
AND THE
STATE OF WASHINGTON

TELEPHONE: (415) 884-2555

April 24, 2024

BY EMAIL ONLY
rbartoli@smcgov.org

Rob Bartoli,
Director
San Mateo County LAFCo
455 County Center, 2nd Floor
Redwood City, California 94063

In re: Response to Letter of March 18, 2024, authored by
Andrea Hall

Dear Director Bartoli:

On March 18, 2024, Andrea Hall of 1843 Sweetwood Drive in Broadmoor Village authored and sent to you a letter outlining myriad issues she claims to have with the Broadmoor Police Protection District ("District"). I did not become aware of that letter until very recently because she did not send the District a copy of it. The purpose of this correspondence is to respond to the inaccuracies contained in that letter and to present the correct facts.

INTRODUCTION AND BACKGROUND

In order to better understand the various issues involved in Andrea Hall's letter this letter hopefully will provide some context.

For reasons that are not at all clear, Andrea Hall has, sadly, waged and continues to wage an all-out, relentless war against the District. Perhaps this is because of an incident in December 2022 when Broadmoor police were summoned to her home over a parking issue she was experiencing with an adjoining neighbor. Apparently, Andrea Hall was not pleased with the manner in which the responding officer handled that incident. The officer made it clear to Andrea Hall that he could not take any enforcement action against her neighbor because he did not observe a violation of any law. That infuriated Andrea Hall and led her to berate and yell at the officer. She shouted, "What's your Bar number?"¹ As preposterous as this was,

¹ This refers to permanent number assigned to each member of the State Bar of California.

April 24, 2024

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she persisted in berating the officer and continued to demand to know his "Bar number" simply because the officer tried to explain the legal reasons why he could not take any enforcement action, which just seemed to infuriate her even more.

Andrea Hall then bombarded the District with a Public Records Request, which was referred to me for response. I made several attempts to find out from Andrea Hall what it was that was upsetting her so much because I wanted to see if there would be anything I could do to allay any legitimate concerns she might have that she could articulate. Andrea Hall could not articulate a single cogent concern. Nevertheless, the District and I remain absolutely committed to responding to, addressing, and, to the extent possible, resolving any issue Andrea Hall might have with the District.

I will provide the District's response to some, but not all,² of the points that Andrea Hall has raised in her letter of March 18, 2024, which I will address in the order presented.

J. WAYNE JOHNSON

In December 2014, the late J. Wayne Johnson was an elected commissioner of the Broadmoor Police Commission on which he had honorably served for decades. The District was his life since the early Sixties.

Mr. Johnson could be quite ridged at times and could be extremely difficult to deal with. Nevertheless, he always had the best interest of Broadmoor in mind. The District was his heart and soul. During public meetings of the Police Commission on which he sat Mr. Johnson constantly questioned District staff about the expenditure of District funds and constantly chided police chiefs in public about expenditures he questioned. Mr. Johnson was a great steward of public funds. A former Broadmoor chief and commander did not take kindly to Mr. Johnson's constant public wrath over expenditures and they did not receive his rather abrasive criticism very well, so they embarked upon a course of retribution.

² In the interest of brevity this letter will address only some of the highlights of Andrea Hall's letter of March 18, 2024. For example, Andrea Hall states that the District's cost per call for police services is \$531.87. (Hall letter, fn 1) She is incorrect. The true fact is the cost per call is \$328.29, which is below the cost of Daly City, Colma and the Sheriff.

April 24, 2024

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In December 2014, the police chief at the time had fraudulently procured a search warrant to search Mr. Johnson's home. He had the soon-to-be police chief, then a commander, along with a posse of armed personnel, search Mr. Johnson's Broadmoor home using the fraudulently-obtained search warrant as the means to gain entry. The commander (soon-to-be police chief) proceeded to arrest Mr. Johnson inside his home without an arrest warrant. Hours later, the commander (soon-to-be chief) had Mr. Johnson transported and booked into the San Mateo County jail and held in custody on numerous felony and misdemeanor charges until he was able to arrange bail to get released from jail.

After receiving the arrest report the district attorney concluded that Mr. Johnson had committed no crime thus no criminal charges were ever brought against him.

Mr. Johnson retained legal counsel and filed a lawsuit for the damages he suffered as a result of the false arrest, the unlawful search of his home, and the confiscation of his property at the hands of the two former Broadmoor police chiefs.

In her letter, Andrea Hall falsely asserts that a current commissioner (Hon. Ralph Hutchens), who was a commissioner at the time of the incident in December 2014, participated in the service of the 'allegedly forged warrant'. She could not be more incorrect.

Why Andrea Hall finds it necessary or relevant to bring up an event that took place almost a decade ago is highly suspect. Nevertheless she does so in her ongoing war against the District. The facts Andrea Hall recited in her letter regarding Mr. Johnson are not all true. The true facts are as follows:

1. The "forged" search warrant to which Andrea Hall refers in her letter was not a forgery, it was fraudulently obtained by perjury contained in an affidavit.
2. Not only did Commissioner Hutchens have nothing to do with obtaining or serving the fraudulently-obtained search warrant, he did not even know or learn of the search warrant or the incidents stemming from it until a couple of days thereafter while he was mowing his lawn and someone commented to him about the event. In other words at no time prior to or at the time of the incident did Commissioner Hutchens know that a search warrant had been fraudulently obtained, he did not know that Mr. Johnson's home had been searched,

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he did not know that the Broadmoor police commander and others had arrested Mr. Johnson inside his home without an arrest warrant, and he did not know that they took him to jail. Mr. Hutchens was completely in the dark.

3. Finally, contrary to Andrea Hall's assertions, the District did not expend any District funds to settle the lawsuit brought by Mr. Johnson. The entire settlement of \$400,000 was paid by the District's insurance carrier. To be clear no District funds were used in that settlement or in the defense thereof.

STEVEN LANDI

Steven Landi was a retiree of the San Francisco Police Department when he was hired as an annuitant by the same administration that gave rise to the claim of Mr. Johnson. Andrea Hall asserts that the District paid about \$170,000 to settle Mr. Landi's claim. That fact is not true.

The true fact is that Mr. Landi's claim settled for a very small amount of money, all of which came from the District's insurance carrier. Again, no District funds were contributed towards that settlement or the defense thereof. The hypertechnical error made in connection with Mr. Landi's employment has not recurred and will not recur.

CalPERS

Andrea Hall next proffers a litany of incorrect facts in her letter that relate to former employees Ed Nakiso, Nathan Johnson, Randall Bandino and Mark Melville.

The true facts are that both Ed Nakiso and David Parenti settled their cases directly with CalPERS for a fraction of what CalPERS had demanded of them. In both cases the District did not contribute anything towards the settlements, nor did the District become additionally indebted to CalPERS as a result of those settlements. In other words, the District neither paid out anything nor incurred any additional liability to CalPERS.

Likewise, Nathan Johnson (no relation to J. Wayne Johnson) and Randall Bandino settled their cases directly with CalPERS without any contribution by the District and without any additional liability to CalPERS.

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In the case of Mark Melville, CalPERS acknowledged that they had made an error and withdrew the notice of violation. The District incurred no additional liability to CalPERS as a result of that matter as well.

To be clear, the District did not incur any additional obligation to CalPERS by reason of any of the settlements of these former employees. In each of these cases the District's liability to CalPERS remains unchanged. The District retains the same CalPERS obligations as it has with all retirees of the District.

Andrea Hall goes on to falsely state that restitution in the amount of \$4,257,485.82 is being sought from various former Broadmoor Ed Nakiso, David Parenti and Gregory Love relating to some perceived CalPERS issue. Once again, there is no truth to any that. As discussed above, those former employees have resolved their cases with CalPERS and none of them owe anything. Andrea Hall either seems to not understand the documents upon which she appears to rely in support that false assertion or her information is stale. In either event none of the alleged \$4,257,485.82 is owed to CalPERS or to any other entity.

The CalPERS pension plans for all District employees consist of several defined benefit pension plans.³ The District's funding obligation for the pension benefits accrues during each year of employment but pension benefits received upon retirement through CalPERS are calculated as a percentage of the employees' payroll⁴. This is the employer normal cost rate. The entire combination of employee contributions (set by statute) and employer contributions are invested by CalPERS. The idea is that the resulting amounts (contributions plus the return on that investment) will be sufficient to cover the benefits accrued during each year of employment; however, that usually is not the case. The difference between the actuarial cost of the benefits accrued, the combination of the employer and employee contributions, and the investment earnings ("assets") is referred to as the unfunded actuarial liability ("UAL"). The UAL is amortized over a number of years pursuant to the CalPERS Actuarial Amortization Policy resulting in the second component of the public employers' annual funding obligation to CalPERS, a fixed

³ There are four plans that apply to District employees: (i) Classic Safety Police Plan, (ii) a PEPRA Safety Police Plan, (iii) Classic Miscellaneous Plan, and (iv) a PEPRA Miscellaneous Plan. All four plans are very different defined benefit pension plans with CalPERS. All such plans, as public pension plans, are not subject to ERISA as are private defined benefit pension plans.

⁴ The employers' contribution percentages are set by statute reflected in actuarial reports published annually. These rates vary dramatically between plans and CalPERS contracting agencies.

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contribution referred to as the "required payment on amortization bases" in the annual valuation.

UAL arises because the return on the investments in the long term typically does not provide a return sufficient to meet the total accrued liability, thus the cities, counties, special districts and contract agencies have to make up the difference between the return on the investments and accrued liabilities. This problem (unfunded pension liability) was significantly exacerbated in Fiscal Year 2021/22 when CalPERS' investments actually resulted in a net loss instead of a positive return, which meant that instead of the unfunded pension liability being reduced by what would have been a positive return on investments, the unfunded pension liability was actually increased because the investments actually produced a negative return. That loss resulted in a significant system-wide unfunded pension liability that was allocated across the board among all CalPERS member agencies throughout the state, which included the District.

As of July 29, 2022, CalPERS reported a pension debt of \$611 billion, which was only 72% funded; therefore, the remaining 28% was the system-wide unfunded pension liability debt to be allocated across the board to all CalPERS member agencies.

The District's legal obligation to pay the unfunded pension liability is no different than any other CalPERS member agency. The amount to be paid by the several CalPERS member agencies, which is determined by CalPERS' actuaries, varies greatly between the several plans and the employing agencies. Unfunded pension liability is simply a way of life with all public defined benefit pension plans. By way of illustration, the smallest jurisdiction in San Mateo County is the Town of Colma. As of June 30, 2022, Colma had unfunded pension liability to CalPERS in the amount of \$7.5 million, which is down from \$10.2 million five years earlier.

Over the years unfunded pension liability in California had become so profound and out of control, and had imposed upon every jurisdiction (including the State of California) such a fiscal burden that was quickly becoming insurmountable, the Legislature in 2012 enacted the Public Employee Pension Reform Act, also known as PEPR, which dramatically altered the entire public pension plan scheme throughout the State of California.⁵

⁵ Government Code §7522, *et seq.* [Stats. 2012, Ch. 296, Sec. 15. (AB 340) Effective January 1, 2013.]

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SYED HUSAIN AND VICTOR KHEDR

Andrea Hall refers in her letter to Syed Husain and Victor Khedr as "former officers." Once again, that is not true. At all times during their tenure with the District they were reserve officers; neither was at any time a regular police officer.

FORMER CHIEF LOVE

Particularly striking, however, is Andrea Hall's bold and erroneous statement regarding former Chief Love. In her letter she states that "San Mateo County is currently trying to recover \$1.2 million from former Chief Gregory Love." That fact simply is not true. The true fact is that San Mateo County has never asserted any claim or made any demand upon former Chief Love in the amount of \$1.2 million or any other amount or anything at all relating to his former employment with the District. Moreover, former Chief Love is not indebted to San Mateo County, CalPERS or any other entity in the amount of \$1.2 million or any other amount or at all relating to his former employment with the District.

The District has neither paid any legal fees or expenses that former Chief Love might have incurred by reason of his former employment with the District nor has former Chief Love asked the District to do so.

CHIEF CONNOLLY

Andrea Hall boldly asserts that Chief Connolly pled *nolo contendere* to a "criminal Brown Act offense" (Andrea Hall letter, fn 3) and that he was "ousted." None of that is true. The true facts are that Chief Connolly did not plead *nolo contendere* to a Brown Act violation, and the case that had been brought against him was ultimately dismissed. Moreover, Chief Connolly was not "ousted." He was compensated for vacation time he had accrued while he served as Chief. Had the District not paid him the accrued vacation the District would have been in violation of state labor law and subject to payment of the accrued vacation pay plus penalties for non-payment. (Labor Code §§ 203(a), 227.3)

CONCLUSION

While the three police commissioners of the District are keenly aware of and acknowledge that many mistakes were made by previous commissions in terms of hiring and relying upon management to operate the District, they remain absolutely

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committed to ensuring that such mistakes do not recur. The unfortunate mistakes of the past cannot be undone; however, going forward the Commission has undertaken numerous corrective measures to begin the process of getting the District back on track.

The District has been operating since 1948 with a rather stellar record of management until two recent back-to-back administrations made numerous unfortunate mistakes.

Since 1948 the District has produced a significant number of highly respected, well-qualified professional law enforcement officers all over the state. Noteworthy is that every jurisdiction in San Mateo County has hired one or more Broadmoor police officers, several of whom have attained high-level supervisory positions⁶.

The District is and remains absolutely committed to transparency and to delivering unparalleled police services at a low cost to the taxpayers.

Sincerely,

BROADMOOR POLICE PROTECTION
DISTRICT

Paul M. Davis (e-signature)

Paul M. Davis
District Counsel

cc: Hon. David J. Canepa (Supervisor, District 5)
James Kucharszky (Chair, Broadmoor Police Commission)
Michael P. Connolly (ICOP / IDM)

⁶ The Broadmoor Police Protection District is very proud of its legacy. A couple of bumps in the road in a 76 year history cannot define the fine work and people produced by the District. The late J. Wayne Johnson served as Colma Chief of Police. Broadmoor also produced a Police Chief of a city in the Sierra Foothills. Daly City Police hired many Broadmoor officers, one of whom retired as a Lieutenant and the other is now a Captain. The Sheriff had at least one former Broadmoor officer who rose to the rank of Lieutenant and several former Broadmoor officers remain with the Sheriff to this day, including a Sergeant. A major District Attorney's office in this state has as its Chief Investigator a former Broadmoor officer, and another District Attorney's office has a former Broadmoor officer as a Captain. This list is merely illustrative and not exhaustive. The Broadmoor Police Department is well-recognized and represented throughout the State of California, including the LAPD, which is a testament to the high-quality training and personnel Broadmoor has produced for decades.

May 1, 2024

Via Email (lafco@smcgov.org)

San Mateo LAFCo
455 County Center, 2nd Floor
Redwood City, CA 94063

Re: Amended Public Comment Re: Broadmoor Police Protection District MSR

Dear Commissioners:

In my March 18, 2024 letter to the LAFCo, I detailed the Broadmoor Police Protection District's long history of financial malfeasance and associated retaliation against individuals who have questioned how they will continue to provide police services, while also enriching themselves at the taxpayers' expense. That history, I argued, proved that the BPPD were so committed to continuing to steal from taxpayers that the district was beyond redemption and must be dissolved immediately. For reasons explained more fully below, I must reiterate that request. The department is indisputably corrupt. Its commitment to enriching a few officials at the expense of the entire community and of slandering anyone who would stop it shocks the conscience.

My prior letter explained that the BPPD's suggestion that it faces limited liability arising from its failure to contribute to CalPERS and associated lawsuits is absurd. It has no basis in law, fact, or even common sense. Government Code section 20164.5 requires that agencies rather than individual retirees repay any pension overpayments by CalPERS, and Government Code section 815.2(a) unambiguously states that a public entity, such as the BPPD, "is liable for injury proximately caused by an act or omission of an employee of the public entity within the scope of his employment. . .," while sections 825 and 995.8 allow public entities to defend and indemnify former employees in civil or criminal actions.

In practice, former police officers' requests for defense and indemnity are seldom, if ever, denied. Joanna C. Schwartz, *Police Indemnification*. 89 N.Y.U. L. REV. 885, 912 (2014); John Rapoport, *How Private Insurers Regulate Public Police*. 130 HARVARD L. REV. 1539, 1604 ("Neither insurance contracts nor indemnification laws contain many meaningful exclusions; both provide coverage in all but the most aberrant cases.")

Further, even if it were denied, section 996.4 creates a private cause of action entitling a public employee “to recover from the public entity such reasonable attorney’s fees, costs and expenses as are necessarily incurred by him in defending the action or proceeding if the action or proceeding arose out of an act or omission in the scope of his employment as an employee of the public entity.” That is, a public entity like the BPPD must either pay to defend and indemnify its former officers now or it must pay legal expenses to fight officers’ claims for indemnity and contribution later. That is the law.

The most recent BPPD agenda reflects that it faces “Pending/Threatened Litigation” from four former officers. Although the department hides behind privilege to avoid disclosing the nature of those’ claims, at least one of the former officers cited in the agenda, Edward Nakiso, received a letter from CalPERS on April 15, 2022 demanding he repay \$1,254,568.84 in retirement benefits he received while employed as a sergeant at the BPPD. Ex. A.

BPPD’s former chief, Greg Love, faces trial this August on four charges of aggravated theft. San Mateo County Superior Court, Case No. 22SF013823A. The most recent filings show Love places the blame on the BPPD and its commission for the faulty contributions to CalPERS. He writes that his “actions were all approved by the Police Commission,” which signed resolutions and letters allowing him to retire to collect a pension while continuing to work for double the pay. Ex. B, p. 2-3, 5. Regarding Love’s theft from CalPERS, former Commissioner Joseph Sheridan unrepentantly stated:

[E]veryone was doing it. What I understood, that they were retiring and essentially not paying into the retirement system. They were collecting their retirement and double-dipping, essentially. . . . It was an okay thing. They were saving the district money by not paying into retirement. . .

Ex. C, p.5:18-21. Ralph Hutchens, who remains a BPPD Commissioner, also recalled that the commission had signed off on shorting CalPERS to enrich the department:

[T]hey were double-dipping. . . There was some discussion a little bit that they were going to save the department money somehow by charging so much and dealing with retirement and everything.

Ex. C, p.4:24-5:4. The commission was aware of and sanctioned the faulty contributions to CalPERS leading to Love’s criminal prosecution. As a result, Love has

incurred associated defense costs and has also been forced to borrow against his home to repay the missing \$1.2 million. Ex. B, at 3:11-12.

Like the other four officers from the recent meeting agenda, Love will likely bring a claim against Broadmoor for indemnity given that he committed the thefts in the course and scope of his employment with the express consent of the Commission. Broadmoor remains unabashedly committed to attacking anyone who asks it to prepare for this reality and strategize regarding how it will pay these legal claims while continuing to provide adequate police services. The BPPD's attorney, Paul Davis, repeatedly called the contentions in my March 18, 2024 letter "misinformation" and "false" during its April 9, 2024 commission meeting.¹ Public court documents and Chief Connolly's March 8, 2023 presentation to Broadmoor's former insurer, GSRMA, support the statements in my letter to LAFCo. They are not false, nor misinformation.

I write, however, not just to defend my honor, but to point out that, once again, Broadmoor refuses to grapple with the reality that it faces years of costly litigation and escalating insurance premiums. Taxpayers who fund the department are entitled to know how it proposes to fund that litigation while continuing to provide public safety services. Rather than using this forum as an opportunity to do so and rebuild the community's trust, Broadmoor has decided yet again to refuse to produce credible financial records to LAFCo or the county and instead attack me personally. It will not reveal even the amount by which it proposes to raise its residents' taxes, deciding it must instead spend \$30,000 hiring a consultant to figure it out. A consultant hired by the county does not trust Broadmoor's financial records, recently writing of the department "their spend rate is so low as to not be believable." He continued: "it's hard to fathom they cut that much and still could provide services." Ex. D.

Broadmoor provides no public safety services. It is a slush fund that pays its chief, lawyers, and other associated grifters inflated salaries, but provides nothing of value to its residents except a garish, gaudy reminder of the state's police power at local Easter Egg Hunts. That is no police force, but it is what has been allowed to pass for one in Broadmoor for nearly 20 years. See Exs. E and F.

¹ <https://imgur.com/a/2VCFSSuu> During the same April 9, 2024 meeting, Mr. Davis also claimed that the warrant served on J. Wayne Johnson was "illegally obtained," as opposed to "forged," a distinction without any difference. The order denying the department's motion for summary judgment in the Johnson case calls the document an "allegedly forged warrant," making Mr. Davis's contentions all the more bizarre.

I will not be slandered and intimidated by petty thieves with guns and badges, and neither should LAFCo. That is why I implore you to act to dissolve the department. I understand that LAFCo has limited funds and time with which to pursue a dissolution, but the public's trust in the county government and the safety of Broadmoor's residents depend on it.

Sincerely,

Andrea M Hall

Exhibit A

1 MATTHEW G. JACOBS, GENERAL COUNSEL
2 CHARLES H. GLAUBERMAN, SENIOR ATTORNEY, SBN 261649
3 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
4 Lincoln Plaza North, 400 "Q" Street, Sacramento, CA 95811
5 P. O. Box 942707, Sacramento, CA 94229-2707
6 Telephone: (916) 795-3675
7 Facsimile: (916) 795-3659

8 Attorneys for California Public Employees' Retirement System

9 BOARD OF ADMINISTRATION

10 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

11 In the Matter of the Appeal Regarding Post) AGENCY CASE NO. 2022-0432
12 Retirement Employment)
13 EDWARD S. NAKISO,) OAH NO.
14 Respondent,) STATEMENT OF ISSUES
15 and)
16 BROADMOOR POLICE PROTECTION) Hearing Date:
17 DISTRICT,) Hearing Location: Oakland
18 Respondent.)
19)
20)

21 California Public Employees' Retirement System (CalPERS) makes and files this
22 Statement of Issues states as follows:

23 I

24 Respondent Edward S. Nakiso (respondent Nakiso) became a CalPERS member through
25 employment with the City of Burlingame (Burlingame) on August 26, 1983 Respondent Nakiso
26 was last employed by Burlingame as a Police Sergeant. By virtue of his employment, respondent
27 Nakiso is a local safety-police member of CalPERS.

28 II

On June 11, 2012, CalPERS received respondent Nakiso's application for service

1 December 1, 2012, through January 24, 2014, and repay retroactive contributions owed as an
2 active member for the reinstatement period.

3 **XII**

4 By letter dated March 4, 2022, respondent Nakiso, with copy to the District, was notified
5 of CalPERS' determination and their appeal rights.

6
7 **XIII**

8 By letter dated April 1, 2022, respondent Nakiso, through his counsel, filed a timely
9 appeal and requested an administrative hearing.

10 **XIV**

11 By letter dated April 5, 2022, CalPERS confirmed respondent Nakiso's reinstatement
12 from service retirement for his employment with the District effective December 1, 2012, with
13 membership under Safety-Police category.

14 **XV**

15 By letter dated April 15, 2022, CalPERS notified respondent Nakiso that it sought to
16 collect the retirement benefits he received following the commencement of his unlawful
17 employment (December 1, 2012) in the amount of \$1,254,568.84⁵ ⁶.

18 **XVI**

19 On May 27, 2022, CalPERS received respondent Nakiso's application for service
20 retirement with an effective date of January 25, 2014. Respondent Nakiso re-retired for service
21 with the District effective January 25, 2014, and began receiving his retirement allowance on July
22 1, 2022.

23 **XV**

24 The appeal is limited to the following issues:

25 _____
26 ⁵ CalPERS recovered from respondent Nakiso's 2022 Federal and State taxes totaling \$6,682.38 and
27 \$2,555.12, respectively; and health premiums for the period from his reinstatement date to current totaling
28 \$216,256.35, and applied them to his repayment of \$1,254,568.84, reducing it from \$1,254,568.84 to \$1,029,074.99.

⁶ Government Code section 21220 provides the penalties for working after retirement
violations.

Exhibit B

1 JEFFREY B. HAYDEN SBN 147552
STATE BAR CERTIFIED CRIMINAL LAW SPECIALIST
2 333 Bradford Street, Suite 190
Redwood City, CA 94063
3 phone (650) 368-5700 /fax (650) 368-5736
hayden@yourcriminaldefender.com
4 Attorney for Defendant
Gregory Love

6 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
7 COUNTY OF SAN MATEO

9 PEOPLE OF THE STATE OF CALIFORNIA,
10 Plaintiff,

11 vs.

12 GREGORY LOVE,
13 Defendant.

No. 22-SF-013823-A

NOTICE OF MOTION; MOTION TO
SET ASIDE INFORMATION;
MEMORANDUM OF POINTS AND
AUTHORITIES
(Penal Code §995)

Date: May 9, 2024
Time: 10:00 A.M.
Place: Dept. CR

16 TO THE CLERK OF THE ABOVE-ENTITLED COURT, AND TO STEVEN M.
17 WAGSTAFFE, DISTRICT ATTORNEY OF THE COUNTY OF SAN MATEO, AND/OR
18 HIS REPRESENTATIVE:

19 PLEASE TAKE NOTICE THAT on the above date and time, or as soon thereafter as
20 the matter may be heard, in the above-entitled department of the San Mateo County Superior
21 Court, defendant GREGORY LOVE, by and through counsel, will move this court for an
22 order setting aside the Information. The motion will be made on the grounds that insufficient
23 evidence was presented to the magistrate to justify a holding order on all counts, nor evidence
24 of any crime committed within the jurisdiction of this Court..

25 This motion is based upon the attached Memorandum of Points and Authorities, the
26 Reporter’s Transcript [“R.T.”] of the Preliminary Hearing, the Exhibits admitted into
27 evidence at the preliminary hearing, the pleadings and files in the matter, and on such other
28 authority and argument as will be presented at the hearing on the motion.

JEFFREY B. HAYDEN, Attorney at Law
333 Bradford St., Suite 190
Redwood City, CA 94063
(650) 368-5700
hayden@yourcriminaldefender.com

1 Also attached thereto was the notification, by letter dated June 3, 2009 and signed by
2 Joseph P. Sheridan, Chairman, Board of Police Commissioners, Broadmoor Police Protection
3 District, certifying to the office of the Controller of San Mateo County that Chief Love that
4 Gregory Love has been appointed to the position of Interim Chief of Police, Job Class Code
5 P003, at the rate of \$173.077 per hour, at 45% of Full Time.
6

7 Chief Love was contacted by CalPers in 2022, for the first time being notified that unlike
8 other types of retirement, as his retirement was premised on an industrial disability within the
9 meaning of the retirement law, that he was ineligible for the benefits he received while he was
10 working. In contrast to others who successfully challenged the cessation of benefits much less
11 repaid any, Chief Love thereafter borrowed against his home and repaid the entire amount in
12 dispute.

13 It was several months after Chief Love repaid the disputed amount that this prosecution
14 was filed.

15 The preliminary hearing was held on December 18, 2023.

16 At the preliminary hearing, evidence was presented to suggest that the Broadmoor Police
17 Department was located in San Mateo County. {PH: p.5 line 11.}. Nowhere in the transcript
18 was it set out where Chief Love resided or *how* he received CalPERS payments. Nowhere was
19 it even discussed where he filed documents – whether here or in Santa Clara county. In short, it
20 was never established that Mr. Love was it established where he received the money at issue
21 herein. Nowhere was it established where he cashed checks, where he submitted documents or
22 statements to CalPERS, or anything else that gives rise to jurisdiction or venue within the
23 County of San Mateo.

24 //

25 //

26 //

27 //

28 //

1 fn. 26; *People v. Lopez* (1997) 52 Cal.App.4th 233, 249.)

2 For offenses punishable by imprisonment in a state prison for less than eight
3 years, the statute of limitations is three years. (Penal Code § 801) However, for certain offenses
4 relating to fraud listed in Penal Code § 803 (c) – which includes Penal Code § 487, Corporations
5 Code § 25540/§ 25401, and § 25540/§ 25110, the statute of limitations is four years, because
6 of the recognized difficulty of discovering their violation. If the statute of limitations for
7 particular offenses are increased by the Legislature, then under Penal Code § 805.5, the new
8 limitation may be applied to a case if the statute was amended before the original statute of
9 limitations period had expired. (See also *Lynch v. Superior Court* (1995) 33 Cal.App.4th 1223,
10 1227.)

11 Where the applicable statute of limitations has run, the prosecution may attempt
12 to show under Penal Code § 803 (c) that the statute of limitations was tolled, because a listed
13 offense had not yet been discovered – again Penal Code § 487, being included in that list. The
14 prosecution must show both that the theft was undiscovered, and that it could not have
15 reasonably been discovered.

16 In this instance, the prosecution relies on language that “and no law enforcement
17 agency chargeable/with the investigation and prosecution of said offense had actual or
18 constructive knowledge” This is not sufficient, nor reflective of current law.

19 “An offense is discovered when *either* the victim or law enforcement learns of
20 facts which when investigated with reasonable diligence, would make the person aware a crime
21 had occurred.” (*People v. Bell* (1996) 45 Cal.App.4th 1030, 1061-1062 [“The statute
22 commences to run ... after one has knowledge of facts sufficient to make a reasonably prudent
23 person suspicious of fraud, thus putting him on inquiry.”].) Moreover, the prosecution
24 must allege why the offense could not have been discovered. There was no concealment of any
25 information here. **The actions were all approved by the Police Commission.**

Exhibit C

1 STEPHEN M. WAGSTAFFE, DISTRICT ATTORNEY
County of San Mateo, State of California
2 State Bar No. 78470
400 County Center, 3rd Floor
3 Redwood City, California 94063
By: Joseph L. Cannon, Deputy
4 Telephone: (650) 363-4636
Attorney for Plaintiff
5
6
7

Electronically
FILED
by Superior Court of California, County of San Mateo
ON 4/11/2024
By /s/ Rachel Bell
Deputy Clerk

8 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 IN AND FOR THE COUNTY OF SAN MATEO

10 THE PEOPLE OF THE STATE OF CALIFORNIA

11 Plaintiff,

12 v.

13 GREGORY LOVE,

14 Defendant.

No. **22-SF-013823-A**

OPPOSITION TO DEFENDANT’S
MOTION TO SET ASIDE THE
INFORMATION PURSUANT TO
PENAL CODE SECTION 995

Date: April 15, 2024

Time: 10:00 AM

Dept: CR

17 COMES NOW the Plaintiff, the People of the State of California, by and through their
18 attorneys, STEPHEN M. WAGSTAFFE, District Attorney, and JOSEPH CANNON, Deputy District
19 Attorney, respectfully submits the following Points and Authorities in Opposition to Defendant’s
20 Motion to Set Aside the Information Pursuant to Penal Code Section 995. The People’s opposition is
21 based on this memorandum, the pleadings and papers in the above captioned case, any arguments that
22 may be made at the hearing, and such evidence and documents as may be submitted.
23

24 \\\

1 **INTRODUCTION**

2 The preliminary hearing in this matter was heard on December 18, 2023 by the Honorable
3 Jeffrey B. Jackson, who held Defendant to answer on all charges in the felony complaint, to wit:
4 Count 1: 487(a) PC and found the special allegations pursuant to 12022.6(a)(2) PC and 803(c) PC to
5 be true.

6 The People filed an Information alleging four counts of 487(a) PC each with a special
7 allegation pursuant to 186.11(a)(2) PC (essentially breaking down the singular, overarching theft
8 previously alleged in Count 1 of the Complaint into 4 separate counts – 1 for each year) as well as the
9 803 PC Zamora allegation as to all 4 counts.

10 Defendant now brings a PC § 995 motion. The People are opposed.

11 **STANDARD OF REVIEW**

12
13 In ruling on a motion brought pursuant to Penal Code Section 995, neither the Superior Court
14 nor an appellate court may substitute its judgment for that of the committing magistrate as to the
15 weight of the evidence. (*People v. Hall* (1971) 3 Cal. 3d 992, 996). “[I]f there is some evidence to
16 support the information, the court will not inquire into its sufficiency.” (*Rideout v. Superior Court*
17 (1967) 67 Cal. 2d. 471, 474). “[A]lthough there must be some showing as to the existence of each
18 element of the charged crime, such a showing may be made by means of circumstantial evidence
19 supportive of reasonable inferences on the part of the magistrate.” (*Williams v. Superior Court* (1969)
20 71 Cal. 2d 1144, 1148 (internal citation omitted)). “Every legitimate inference that may be drawn
21 from the evidence must be drawn in favor of the information.” (*Rideout*, 67 Cal. 2d at 474). In short,
22 an information should not be set aside pursuant to PC § 995 if there is some rational ground for
23 assuming the possibility that an offense has been committed and the defendant is guilty of it. *Id.*

1 **STATEMENT OF THE FACTS**

2 The following evidence was adduced at the preliminary hearing.

3 Defendant Gregory Love (hereinafter “Defendant”) served as Chief of Police of the
4 Broadmoor Police Department in San Mateo County. (TX 5, Line 8-12). Defendant obtained a
5 medical disability retirement on May 16, 2009 from Broadmoor PD but continued to work at
6 Broadmoor PD from May 2009 through the end of 2021 (TX 13). While Defendant continued to work
7 while collecting his disability retirement, he was paid twice the regular salary he had previously been
8 paid but reporting half as many hours as Police Chief (TX 11: LN17- TX12: LN 6.)

9 An investigation into fraud involving CalPERS benefits fraud began on March 10, 2021 when
10 San Mateo County District Attorney’s Office– e-mail sent by “Mike White” (an apparent pseudonym)
11 sent a complaint regarding former Broadmoor Police Chief Parenti regarding possible fraud against
12 CalPERS – no mention of Defendant had been made at that point (TX 5-6) DA Office’s Inspector
13 Kevin Raffaelli, a 45 year veteran of law enforcement, familiar with CalPERS benefits and reporting
14 requirements, was assigned to investigate.

15 As part of his preliminary investigation, Raffaelli contacted the San Mateo County
16 Comptroller’s Office to obtain payroll records for Broadmoor PD, which included records for
17 Defendant, to compare salaries to former Chief Parenti. (TX 6-8) Raffaelli noted that at certain times
18 during his employment, Defendant appeared to be receiving an hourly salary that was twice the
19 normal rate for similar positions at Broadmoor PD while claiming to work 18 hours per week. (TX 9:
20 LN 7-22) Inspector Raffaelli, determined that after May 16th, 2009 up until November 24th, 2012,
21 the defendant was being paid twice the regular salary he had previously been paid but
22 reporting half as many hours as Police Chief. (TX 11: LN17- TX12: LN 6)¹ Inspector Raffaelli, based
23 upon his training and experience, was aware that CalPERS retired annuitants may only work 960
24 hours per fiscal year and can only work in a part-time or limited position to fill a vacancy (TX 11-12.)
25

1 At that point, Inspector Raffaelli suspected Defendant was defrauding CalPERS and reported those
2 suspicions to CalPERS on April 13, 2021. (TX 13)

3 Inspector Raffaelli's investigation further revealed that Broadmoor PD, which patrols a very
4 small community and is a small department, has a unique organizational structure in which
5 the Chief of Police also functions as a City Manager, which is then overseen by a police commission
6 consisting of 3 commissioners. (TX 14) Raffaelli spoke with a number of Broadmoor PD employees
7 including accountant Robin Rose who was employed while Defendant was chief, advised her on
8 salaries. (TX 15) At one point, after Love had returned from retirement, Rose noted that Defendant's
9 hourly rate had doubled and further, that she was further aware of CalPERS' 960 hour per fiscal year
10 limitation. She discussed this with Defendant who stated he could simply cut his time in half and
11 double his salary, which she found unusual. (TX 17-18) Defendant told her the Commission had
12 approved it. (TX 18)

13 Raffaelli also spoke with Broadmoor PD Administrative Assistants Nicole Azzopardi and
14 Enissa Sosa Rios. (TX 21-25) Ms. Azzopardi, who had handled payroll advised that payroll
15 information (i.e. officers and the hours they worked) would be submitted to the County and CalPERS
16 through an online system (TX 21-22) CalPERS information was submitted on a bi-weekly basis and
17 included a list of all employees including retired annuitants. (TX 23) Ms. Sosa-Rios advised that
18 when Defendant returned from his surgery, he continued to work full-time and she was unaware that
19 he had actually retired due to a disability. (TX 25) MS. Sosa Rios further stated that either Chief Love
20 or Commander Parenti did all the data entry for payroll and CalPERS reporting. (TX 25)

21 Raffaelli also spoke with Police Commissioners Joseph Sheridan and Ralph Hutchens, both of
22 whom were on the commission while Defendant was Chief. Hutchens advised that he was unaware
23 that Defendant claimed half-time work while collecting full time pay post-retirement. specifically
24 stating, "Wow. In a sense it sounds like they were double-dipping" (TX 19). After confirming that the
25

¹ Note: At this page, the transcript reads "March 16, 2009" which appears to be either as misstatement or a typo, as "May

1 Police Commission had, in fact, approved Defendant's disability retirement, asked if he was aware
2 Defendant was working full time Hutchens stated, " There was some discussion. I don't remember it
3 clearly. There was some discussion a little bit that they were going to save the department money
4 somehow by charging so much and dealing with retirement and everything. I had no clue. I don't
5 remember the details. I just kind of remember the fuzzy discussion." (TX 34)

6 Hutchens also stated when he took his position on the Police Commission, he knew little
7 about the Broadmoor Police Department: "Things were kind of sketchy at the time. I came on from
8 the community, kind of representing the community, but I was not totally versed on how a police
9 station worked and everything really -- they didn't really put you through any training. So I started
10 going to a meeting once a month and absorbing what I could at the meetings. They did not. Things
11 were kind of slack that way"? (TX 35)

12 Commissioner Sheridan stated that Chief Love was hired initially as a full-time chief but then
13 retired and immediately returned as a "contract employee" for another two to three years. Sheridan
14 stated he was not aware of the salary or hourly rate that the defendant was being paid because the
15 budget only included the yearly total for salary. (TX 20-21). Sheridan initially stated that he did not
16 recall the Police Commission approving Defendant's Disability Retirement, even though Broadmoor
17 PD records introduced at the prelim establish that the Commission had approved it. (TX 30) When
18 asked about that disparity Sheridan told Raffaelli, "(Defendant) was on a contract and everyone was
19 doing it. What I understood, that they were retiring and essentially not paying into the retirement
20 system. They were collecting their retirement and double-dipping, essentially." (TX 31) " It was an
21 okay thing. They were saving the district money by not paying into retirement and we, only as the
22 commissioner [sic], we get what is told to us by the staff and that is what we went off of. (TX 31) By
23 staff, Sheridan meant the Police Chief or Commander including Chief Love (TX 32)

24
25

16, 2009" is the correct date as seen throughout the remainder of the transcript.

1 CalPERS Division Chief Lisa Renee Ostrander testified that CalPERS is a state agency
2 funded through member contributions, employer contributions and investment earnings made on
3 those funds. (TX 51) Ms. Ostrander testified that she initiated an audit of Defendant's retirement
4 benefits after CalPERS had been notified of the fraud by Inspector Raffaelli in April 2021. (TX 51)
5 Prior to that time CalPERS received any complaints, anonymous or otherwise, regarding Mr. Love
6 working as a retired annuitant at Broadmoor PD (TX 52) CalPERS had no record of Mr. Love
7 resuming employment with Broadmoor PD on May 17th, 2009, after he retired (TX 52)

8 As both Chief of Police and as a retired annuitant working for a CalPERS employer,
9 Defendant was required by CalPERS regulation to report any post- retirement employment to
10 CalPERS. (TX 52-53) These reporting requirements are made clear to Police Chiefs and CalPERS
11 members and annuitants via online reference guides, circular letters, online and in-person training.
12 (TX 53-54)

13 Per Ms. Ostrander, Defendant defrauded CalPERS in 4 different ways: (TX57-58)

14 1. Defendant had employment which was not temporary, interim, or for a limited duration for
15 the time period May 17th, 2009 to December 1st, 2012.

16 2. Defendant received full-time salary as chief of police while receiving retirement
17 benefits and a pay rate that exceeded the maximum paid by the employer to other employees
18 performing comparable duties.

19 3. Defendant returned as a retired annuitant as the chief of police which was the same
20 position that he was approved of for industrial disability retirement.

21 4. Defendant as the employer did not report the retired annuitant to CalPERS; therefore, pay rate,
22 compensation, and hours worked were not reported

23
24 The total loss to CalPERS as a result of Defendant's of fraud was 1.86 million dollars. (TX 59)

25 \\\

Exhibit D

Annabelle Gaiser

From: Drew Corbett <drew@dkgconsultants.com>
Sent: Wednesday, April 10, 2024 4:58 PM
To: Heather Ledesma; Roberto Manchia
Subject: Broadmoor Update

CAUTION: This email originated from outside of San Mateo County. Unless you recognize the sender's email address and know the content is safe, do not click links, open attachments or reply.

Hi Robert and Heather-

I wanted to give you a brief update on Broadmoor and ask a question as well. I've been working on the analysis, and based on their financials over the last three years, as well as the adopted budget for this year, they've got significant problems. In 2021-22 and 2022-23, they spent a lot more than they brought in and ran significant deficits each year. For 2023-24, their Board adopted a deficit budget that would basically deplete them by the end of the fiscal year. With that said, the current fiscal year data I have received from them indicates that they have curtailed their spending significantly this fiscal year. In fact, **their spend rate is so low as to not be believable.** I've spoken with the Chief about this and one of the officers that handles the finances and they assure me that they cut spending significantly due to cash flow issues, but **it's hard to fathom they cut that much and still could provide services.**

I know the County handles some (or all) aspects of their accounting. Would it be possible to get the information from the County on Broadmoor's revenues and expenditures y-t-d so I can confirm what I am seeing from them?

Otherwise, I am working on a budget for them that reflects optimal staffing and service level to determine what additional revenue would be needed to support that. Things are moving along, and I am happy to share what I have done so far if you'd like to see it.

Let me know if you have any questions.

Thanks,



Drew Corbett
Principal
Phone 408-569-8644
Web www.dkgconsultants.com
Email drew@dkgconsultants.com

Exhibit E

1 TORY E. GRIFFIN (SBN 186181)
2 ROBERT W. HUNT (SBN 148826)
3 MARK R. VELASQUEZ (SBN 246732)
4 **HUNT JEPSON & GRIFFIN, LLP**
5 1478 Stone Point Drive, Suite 100
6 Roseville, CA 95661
7 Telephone: (916) 780-7008
8 Facsimile: (916) 780-7118

Attorneys for Defendant
BROADMOOR POLICE PROTECTION
DISTRICT, JOSEPH SHERIDAN, RALPH
HUTCHENS, DAVID PARENTI, CHARLES
SMITH, ARTHUR STELLINI

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF SAN FRANCISCO**

11 -000-

12 J. WAYNE JOHNSON,
13 Plaintiff,

14 v.

15 BROADMOOR POLICE PROTECTION DISTRICT,
16 JOSEPH SHERIDAN, RALPH HUTCHENS, DAVID
17 PARENTI, CHARLES SMITH, ARTHUR STELLINI,
18 DOES 1-50, inclusive.

Defendants.

No. CGC-15-547675

**DECLARATION OF DEFENDANT RALPH
HUTCHENS**

[Filing Fees Exempt: Gov. Code § 6103]

19 I, Ralph Hutchens, declare as follows:

20 1. I am a Defendant in this matter. I am over 18 years of age. I have personal
21 knowledge of the following facts, and if called to do so, could and would testify truthfully
22 thereto.

23 2. I have been a Police Commissioner ("Commissioner") for the Broadmoor Police
24 Protection District ("BPPD") since 2008 until the present time.

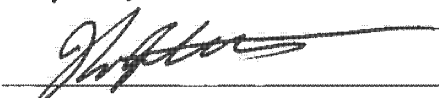
25 3. I have known the Plaintiff, Wayne Johnson, since becoming a commissioner for
26 the Broadmoor Police Protection district. I know him only through working with him as Police
27 Commissioner.
28

1 Mr. Johnson made statements that David Parenti was not fit to be chief, and nitpicked everything
2 he did. These allegations were not supported by documentation, and his statements had little
3 weight because Mr. Johnson was simply angry and acting out. Mr. Johnson is bitter that he lost
4 the power that he used to have to run the department because of the change in leadership with the
5 resignation of Chief Love.

6 15. On at least two occasions the previous Chief, Chief Gregory Love, called me to try
7 to convince me to fire Chief Parenti despite his initial support for him. From my observations
8 and discussions with both Mr. Johnson and Chief Love I learned that Chief Love and Mr.
9 Johnson are good friends. It was apparent that Mr. Love was assisting Mr. Johnson in Mr.
10 Johnson's effort to get back at Chief Parenti for his role in removing him from the police station,
11 or investigating him. I told Mr. Love that I was not a puppet to him or others, and that I would
12 weigh things myself.

13 16. I am of the opinion that there is ample evidence that supports the conclusion that
14 Mr. Johnson has abused his office of Police Commissioner. I do not believe that any action taken
15 by myself, Commissioner Sheridan, Chief Parenti or any other involved party was the result of
16 conspiracy to remove Mr. Johnson. I am a community member, and as a Commissioner I think
17 and act for the good of the department and the good of the community. Moreover, I believe there
18 is ample evidence that demonstrated Mr. Johnson has been viewing pornographic material on
19 Police computers. It is for these reasons that I believe all action taken against Mr. Johnson was
20 warranted in order to protect the integrity of the Police Commission. I further believe that the
21 evidence shows that all actions taken by Mr. Johnson, including this lawsuit are not founded in
22 evidence, and are an attempt to punish those who brought to light the actions committed by Mr.
23 Johnson.

24 I declare under penalty of perjury under the laws of the State of California that the
25 foregoing is true and correct. Executed on 11/12/16, at 10:00 am
26 California.



Ralph Hutchens

HUNT JEPSON & GRIFFIN, LLP
1478 Stone Point Drive, Suite 100, Roseville, CA 95661

Exhibit F

1 Walter H. Walker, III (SBN 63117)
2 Beau R. Burbidge (SBN 267267)
3 WALKER, HAMILTON & KOENIG, LLP
4 50 Francisco Street, Ste. 460
5 San Francisco, CA 94133
6 Telephone: (415) 986-3339
7 Facsimile: (415) 986-1618

**ELECTRONICALLY
FILED**
*Superior Court of California,
County of San Francisco*
01/17/2017
Clerk of the Court
BY: SANDRA SCHIRO
Deputy Clerk

8 Attorneys for Plaintiff J. WAYNE JOHNSON

9 **SUPERIOR COURT OF CALIFORNIA**

10 **COUNTY OF SAN FRANCISCO**

11 J. WAYNE JOHNSON,
12 Plaintiff,

Case No. CGC-15-547675

13 v.

**DECLARATION OF PLAINTIFF J.
WAYNE JOHNSON**

14 BROADMOOR POLICE PROTECTION
15 DISTRICT, JOSEPH SHERIDAN, RALPH
16 HUTCHENS, DAVID PARENTI, CHARLES
17 SMITH, ARTHUR STELLINI, and DOES 1-
18 50, inclusive,

Defendants.

19 I, J. Wayne Johnson, declare:

20 1. I make this declaration based on my own personal knowledge, and if called to
21 testify as a witness in this matter I could and would competently testify to the facts contained
22 herein.

23 2. I served as a member of the Broadmoor Police Commission from 1975 through
24 2015, and for many of those years I served as the Chairperson of the Commission. Being on the
25 Broadmoor Police Commission is an elected position. During my 40 years on the commission, the
26 Broadmoor Police Department was a very large part of my life and its financial stability,
27 wellbeing, and service to the community were very important to me.

1 6. Following the October 1, 2013, meeting with Smith and Sheridan, I wrote to the
2 State Bar to file a complaint against Smith for what I perceived to be blatant blackmail by one of
3 its members.

4 7. The search warrant referred to in BPPD's warrant affidavit from a Police Officer
5 Standards and Training ("POST") search warrant training class I attended. The first day of the
6 class we were asked to obtain an electronic copy of a search warrant from our Department and
7 bring it back to class where we would do a "cut & paste" incorporating our own information into
8 the warrant. Upon completion of the first day, I returned to BPPD and sought out officer Ignacio
9 Reyes and advised him of the search warrant class and asked if I could get a copy of one of his
10 search warrants. Officer Reyes complied by taking his flash drive and copying a few files over to
11 my flash drive, providing me with a copy of his search warrant. This information was then
12 converted into my document, changing my name with his and creating a dummy search warrant
13 for the training class. The address to which the subject of the warrant was to respond was the
14 department's address, not my home address. There was never any Judge's name used or seal on
15 the warrant and the document was not served on anyone. It was strictly for training. I received a
16 certificate of completion at the end of the training; a copy of which was given to the PD's Training
17 Officer, Steve Rettenger.

18 8. On a regular basis, officers at the BPPD, including Chief Parenti, would give me
19 CDs and DVDs to copy for them. I am computer savvy and was happy to do this for them. In the
20 mid-2000s, Inspector Paul Davis, who was one of the officers who regularly had me copy CDs,
21 asked me to make three copies of a CD for a rape investigation he was working on. For some
22 reason, the CD could not readily be copied CD to CD. Instead, I had to first copy it to the hard
23 drive of the department's computer I was using and then I had to create a new CD. As these CDs
24 contained police files, I took care to ensure they were not unnecessarily kept or duplicated and I
25 would have erased these files from my computer. If the contents of the CD were still on the hard
26 drive, as the defendants allege, I am not sure how that happened.


27 9. The allegedly fraudulent identification card, a photograph of which was allegedly
28 found by defendants in the BPPD station, was given to me by then-Chief Tim Guiney. I am

1 familiar with how the card was created because I witnessed its creation. The card was printed on
 2 paper stock, then my name and other information was added by typewriter and a printed photo was
 3 affixed, then Mr. Guiney himself signed it, and then the card was laminated using a manual
 4 laminator. I am familiar with the card machine referenced by Mr. Parenti in his warrant affidavit,
 5 and I have seen it used before. The machine uses a computer program in which the name and
 6 other information is inputted, a digital photo is taken, an image of the signature of the Chief can be
 7 put on the card, and then the card is printed (with the photo, information, and signature on it) on a
 8 thick polymer material. The card therefore does not need to be laminated. Once printed, it is
 9 ready to go. Thus, the cards coming out of this machine are completely and obviously different
 10 from the card given to me by Chief Guiney. Further, this machine was not in use during Mr.
 11 Guiney's tenure as Chief. It had a lot of bugs and mechanical problems and Mr. Guiney hated it.
 12 He insisted on having cards made the manual method as I have described. For that reason, Mr.
 13 Guiney's signature was never put into the machine.

14 I declare under penalty of perjury of the laws of the State of California that the foregoing is
 15 true and correct. Executed in Daly City, California.

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DATED: January 12 2017

By: 
 J. Wayne Johnson

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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

May 8, 2024

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: Consideration of Final Municipal Service Review for the City of San Bruno

Summary and Background

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

The City of San Bruno (the City or San Bruno) was incorporated on December 23, 1914. As of 2020, the population of San Bruno was 43,908. The City's Sphere of Influence (SOI) includes approximately 260 acres of unincorporated San Mateo County, including the San Francisco County Jail and San Francisco International Airport lands west of US 101. Since 1979, the SOI for the City has also included a recommendation to detach Capuchino High School from the City of San Bruno and annex the property to the City of Millbrae. The High School is connected to San Bruno by a narrow corridor with irregular boundaries and is largely surrounded by the City of Millbrae. Currently, the City of Millbrae provides water and sewer to the property.

The City provides the following municipal services: law enforcement, structural fire protection, parks and recreation, library, streets, lighting, water, wastewater and storm drain and flood control.

The City's revenue was impacted by the COVID-19 pandemic and is slowly recovering. Although the City has needed to draw down on its reserves over the past three years, it has been able to maintain a healthy reserve and continue to meet service demands.

Updates to Final Circulation MSR

COMMISSIONERS: KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT
▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

San Mateo LAFCo received one comment during the comment period for the draft MSR. The comment related to water and sewer services to Capuchino High School. The draft MSR misstated that the City of San Bruno provides these services. The City of Millbrae provides water and sewer to the High School property.

Other edits to the MSR include:

- Clarification that while the City's budget process is transparent and has highlight many financial issues, the City is facing a structural deficit.
- The addition of a recommendation that the City prepare LAFCo contingency plans should the City lose the litigation regarding the allocation of sales tax.
- Minor typographical corrections.

Current Key Issues

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

- While LAFCo staff has not identified any issues with the City's budgeting practices, the City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.
- Although the City is financially healthy and is anticipated to be able to meet service demands of foreseeable growth with planned infrastructure improvements, capital the CityNet, the City's cable and internet service, and Stormwater Enterprise funds are operating at a deficit. The City is exploring ways to create new revenue so that it is able to continue delivering services.
- Like many cities and agencies throughout the Country, San Bruno's revenue was impacted the COVID-19 pandemic, with as much as a 75% reduction in the City's transient occupancy tax (TOT), one of the most important sources of revenue for the City.
- The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City's General Fund.
- The City's adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City's General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, have largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

Proposed MSR Recommendations

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

1. Growth and population projections for the affected area.

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

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

1. Growth and Population Determination

As of 2020, the City of San Bruno is home to 43,908 residents and contains 16,622 housing units. The City's adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City's General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

2. Disadvantaged Unincorporated Communities Determination

The City's sphere of influence and municipal boundaries are nearly contiguous with the exception of the undeveloped San Francisco International Airport Lands and San Francisco County Jail #3. Neither unincorporated area meets the definition of a disadvantaged unincorporated community

3. Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

LAFCo staff is not aware of any deficiencies in agency capacity to meet existing service needs for which the City of San Bruno does not have a plan in place to resolve. The City is aware that the CityNet and Stormwater Enterprise funds are operating at a deficit and is exploring ways to create new revenue so that it is able to continue delivering services.

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

The City routinely adopts a multi-year capital improvement plan for city-owned infrastructure and facilities; however, the City is unable to make multi-year funding commitments for CIP projects related to the Stormwater or CityNet Enterprise funds due to their budget shortfalls.

Recommendations -

1. LAFCo encourages the City to continue explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
2. LAFCo encourages the City to continue to review potential revenue increases or the creation of the dedicated revenue source for stormwater projects.

4. Financial Ability Determination and Recommendations

LAFCo staff has not identified any issues with the City's budgeting practices regarding process. The City of San Bruno prepares an annual operating and capital improvement program (CIP) budget for the upcoming fiscal year that gets adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report (ACFR) that is reviewed by City Council.

The City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance. The City is currently facing a structural deficit.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to City Council in FY 23-24 that explores new revenue opportunities.

The City has not met its annual General Fund reserve goal in four of the last five fiscal years by as little as 1% and as much as 6%. The City has not achieved its target for the Emergency Disaster Fund in the past five fiscal years by less than \$200K in the past 3 fiscal years.

Enterprise funds such as the Wastewater Enterprise Fund, Stormwater Enterprise Fund, and CityNet Fund have experiences shortfalls in revenue over the last few years. In the case of the Stormwater Enterprise Fund and CityNet Fund, these funds have had to utilize fund from the City's General Fund in order to sustain operation and capital costs.

The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City's General Fund.

The City of San Bruno has maintained high ratings on debt issuances.

Recommendations -

1. LAFCo encourages the City to continue to explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
2. LAFCo encourages the City to continue to review potential revenue increases or the creation of a dedicated revenue source for stormwater projects.
3. LAFCo encourages the City to continue to explore revenue and expenditure options related to the City's General Fund in order to adopt a balanced annual budget.

4. LAFCo encourages the City to prepare contingency plans should the City lose the litigation regarding the allocation of sales tax.

5. Shared Service and Facilities Determination and Recommendations

The City of San Bruno partners with several agencies to share resources and reduce costs. LAFCo staff has not identified other opportunities that the City could engage in to share costs and/or reduce duplication of resources, facilities or infrastructure.

6. Accountability, Structure, and Efficiencies Determination

The City of San Bruno ensures that public meetings are accessible and well-publicized. LAFCo staff is not aware of any failures to comply with disclosure laws or the Brown Act. The City has experienced staff turnover in recent years but there are no issues related to operational efficiencies. The City prepares and adopts an annual budget, and annual independent audits are reviewed at a City Council meeting. LAFCo staff does not recommend any changes to the City's governmental structure or operations that will increase accountability and efficiency.

Recommendation:

1. LAFCo staff recommends publishing and posting City Council meeting minutes on the City's website more frequently and/or in a more consistent manner so that the public can easily locate information on the actions taken at city Council meetings.

7. Other Issues Determinations and Recommendations

The City of San Bruno is engaged in activities to address hazard mitigation, wildfire prevention, and sea level rise for City residents and businesses, including engagement with One Shoreline.

While not a service delivery issue, Monte Verde Elementary School, part of the South San Francisco Unified School District is split by the City of San Bruno – City of South San Francisco city boundary line. In the future, the cities may wish to consider submitting an application to LAFCo to adjust the boundary so that the city boundary no longer splits the school site.

Recommendation -

1. LAFCo encourages the City of San Bruno to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.
2. In the future, the City of San Bruno and the City of South San Francisco may wish to consider submitting an application to LAFCo to adjust the city boundary so that this line follows property boundaries of the Monte Verde Elementary School site.

Sphere of Influence Determination

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

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

San Bruno's SOI spans approximately 6.1 square miles, including the San Francisco County Jail and the San Francisco International Airport. The City's land use is primary

residential with some open space, office, commercial, and industrial uses. There is no agricultural land within the City's SOI.

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

The City of San Bruno's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.

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

The City currently provides adequate public services to its residents, including fire and police protection, water, sanitary sewer, and stormwater services. In addition, the City routinely adopts a Capital Improvement Program to fund critical repairs, replacements, and improvements to the City's infrastructure and facilities.

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.

There are no social or economic communities of interest within the City of San Bruno SOI.

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

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

Public/Agency Involvement

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budgets, reports, policies, etc. On April 28, 2024, a Notice of Public Hearing for the Draft MSR was released by LAFCo and published in the San Mateo County Times. In addition, notices were sent to every "affected agency", meaning all other agencies and school districts with overlapping service areas. One comment was provided to LAFCo during the public review period related to utility services to Capuchino High School.

Environmental Review/CEQA

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

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

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

Recommendation

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

Attachment

- A. Municipal Service Review for the City of San Bruno
- B. Resolution No. 1320 for the City of San Bruno Municipal Service Review
- C. MSR Areas of Determinations and Recommendations for the City of San Bruno



Municipal Service Review and Sphere of Influence Review for the City of San Bruno

Proposed Final

Municipal Service Review and Sphere of Influence Review for the City of San Bruno

SUBJECT AGENCY:

City of San Bruno

567 El Camino Real

San Bruno, CA 94066

Contact: Alex D. McIntyre, City Manager

CONDUCTED BY:

San Mateo Local Agency Formation Commission

455 County Center, 2nd Floor

Redwood City, CA 94063

(650) 363-4224

Commissioners:

Kati Martin, Chair, Special District Member

Ray Muller, Vice Chair, County Member

Tygarjas Bigstyk, City Member

Virginia Chang-Kiraly, Special District Member

Harvey Rarback, City Member

Warren Slocum, County Member

Ann Draper, Public Member

Commission Alternates:

Chris Mickelsen, Special District Member

James O'Neill, Public Member

Noelia Corzo, County Member

Ann Schneider, City Member

Staff:

Rob Bartoli, Executive Officer

Diane Estipona, Commission Clerk

Tim Fox, Legal Counsel

**LAFCo Municipal Service Review
and Sphere of Influence Update
City of San Bruno**

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EXECUTIVE SUMMARY

Section 1: MSR Overview

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

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

San Mateo Local Agency Formation Commission

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

LAFCo prepared comprehensive SOI studies and adopted SOIs for cities and special districts in 1985 and has subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After the enactment of the CKH Act and the new requirement to prepare MSRs in conjunction with or prior to SOI updates, LAFCo began the process of preparing MSR and SOI updates in late 2003.

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

Studies were first prepared on sub-regional and County-wide independent special districts, followed by South County cities and special districts.

Local Government in San Mateo County

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

Purpose of a Municipal Service Review/Sphere of Influence Update

This MSR/SOI Update examines the City of San Bruno.

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

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.

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

7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

Sphere of Influence Determinations:

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

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

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of MSR determination #35 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. City of San Mateo does not have any disadvantaged unincorporated communities within its SOI.

Section 2. Summary of Key Issues

- ~~While LAFCo staff has not identified any issues with the City’s budgeting practices,~~ the City has not adopted a balanced budget in the last five fiscal years. During this fiscal years the City, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.
- Although the City is ~~financially healthy and is~~ anticipated to be able to meet service demands of foreseeable growth with planned infrastructure improvements, capital the CityNet, the City’s cable and internet service, and Stormwater Enterprise funds are operating at a deficit. The City is exploring ways to create new revenue so that it is able to continue delivering services.

- Like many cities and agencies throughout the Country, San Bruno’s revenue was impacted by the COVID-19 pandemic, with as much as a 75% reduction in the City’s transient occupancy tax (TOT), one of the most important sources of revenue for the City. The City is also currently facing a structural deficit with loses in three of the last four budget years.
- The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City’s General Fund.
- The City’s adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City’s General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

Section 3: Affected Agencies

County and Cities: City of San Bruno and San Mateo County

School Districts: San Bruno Park School District, South San Francisco Unified School District, San Mateo Union High School District, San Mateo County Community College District,

Independent Special Districts: Peninsula Health Care District, San Mateo County Harbor District, San Mateo County Mosquito & Vector Control District

Dependent Special Districts: None

Section 4: City of San Bruno

Background & Overview^{3, 4}

Twelve miles south of the City of San Francisco, the City of San Bruno is located at the crossroads of two main paths around the San Bruno Mountains, Bayshore Road and Mission Road/Railroad. The City is bordered by the City of South San Francisco to the north, Millbrae to the south, Pacifica and the San Francisco County Jail to the west, and San Francisco International Airport to the east.

The City of San Bruno was incorporated on December 23, 1914, and was home to approximately 1,400 residents and remained rural in nature until the 1940s. During World War II, the United States government established a military presence in the City and used the Tanforan horseracing track for the internment of Americans of Japanese descent during the war. Additionally, the City experienced a housing boom which increased the population to over 35,000 by the mid-1960s.

In 2000, the Bay Area Rapid Transit (BART) opened a station in San Bruno that connected the City to San Francisco and East Bay. That same year, the US government sold a majority of the

³ City of San Bruno FY 23-Budget

⁴ U.S. Census Bureau, City of San Bruno 2020 U.S. Census Bureau Profile

naval base to a private developer. Over the next 20 years, the old naval base was transformed into The Crossing, a transit-oriented mixed-use development. In 2010, a PG&E pipeline exploded and caused a fire in the Crestmoor neighborhood that destroyed 38 homes and damaged many others. The City completed the Crestmoor neighborhood rebuild in 2020, including the new Earl-Glenview Park. As of 2020, the population of San Bruno is 43,908.

San Bruno is a general law city governed by a mayor and four City Council members. The mayor is elected to a 2-year term, and city council members serve overlapping 4-year terms. Starting in 2022 City Councilmembers are now elected by district. The City Council sets policies and carries out legislative activities. The City Manager, appointed by the City Council, is tasked with overseeing the City’s daily operations and appointing other City officials. City Council meetings are held on the second and fourth Tuesdays of every month.

The City encompasses a little more than 6 square miles and is primarily a low-density residential community with high-density residential housing located near the central business district, offices, and commercial areas.

Existing Sphere of Influence

The City’s Sphere of Influence (SOI) includes approximately 260 acres of unincorporated San Mateo County, including the San Francisco County Jail and San Francisco International Airport lands west of US 101. Since 1979, the SOI for the City has included a recommendation to detach Capuchino High School from the City of San Bruno and annex the property to the City of Millbrae. The High School is connected to San Bruno by a narrow corridor with irregular boundaries and is largely surrounded by the City of Millbrae. Currently, the City of ~~San Bruno~~ Millbrae provides water and sewer to the property.

Municipal Services

SERVICE	RESPONSIBLE AGENCY	
Public Safety		
Police protection	San Bruno	
Fire protection	San Bruno	
Emergency Medical Service	San Bruno	
Animal Control	San Mateo County Animal Control	
Utilities		
Water distribution	San Bruno	
Wastewater collection	San Bruno	
Wastewater treatment	San Bruno/South San Francisco	
Electricity	Pacific Gas & Electric	
Natural Gas	Pacific Gas & Electric	
Cable television & broadband internet	City of San Bruno (CityNet)	Earthlink
	Optimum	Hughesnet
	Xfinity	Always On
	Astound	Verizon
	Sonic	Raw Bandwidth

	Sail Internet Viasat AT&T	Unwired Starlink T-Mobile
Solid Waste Collection & Disposal	Recology San Bruno	
Stormwater	San Bruno	
Street Maintenance	San Bruno	
Street Lighting	San Bruno	
Community Services		
Parks and recreation	San Bruno	
Library	San Bruno	
Mosquito abatement and vector control	San Mateo Mosquito and Vector Control	
Planning, Building, Code Enforcement	San Bruno	
Public transportation	Bay Area Rapid Transit SamTrans Caltrain	

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

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

1) Growth and Population

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

Discussion^{5,6}

As of 2020 the City of San Bruno is home to approximately 43,908, representing 6% of the population in San Mateo County. Between 1990 and 2020, population increased steadily, but slower than the County overall, with the fastest rate occurring between 2010 and 2016. Housing production during this time was also lower than the rest of the County and Bay Area, only adding a little over 1,200 units to its housing stock between 2010 and 2020⁷. As of 2020, San Bruno has 16,622 housing units, of which approximately 56% were single-family detached homes, 4% were single-family attached buildings, 35% were multi-family buildings with 5 or more units and 6% were multi-family buildings with 2-4 units.

Residential uses account for 53% of the City’s land use, commercial, auto, office and industrial make up 10%, parks and open space account for 13%, and the remainder is public or quasi-public land use (e.g., the Civic Center complex, the Federal Archives, elementary and high school sites, the Golden Gate National Cemetery, and Skyline Community College⁸).

The Association of Bay Area Governments (ABAG), the agency responsible for forecasting population, housing and economic trends in the nine Bay Area counties, in coordination with the California Department of Housing and Community Development (HCD) estimates the housing need for the region and allocates a portion of projected need to every jurisdiction. In collaboration with Bay Area partner agencies, non-profit organizations and residents, ABAG developed Plan Bay Area 2050, a long-range regional plan that, among other activities, projects the population growth of each region throughout the Bay Area. Plan Bay Area 2050 anticipates that North San Mateo County, which includes the City of San Bruno, will increase its population by 70% from 98,000 households in 2015 to 166,000 households in 2050.

To accommodate the projected growth, cities and counties throughout the State are updating their housing elements every eight years to accommodate the regional housing need assessment (RHNA) allocation for the upcoming cycle. The County and the cities in San Mateo County are currently in the process of updating their Housing Elements to be consistent with the RHNA allocations. The Housing Element is a required component of a city’s or county’s General Plan, and the RHNA allocations for each cycle may require an update to zoning ordinances to demonstrate how it plans to meet the housing needs in its community.

During the fifth RHNA cycle (2015-2023), the City issued building permits for 331 out of the 1,155 housing units allocated to the City. Although the City did not meet its RHNA obligations, it entitled an additional 521 new residential units during that cycle and made several policy changes to its zoning ordinance to remove future housing production constraints.

⁵ U.S. Census Bureau, City of San Bruno 2020 U.S. Census Bureau Profile

⁶ City of San Bruno Housing Element submitted January 2023

⁷ U.S. Census Bureau, [H1- Housing Unit Table \(2010: DEC Summary File\)](#)

⁸ City of San Bruno General Plan

For the sixth RHNA cycle, ABAG tasked the City of San Bruno with identifying appropriately zoned or re-developable land to accommodate 3,165 housing units by 2031. The City’s submission to HCD includes buffer to ensure that the City is prepared to meet its RHNA obligations through projects that are currently in the pipeline (670), accessory dwelling units (240), recently constructed housing units (43) and developable property included in the sites inventory (2,709).

The City of San Bruno adopted its sixth cycle Housing Element in January 2023 and is continuing to make amendments with the expectation of receiving HCD certification by the end of 2024⁹.

Distribution of RHNA allocation for the City of San Bruno Housing Element

Income Level	RHNA 2015-2023	Building permits issued 2015-2023	RHNA 2023-2031	Credits	Remaining RHNA
Very Low Income (50% Average Median Income [AMI])	358	34	704	54	583
Low Income (60% AMI)	161	110	405	461	0
Moderate Income (80% AMI)	205	82	573	27	479
Above Moderate Income (120% AMI)	431	105	1,483	364	1,096
Total:	1,155	331	3,165	906	2,158

a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?

If San Bruno were to achieve its RHNA goal of producing over 3,100 housing units, the City’s housing stock would increase 22% to nearly 20,000 units over the next eight years. The San Bruno 2025 General Plan, adopted in 2009, plans for a total buildout of 17,780 housing units. However, the City believes that the draft housing element is consistent with the General Plan when paired with the City’s adopted Transit Corridors Specific Plan (2014) and the Bayhill Specific Plan. The Transit Corridor Specific Plan proposes an additional 1,610 residential units in three areas near transit that would result in a net increase of 890 housing units over the General Plan. The Bayhill Specific Plan for the existing Bayhill Office Park area plans for an additional 573 housing units and over four million square feet of commercial, hotel and office development.

Housing Production planned for in the San Bruno General and Specific Plans

	2025 General Plan	Transit Corridors Plan	Bayhill Specific Plan	Total Housing
Planned Housing Units	17,780	+890	+573	19,243

⁹ Correspondence from the City of San Bruno, received 1/31/2024.

In addition to this planned housing, the City anticipates at least 1,000 new housing units being added through the redevelopment of The Shops at Tanforan, which is currently a large 44-acre shopping mall. On July 27, 2021, the City Council approved the Reimagining Tanforan Land Use Fact Sheet. This provides a comprehensive guide for future owners of the Tanforan property to realize the City’s vision. On October 5, 2022, the City received a preliminary project application from Alexandria for a transit-focused mixed-use village comprised of approximately 1,000 housing units, a life science campus, and retail space, including an upgraded Target and Century Theatres (“project”). The project seeks to retain and upgrade Target and refresh the movie theater to accommodate the modern movie-going experience. A revised preliminary project application was received in November 2023, which includes a Flex-Use Strategy with two “flex zones” that remain designated primarily for commercial/life science uses in the base case and would alternatively allow a broader range of potential uses including possibly more residential uses and a hotel. The purpose of these flex zones is to allow flexibility in a multi-year project to respond to changing market conditions while remaining committed to the core imperatives of creating a mixed-use transit village. This approach, shown in the Proposed Tanforan Land Use Summary, will be analyzed in the project California Environmental Quality Act (CEQA) assessment that is currently being prepared by the City.

The Tanforan site was formally designated as a Bay Area Priority Site by the Association of Bay Area Governments (ABAG) Executive Board¹⁰ on November 16, 2023, which makes the site eligible for current and potential future funding and technical assistance and will be integrated into relevant Plan Bay Area 2050+ strategies. The site was recognized as a regionally significant transit-oriented development site within an ABAG Priority Development Area.

Proposed Tanforan Land Use Summary

Land Use	Programmed Area	Scenario A		Scenario B	
		Flex Zone	Total	Flex Zone	Total
Retail ¹	328,000 sf	0 sf	328,000 sf	0 sf	328,000 sf
Residential	1,000 DU	0 DU	1,000 DU	500 DU	1,500 DU
Life Science Lab & Office	711,000 sf	1,289,000 sf	2,000,000 sf	0 sf	711,000 sf
Hotel	0 keys	0 keys	0 keys	170 keys	170 keys
Amenity	14,500 sf	14,500 sf	29,000 sf	0 sf	14,500 sf

Notes:

Square footages and unit/room/parking counts are approximate and do not account for the demolition of existing uses.

¹ Includes 86,250 square feet of new retail uses, 160,000 square feet of relocated retail uses (i.e., Target), and 81,500 square feet of existing uses to be retained (i.e., theater).

- b) Will the population changes have an impact on the subject agency’s service needs and demands?

¹⁰ https://abag.ca.gov/sites/default/files/meetings/agendas/_basename_47.pdf

Although the City is preparing to increase its housing stock by over 20% over the next eight years to ensure compliance with the RHNA allocation, the City does not foresee that this growth will have a significant impact on municipal services and demands. New housing is planned to occur along major corridors through redevelopment and will be located in areas that already have access to municipal services. In addition, the City has adopted development impact fees for new development to address public infrastructure improvements needed to serve new growth in the city. Furthermore, the environmental analysis of the recent Housing Element did not identify any significant, unavoidable impact on municipal services from the housing growth¹¹.

The City’s 2020 Urban Water Management Plan determined that, based on SFPUC water allocations and the City’s projected growth and water demand, San Bruno is not expected to exceed its available water supply by 2035¹².

c) Will projected growth require a change in the agency’s service boundary?

The projected growth will occur within the City’s boundaries and will not require a change in the agency’s service boundary.

Growth and Population MSR Determination

As of 2020, the City of San Bruno is home to 43,908 residents and contains 16,622 housing units. The City’s adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City’s General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?			X
b) Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?			X

¹¹ Correspondence from the City of San Bruno received 1/31/2024.

¹² 2020 Urban Water Management Plan, City of San Bruno

c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if “no” to either a) or b), this question may be skipped)?			X
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Discussion:

a) Does the subject agency provide public services related to sewers and municipal and industrial water, and structural fire protection?

Yes. The City of San Bruno provides public services related to sewers, municipal and industrial water, and structural fire protection to City residences and businesses.

b) Are there any inhabited unincorporated communities within or adjacent to the subject agency’s sphere of influence that are considered disadvantaged (80% or less of the statewide median household income)?

No. There are two unincorporated areas that are within the City of San Bruno’s SOI. The first area is the San Francisco International (SFO) Airport Lands, located along the City’s eastern border and west of Highway 101. The SFO Airport lands are uninhabited and under the jurisdiction of the City and County of San Francisco. The second unincorporated area is the San Francisco County Jail #3 site, located on the western border of San Bruno along Highway 35. The County Jail is under the jurisdiction of the City and County of San Francisco and houses up to 768 people. Water to the Jail is provided by the San Francisco Public Utility Commission. Sewer service is provided by the North San Mateo County Sanitation District.

c) If yes to both, is it feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community?

Not applicable.

Disadvantaged Unincorporated Communities MSR Determination

The City’s sphere of influence and municipal boundaries are nearly contiguous with the exception of the undeveloped San Francisco International Airport Lands and San Francisco County Jail #3. Neither unincorporated area meets the definition of a disadvantaged unincorporated community

3) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
--	------------	--------------	-----------

a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?		X	
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X
d) Are there any significant infrastructure needs or deficiencies to be addressed?		X	
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?		X	
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?			X

Discussion:

Water: The City of San Bruno operates and maintains the City’s water supply, distribution and system, including approximately 116 miles of pipeline, eight pumping stations, four production wells, and eight storage tanks. Water that is distributed to San Bruno residents and businesses is primarily purchased through the San Francisco Public Utilities Commission (SFPUC). Additional water is also purchased from the North Coast County Water District for one apartment complex, and groundwater is pumped from the South Westside Ground Water Basin¹³.

Water maintenance, operations, and capital improvements are entirely paid for through revenue received through water service fees that fund the Water Enterprise Fund. Water Enterprise Fund revenue is entirely dedicated to the water system and cannot be used for other purposes. Since the Water Enterprise Fund is intended to fully support Water activities, the City evaluates water rates and fees on a routine basis to determine if the forecasted revenue is sufficient for ongoing water operations, maintenance, and capital improvements.

San Bruno raised its water rates in 2020 and cancelled a planned rate increase for July 2021 due to the COVID-19 pandemic. In February 2023, the City Council reviewed and accepted a Water and Sewer Rate Study, which recommended annual water rate increases of 6% through) 2028. The study found that an increase is needed to account for the 27% increase in SFPUC wholesale

¹³ 2022 Water System Plan, City of San Bruno

water rates in the past two years. In addition, the City has identified \$98.7M in capital improvement projects in its 5-year plan to replace three aging water storage tanks, install a new water storage tank, rehabilitate pump stations, install a replacement groundwater well, and replace and upgrade deteriorating pipelines and infrastructure. The five-year rate increase was approved by the San Bruno City Council on December 13, 2023, to start on January 1, 2024.

City of San Bruno Water Rates

	Prior to 1/1/24	1/1/24	1/1/25	1/1/26	1/1/27	1/1/28
<i>Overall Rate Increase</i>		6%	6%	6%	6%	6%
MONTHLY SERVICE FEES						
Single Family Residential	25.58	\$27.11	\$28.73	\$30.45	\$32.27	\$34.22
All other Accounts based on meter size						
¾ inch	25.58	\$27.11	\$28.73	\$30.45	\$32.27	\$34.22
1 inch	42.63	45.18	47.88	50.75	53.78	57.03
1 ½ inch	85.27	90.37	95.77	101.50	107.57	114.07
2-inch	136.43	144.59	153.23	162.40	172.11	182.51
3-inch	255.80	271.10	287.30	304.50	322.70	342.20
4-inch	426.33	451.83	478.83	507.50	537.83	570.33
6-inch	852.67	903.67	957.67	1,015.00	1,075.67	1,140.67
8-inch	1,364.27	1,445.87	1,532.27	1,624.00	1,721.07	1,825.07
10-inch	1,961.13	2,078.43	2,202.63	2,334.50	2,474.03	2,623.53
QUANTITY CHARGES						
Single Family Residential						
Tier 1	\$9.01	\$9.57	\$10.16	\$10.79	\$11.46	\$12.18
Tier 2	10.78	11.42	12.09	12.80	13.56	14.36
Tier 3	14.33	15.12	15.95	16.83	17.75	18.72
All other Accounts	\$10.11	\$10.68	\$11.28	\$11.91	\$12.58	\$13.27

Priority water system capital projects planned for significant work and delivery during the coming year include the Main Improvement and Replacement Program that will replace Water main lines throughout a large area of the residential neighborhoods east of El Camino Real and Water Tank, Well, Pressure Regulating Station, and Pump Station Improvement and Replacement Programs.¹⁴

The 2022 Urban Water Management Plan (UWMP) estimates that the City’s average daily water usage is expected to increase from 3 million gallons per day (MGD) to 4.78 MGD in 2040 due to development that is planned for in the Bayhill and Transit Corridor Specific Plans, a potential extension of water service to the County Jail, and other smaller development projects. The Plan foresees that the City will have a sufficient water supply in normal years to meet existing and projected demand over the next 20 to 25 years. However, the Plan notes that the City may

¹⁴ FY 23-24 budget

experience up to a 19% water shortage during a single dry year period and up to 24% water shortage during a five-year-long dry period. The water supply shortfalls are largely due to significant reductions in purchased water supply. The City can implement its Water Shortage Consistency Plan (WCSP) in water shortage years to reduce demands on the available water supply¹⁵.

The Water Division is housed within the Public Works Department is budgeted to staff 19.20 full-time equivalent (FTE) employees in FY 23-24.

Wastewater: The Wastewater Division of the San Bruno Public Works Department provides sanitary sewer services and is responsible for the operations and maintenance of the wastewater collection system, including all sewer mains, manholes, and six lift stations. All operations, maintenance and capital improvements to the City’s wastewater system, including the City’s share of the cost to operate the South San Francisco/San Bruno Wastewater Treatment Plant in South San Francisco, are funded via revenue collected via sanitary sewer fees that make up the Wastewater Enterprise Fund. Wastewater Enterprise Fund revenue is entirely dedicated to the City’s sanitary sewer system and cannot be used for other purposes.

Although wastewater revenue has been sufficient in past years, the City anticipates a shortfall beginning in FY 24-25 and adopted rate increases of approximately 5% annually over five fiscal years beginning July 1, 2023, to ensure adequate funding for ongoing operations and priority capital improvements.

City of San Bruno Wastewater Rates

	Prior to 7/1/23	7/1/23	7/1/24	7/1/25	7/1/26	7/1/27
MONTHLY SERVICE FEES						
Single Family Residential	32.27	33.96	35.74	37.61	39.59	41.66
All other Accounts based on meter size						
¾ inch	32.27	33.96	35.74	37.61	39.59	41.66
1 inch	53.78	59.60	59.57	62.69	65.98	69.43
1 ½ inch	107.57	113.20	119.14	125.38	131.95	138.87
2-inch	172.11	181.13	190.62	200.61	211.12	222.19
3-inch	322.70	339.61	357.41	376.14	395.85	416.60
4-inch & larger	537.83	566.02	595.68	626.90	659.76	694.33
QUANTITY CHARGES						
Residential	12.37	12.98	13.61	14.28	14.97	15.71
Commercial Light	11.50	12.05	12.63	13.23	13.87	14.53
Commercial Medium	12.37	12.98	13.61	14.28	14.97	15.71
Commercial Heavy	17.61	18.54	19.51	20.54	21.62	22.76
Commercial Special	22.86	24.11	25.42	26.81	28.27	29.82
Government	12.97	12.98	13.61	14.28	14.97	15.71
Industrial Light	12.97	12.98	13.61	14.28	14.97	15.71

¹⁵ San Bruno UWMP

According to the City’s FY 23-24 budget, the Wastewater Enterprise's operating and capital improvement programs have largely been guided by a Cease-and-Desist order from the Regional Water Quality Control Board in 2010 that mandated specific capital improvements and a settlement requirement of a lawsuit brought by the San Francisco Baykeepers in 2011 regarding the high incidence of sanitary sewer overflows (SSOs). Over the past few years, the City has made system improvements and has reduced the incidence of SSOs. In addition, the Wastewater Division has engaged in system maintenance and surveillance so that it can ensure compliance with federal and state regulations and identify repairs and improvements for the Wastewater Enterprise Fund CIP list. The Regional Water Quality Control Board lifted the Cease-and-Desist order in January 2020.

Wastewater treatment occurs under a Joint Powers Agreement with the City of South San Francisco. The treatment plant, located on Belle Air Road in South San Francisco, is jointly owned by the Cities of South San Francisco and San Bruno and operated and maintained by staff from the City of South San Francisco.

Stormwater: The stormwater component of the Streets & Stormwater Division, funded via the Stormwater Enterprise Fund, is part of the Public Works Departments and is responsible for the maintenance of and capital improvements to the stormwater conveyance system. Most of the revenue for stormwater maintenance comes from an assessment fee that was last updated in 1994 and only generates approximately \$600,000 annually. As a result, the Stormwater Enterprise Fund is currently in deficit status and is likely to go further into a deficit in future years.

In 2021, the City held a property owner election for a new property-related fee to fund storm drainage and flood protection programs. With 3,310 ballots voting no, the fee failed to meet the majority threshold for the fee to be imposed. . During FY 22-23, the City’s Community Perceptions Survey asked a statistically significant sample of likely voters if they support a bond measure that would fund infrastructure projects that would include stormwater improvements. Survey results indicate that a bond measure would fail to reach the supermajority requirement necessary to issue general obligation bonds. As a result, the City continues to use its General Fund to address any unmet or emergency stormwater system needs. Currently, the City has identified over \$350M of stormwater infrastructure improvements¹⁶. The City is only able to budget for capital improvements one fiscal year at a time.

The City prepared and adopted a Storm Drain Master Plan in 2014, but due to lack of funds, many of the recommended projects remain uncompleted. A partial storm drain system condition assessment was included as part of the City’s FY 23-24 Budget.

Telecommunications: Via CityNet Services (CityNet) Enterprise, the City of San Bruno provides a broad range of broadband video, data, and voice services to residential and business customers over a cable network consisting of over one hundred miles of fiber optic and coaxial cable throughout the entire San Bruno community. CityNet also operates local Channel 1 and Channel

¹⁶ Proposed Storm Drainage and Flood Protection Fee, April 6, 2021
<https://www.sanbruno.ca.gov/DocumentCenter/View/1010/Proposed-Storm-Drainage-and-Flood-Protection-Fee-Presentation--April-6-2021-PDF>

10, which airs City Council meetings and informational public service announcements. This is the only type of municipal telecommunication service in San Mateo County.

Over the past several years, subscription revenues have not been sufficient to fund the capital improvements needed to ensure CityNet remains a viable service. As a result, the CityNet Enterprise Fund has gradually developed a financial deficit, requiring the use of General Fund revenue to continue delivering service. As of June 30, 2023, the CityNet Fund had a negative equity balance of \$21.5 million¹⁷.

To address the shortfall, the City increased CityNet service rates between 9 and 12% effective August 1, 2023, and is exploring additional increases between 2 and 5% to ensure financial stability. City staff is evaluating whether the rate increases are sufficient to begin repayment of the amounts owed to the General Fund. If the rate increases are insufficient to repay the amounts owed to the General Fund, the City may consider soliciting a private company to acquire CityNet. The City issued a Request for Interest in December 2023 to gauge the private sector's appetite to acquire CityNet's customer base and infrastructure as part of a broader strategy to ensure the continuity of services to the community.¹⁸

Streets & Sidewalks: The City Public Works Department maintains and repairs the City's streets and sidewalks, including pothole repairs, removal of trash in public rights-of-way, and maintaining city streetlights for the safety of motorists, bicyclists, and pedestrians. As of 2021, San Bruno's pavement condition index (PCI) score is 61, or Fair¹⁹. Among the Streets Division's goals for FY 24-25 is to develop a digitized pothole repair reporting process. The CIP for FY 23-24 is \$24.6M, of which over 50% is dedicated to pavement management.

Police: The City of San Bruno is a full-service policing agency that provides public safety services twenty-four hours a day, seven days a week. The Police Department is staffed by a team of approximately 70 FTE employees, including 33 police officers, a Chief of Police, a Captain, a Lieutenant, a Sergeant, and 8 Dispatchers. Police expenditures accounted for a little over a third of the general fund budget for FY 23-24.²⁰

Public safety services provided by the San Bruno Police Department include patrol, traffic and parking enforcement, investigations, dispatch, and code enforcement. According to the Police Department's 2021 Annual Report, the Department responded to nearly 48,000 police incidents in 2021. Of those incidents, 28,701 (60%) were initiated by calls from service from the community, and approximately 660 arrests were made. In 2021, the San Bruno Police Department completed approximately 4,500 formal crime reports, of which 37% were for petty and grand thefts, 18% for drug offenses, 14% for burglaries, and 13% for warrant arrests²¹.

The San Bruno Police Station located at 177 Huntington Avenue was constructed around 2000 and is owned by BART, which leases a portion of the station to the City of San Bruno.

¹⁷ Correspondence from the City of San Bruno, received 1/31/24.

¹⁸ Correspondence from the City of San Bruno received 1/31/24.

¹⁹ ABAG/MTC PCI index 2021

²⁰ FY 23-24 Budget

²¹ San Bruno Police Department 2021 Annual Report

Fire Protection: The San Bruno Fire Department provides fire prevention and emergency response services, as well as advanced life support and community preparedness. Services are provided 24 hours a day, every day by 32 operational staff, including 4 Battalion Chiefs, 10 Captains, 20 firefighters, and 2 fire inspectors. The department is supported by 6.5 FTE administrative staff, including the Fire Chief. In FY 21-22, the Fire Department responded to 130 structure and other fire-related incidents, over 2300 medical incidents and responded to over 3,600 calls for service. The Fire Department expenditures account for approximately 22% of the general fund budget for FY 23-24.

Fire Station 51 located at 555 El Camino Real was built in 1958, and Fire Station 52 is located at 1999 Earl Avenue and was built in 1957.

The San Bruno Fire Department is currently an ISO Class 2 Department, with Class 1 being the highest ranking.

The San Bruno Fire Department prepared a Community Risk Assessment in 2022 to assist the City in the planning of a new station to replace Fire Station 52. The Community Risk Assessment also evaluated the department's performance, facilities and organizational structure and operations, and deployment. The Assessment made several recommendations to the Department, including:

- Conducting and analyzing performance and outcome measurements
- Replacing Stations 51 and 52 and finding a new location for Station 52.
- Building a training facility in San Bruno
- Providing more suitable facilities and equipment for the on-duty shift mechanic program.
- Hiring additional firefighters to ensure a minimum of 4-person staffing daily on Engine 51 and Engine 52.
- Analyzing the need for and ability to hire additional management staff.
- Developing and updating standard operating guidelines and all policies and procedures.
- Developing a Strategic Plan for the San Bruno Fire Department.
- Finding locations for workout exercise areas outside of the apparatus bays at both Station 51 and Station 52.

Parks: City-owned parks, facilities and recreation areas are maintained by the Parks Division of the Community Services Department with a staff of approximately 13 FTE. The Parks Division also maintains over 7 miles of street medians, approximately 7,250 street trees, and 128 acres of open space. Between FY 21 and FY 23, Parks planted approximately 100 trees annually. The Parks Division also cares for six soccer fields, two football fields, and the dog park at Commodore Park and collaborates with the Fire Department on fire mitigation for the City's maintained recreation and open spaces. The Parks budget represents approximately 5% of the general fund budget.

Recreation²²: Recreation services and activities are provided by the Administration and Recreation Division of the Community Services Department. Staffed by 7 full-time staff and additional supportive staff, the budget for Recreation represents 5.7% of the City’s general fund. Recreational programs include a wide range of classes, youth and adult programs, seasonal camps, and special events.

A new Recreation and Aquatic Center is currently under construction of the old Veterans Memorial Recreation Center in City Park. Construction began in 2021 and is expected to be completed in 2024. The 49,360 square-foot facility includes an indoor and outdoor pool, two adjacent program rooms, a gymnasium, three classrooms, a large community room with a commercial kitchen, a fitness center with an indoor track and group exercise room. Aquatics programming such as swim lessons, recreation and lap swimming, swim camps, and water aerobics will return when the Recreation and Aquatic Center opens.

Library²³: The City of San Bruno provides library services and community events at the San Bruno Public Library located at 701 Angus Ave W. The Library is open to the public Monday – Saturday and is staffed by a superintendent, a manager, three librarians, and supportive staff. The Library provides residents and visitors with library materials, Wi-Fi, access to online services and resources, educational programs, and tutorials. In FY 21-22, approximately 211,000 books were checked out, 700 students visited the Homework Center, and 2,100 residents attended Storytime. As a member of the Peninsula Library System, San Bruno residents have borrowing privileges at libraries throughout San Mateo County. Finally, the Division hosts community events like Movies in the Park, Shakespeare in the Park, Art in the Library, and Community Day in the Park Art Project.

The budget for Library Services represents 4% of the General Fund budget.

Contract Services

Animal Control

Twenty cities in San Mateo County, including the City of San Bruno, contract with the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society & SPCA to enforce all animal control laws, shelter homeless animals, and to provide a variety of other related services.

Garbage/solid waste/recycling/composting

The City of San Bruno contracts with Recology San Bruno to provide collect solid waste, recycling, and compost from residences and businesses. The City recently negotiated a new franchise agreement that includes several rates increases, including two rate increases effective January 1, 2023 (6%) and July 1, 2023 (9.58%), and a third rate increase of 7.65% scheduled to be effective as of July 1, 2024^{24,25}. The most recent rate increase in July 2023 was negotiated to

²² FY 23-24 Budget

²³ FY 23-24 budget

²⁴ Recology San Bruno Franchise Agreement 2022

²⁵ San Bruno City Council Agenda Packet June 13, 2023

provide an additional \$800,000 per year that would be dedicated to a portion of the street sweeping and catch basin waste removals performed by the City.

One percent of the assessed fee on Recology San Bruno bills goes to the City's Solid Waste Fund which is responsible for compliance with state mandates to achieve the goal of seventy-five percent (75%) diversion (recycling).

- a) Are there any deficiencies in agency's capacity to meet the service needs of existing development within its existing territory?

LAFCo staff has not identified any deficiencies to meet the needs of existing development within the City of San Bruno.

- b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?

The City of San Bruno is planning for significant growth over the next eight years and expects to have sufficient water supply and resources to fund sewer, police, fire, and emergency response services, as well as administrative services to support administrative and some public works functions.

However, two of the City's Enterprise Funds –Stormwater and CityNet – are either currently operating at a deficit or anticipate future budget shortfalls in the near future. As a result, the City is not able to engage in long-term planning for capital improvements and instead evaluates funding for capital improvements for storm drain and CityNet improvements on an annual basis. The budget shortfall and lack of long-term financial planning may negatively impact the City's ability to ensure adequate and efficient delivery of services in the future without significant contributions from the General Fund to the Enterprise Funds or rate increases to CityNet or the Stormwater Enterprise.

- c) Are there any concerns regarding the public services provided by the agency being considered adequate?

Over the past decade, San Bruno has made substantial improvements to its wastewater system to reduce the incidence of sanitary sewer overflows and maintain compliance with the State Board.

LAFCo staff does not have any concerns regarding the adequacy of the public services being delivered by the City of San Bruno to its residents and businesses.

- d) Are there any significant infrastructure needs or deficiencies to be addressed?

The San Bruno FY 23-24 Operating & Capital Improvements Budget identified several infrastructure needs or deficiencies that need to be addressed, including stormwater improvements.

- e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?

The City anticipates Electric Vehicle (EV) charging infrastructure and solar will require significant facility and/or infrastructure upgrades that may require financial contributions²⁶.

- f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural within or contiguous to the agency’s sphere of influence?

Not applicable. There are no disadvantaged unincorporated communities within the City of San Bruno’s sphere of influence.

Capacity and Adequacy of Public Facilities and Services MSR Determination

LAFCo staff is not aware of any deficiencies in the agency capacity to meet existing service needs for which the City of San Bruno does not have a plan in place to resolve. The City is aware that the CityNet and Stormwater Enterprise funds are operating at a deficit and is exploring ways to create new revenue so that it is able to continue delivering services.

The City routinely adopts a multi-year capital improvement plan with funding commitments for the first fiscal year adopted through the annual budget process. With the exception of the Water and Wastewater Enterprises, there is no structural revenue to support the vast majority of future capital funding needs.

Recommendations:

- 1) LAFCo encourages the City to continue to explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
- 2) LAFCo encourages the City to continue to review potential revenue increases or the creation of a dedicated revenue source for stormwater projects.

4) Financial Ability

Financial ability of agencies to provide service	Yes	Maybe	No
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?		X	
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?		X	

²⁶ Correspondence from the City of San Bruno, received 1/31/2024.

d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?		X	
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?			X
f) Is the organization’s debt at an unmanageable level?			X

Discussion:

a) Does the City routinely engage in budgeting practices that may indicate poor financial management such as overspending its revenue, failing to commission independent audits, or adopting its budget late?

LAFCo staff has not identified any issues with the City’s budgeting practices related to process. The City of San Bruno prepares an annual operating and capital improvement program (CIP) budget for the upcoming fiscal year that gets adopted by the City Council at a noticed public hearing before June 30th. Prior to adoption, the San Bruno City Council participates in one or more study sessions to review the City’s priorities, agency and department achievements, any financial or service challenges and an overview of the CIP and planned expenditures. Throughout the year, the City Council receives quarterly financial reports to assess and evaluate budget variances during the year.²⁷

The City also produces an Annual Comprehensive Financial Report (ACFR) that is reviewed by the City Council. Although the FY 21-22 ACFR was completed later than is standard for the City due to an unfilled position, there is no indication that the City is failing to complete its audits in a timely manner.

Like many cities and agencies throughout the Country, San Bruno’s revenue was impacted the COVID-19 pandemic, with as much as a 75% reduction in the City’s transient occupancy tax (TOT), one of the most important sources of revenue for the City. ~~Although the~~The City has not adopted a balanced budget in the last five fiscal years and is facing a structural deficit. The City, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to City Council in FY 23-24 that explores new revenue opportunities.

According to the City, its most significant budget challenges include reductions to the Vehicle License Fee and potential loss of sales tax due to a notice submitted by the State Department of Tax & Fee Administration (CDTFA) to the City and Walmart regarding a reallocation of approximately \$27.5M in sales that tax that the State claims should be reallocated to other jurisdictions. The City and Walmart filed a Verified Petition for Writ of Mandate and Complaint

²⁷ City of San Bruno FY 21-22 CAFR

for Declaratory and Injunctive Relief on October 26, 2023, to find the City's allocation of local sales taxes is proper. If the City and Walmart lose the case, the City would owe up to approximately \$15.3 million to the CDTFA to be redistributed²⁸. Furthermore, the City is anticipating a loss in future sales tax due to the forthcoming closure of the Shops at Tanforan due to redevelopment plans for the property.

The City’s estimated revenue for FY 23-24 is \$64.9M, a 12.6% increase compared to the FY 22-23 amended budget, which represents 32% of the total operating and Capital Improvement Plan (CIP) budget of \$234M for FY 23-24. Personnel accounts for 45% of total general fund expenditures, or \$30M.

City of San Bruno General Fund Budget FY 2020 - FY 2024

	FY 19-20 Actuals	FY 20-21 Actuals	FY 21-22 Actuals	FY 22-23 Rev. Budget	FY 23-24 Adopted Budget
Revenue					
Property Tax	\$11,746,610	\$12,097,657	\$13,107,710	\$12,211,998	\$12,564,573
Sales Tax	\$7,294,691	\$13,035,606	\$17,730,880	\$10,876,105	\$12,702,000
Transient Occ. Tax (TOT)	\$2,617,524	\$1,247,467	\$2,408,999	\$2,772,483	\$2,904,214
Vehicle License Fee	\$5,013,326	\$3,180,581	\$7,646,019	\$6,632,000	\$6,050,000
Reg. Cardroom Fee	\$1,974,980	\$2,035,009	\$2,200,592	\$3,231,075	\$4,105,438
Business Tax	\$1,897,762	\$1,974,584	\$2,277,785	\$2,005,000	\$2,615,287
Departmental Revenue	\$5,437,724	\$6,135,177	\$10,719,120	\$9,748,514	\$11,454,315
Franchises	\$1,861,255	\$1,798,674	\$1,863,932	\$1,827,000	\$1,923,912
Other Revenue	\$10,820,600	\$10,938,912	\$1,935,355	\$7,376,700	\$10,602,830
Total Revenue	\$48,664,472	\$52,443,667	\$59,890,391	\$56,680,875	\$64,922,570
Expenditures					
General Government	\$5,359,016	\$5,615,928	\$5,805,249	\$7,774,176	\$8,352,322
Police	\$18,738,767	\$18,459,942	\$18,674,143	\$21,130,984	\$23,747,763
Fire	\$11,481,242	\$12,647,980	\$12,579,946	\$13,008,301	\$14,253,825
Public Works	\$4,251,710	\$4,123,961	\$3,556,489	\$4,619,553	\$5,759,226
Comm & Econ Devt.	\$3,589,926	\$3,145,919	\$2,966,617	\$4,951,823	\$4,470,775
Community Services	\$8,790,412	\$7,638,163	\$7,346,569	\$9,148,029	\$11,666,217
Non-Dept. Cost Alloc.	-\$4,684,577	\$4,236,201	\$1,441,907	\$1,955,104	\$3,173,718
Transfer out to debt svc	\$1,361,494	\$1,471,197	\$1,282,422	\$1,484,874	\$1,367,118
Total Expenditures	\$48,887,990	\$48,866,889	\$50,769,528	\$60,162,636	\$66,443,527

San Bruno’s primary revenue sources are property tax and sales tax, each of which has accounted for an average of 22% over the last 5 fiscal years. Property within the City of San Bruno has an average assessed value of approximately \$856,000 per property, below the average assessed value of the County of \$1.3 Million and lower than the City of South San Francisco (assessed value of \$1.5 per property) and Millbrae (\$1.1 per property)²⁹. Property

²⁸ Correspondence from the City, received 1/31/2024.

²⁹ San Mateo County Assessor’s Office

taxes are only projected to increase by 3% from FY 22-23. Sales tax, on the other hand, has increased substantially over the past five years, and the City projected a 17% in sales tax from FY 22-23. Departmental revenue and Other Revenue (Use of Money & Property and miscellaneous) have accounted for an average of 15% over, and VLF has accounted for 10%.

The City acknowledges that the Excess Educational Revenue Augmentation Fund (ERAF) is an unreliable revenue source and budgets it as one revenue that gets allocated to City reserves.

As of June 30, 2022, the City's overall net position increased \$25M (20.1%) from the previous year³⁰.

Enterprise Funds

The City of San Bruno has four Enterprise Funds – Water, Wastewater, Stormwater, and CityNet. The Enterprise Funds deliver services that are supported by the rates and fees levied by each respective fund. The Water Fund Enterprise has been stable for many years. However, due to increased SFPUC rates and debt issuance over the increased capital cost of water tank construction, the City projects a negative fund balance beginning FY 25-26. The San Bruno City Council approved the annual water rate increases over a five-year period that were recommended in the 2023 Water and Sewer Rate study beginning January 1, 2024, to ensure funding for ongoing operations and capital improvements.

The Wastewater Enterprise has typically been balanced, but the City projects a shortfall beginning in FY 24-25. The San Bruno City Council approved the annual sewer rate increases over a five-year period that were recommended in the 2023 Rate Study beginning July 1, 2023 to ensure funding for ongoing operations and capital improvements.

CIP projects for the Enterprise Funds, especially for water and wastewater, are large and complex and require multi-million-dollar investments in a short period of time. Capital improvement projects will be evaluated annually, and some may be delayed during the forecast period to sustain the fund's self-supporting status³¹.

The Stormwater Enterprise has been operating at a deficit for several years. City efforts to increase the \$46.16 per parcel assessment fee have been unsuccessful. Planned stormwater system CIP projects have been funded by the General Fund due to lack of funds and are evaluated annually.

Despite projecting a slight surplus over operating expenditures in FY 23-24, the City has been operating a deficit for several years. As of June 30, 2023, the CityNet Fund has a negative equity balance of \$21.5 million, comprised of negative cash and non-cash liabilities such as unfunded pension liabilities. The negative equity balance includes \$16M owed to the General Fund due to multi-year reliance on advances from the General Fund to sustain operating charges, including franchise fees, internal service allocations, and general overhead allocations³². The City has taken several steps to address several steps, including gradually eliminating the equity transfer

³⁰ City of San Bruno FY 21-22 ACFR

³¹ Correspondence from the City of San Bruno, received 1/31/24.

³² Correspondence with the City of San Bruno, received 1/31/2024.

the Enterprise has paid toward the General Fund, applying the 5% franchise fee to all Enterprise revenue and increasing subscription rates.

CityNet’s operating revenues are expected to yield a slight surplus over operating expenditures in FY2023-24. However, there is no excess funding for debt services and the General Fund will need to cover the payment for this enterprise fund.

City of San Bruno Enterprise Funds Revenue & Operating Expenses FY 2020 – FY 2024

Enterprise Funds	Est. Actual FY 19-20	Est. Actual FY 20-21	Est. Actual FY 21-22	Est. Actual FY 22-23	Budgeted FY 23-24
Water					
Revenue	\$16,359,737	\$17,380,923	\$15,597,000	\$14,792,484	\$14,934,850
Operating Expenses	\$9,044,746	\$10,179,828	\$9,643,991	\$11,021,041	\$13,076,418
Wastewater					
Revenue	\$18,620,132	\$17,816,800	\$17,937,000	\$17,783,271	\$18,551,131
Operating Expenses	\$8,683,150	\$9,101,147	\$8,887,812	\$10,936,750	\$12,950,450
Stormwater					
Revenue	\$675,000	\$657,009	\$642,300	\$668,984	\$1,453,000
Operating Expenses	\$1,026,056	\$1,084,502	\$1,309,434	\$1,605,397	\$1,967,493
CityNet					
Revenue	\$9,591,730	\$9,399,434	\$8,462,511	\$8,058,570	\$8,802,500
Operating Expenses	\$9,512,590	\$9,364,066	\$8,806,358	\$8,701,263	\$8,800,449

Capital Improvement Program (CIP)

The City of San Bruno prepares and adopts a Capital Improvement Program (CIP) on an annual basis that identifies projects and funding over a five-year period. The FY 2023-28 CIP identified ninety-five projects and programs and \$243.9M in funding to be programmed over that time. Half of the CIP funding is to implement infrastructure improvements and repairs to the City’s water and sanitary sewer systems.

City of San Bruno Capital Improvement Projects FY 23-28

	Est. Carryover from FY 22-23	New Request for FY 23-24	Total FY 23-24 Funding	Total 5-Year Capital Improvement Program
Water	\$19,277,173	\$1,653,393	\$20,930,566	\$98,730,566
Sewer	\$20,191,970	\$13,591,434	\$33,783,404	\$73,483,404
Stormwater	\$987,804	\$1,050,000	\$2,037,804	\$2,037,804
CityNet	\$73,157	\$0	\$73,157	\$73,157
Parks	\$4,441,852	\$1,272,946	\$5,714,798	\$9,961,238
Facilities	\$6,839,764	\$611,695	\$7,451,459	\$8,229,034
Streets	\$17,343,604	\$7,262,214	\$24,605,818	\$48,521,818
Technology	\$1,664,583	\$989,946	\$2,654,529	\$2,904,529
Total	\$70,819,907	\$26,431,629	\$97,251,535	\$243,941,550

Pensions & Pension Liability

Pensions account for 18%, or \$11.5M, of budgeted General Fund Revenues in FY 23-24, which is consistent with prior fiscal years. The only revenue sources to fund employee pensions come from investment earnings, employee contributions and employers' contributions. Although the City has implemented the reduced pension benefits formula (PEPRA), the City will not see the impact of those changes for several more years.

The City reported that their employer's Fiscal Year 2022-23 CalPERS payment totaled \$12,810,830 and that employees do not contribute to the employer's CalPERS UAL.³³

In January 2013, the City issued a \$13 million bond related to the City's CalPERS unfunded liability obligations.

Other Post Employment Benefits (OPEB)

The City does not record a net OPEB liability because the benefit provider, Teamster's Local 856 Health & Welfare Trust (Trust), is the responsible entity for retiree medical, not the City. All employees receiving health and welfare benefits from the City participate in the Trust.

b) Is the organization lacking adequate reserves to protect against unexpected events or upcoming significant costs?

The City has several reserves, including:

- General Fund Reserve with a goal of 25% of the City's annual budgeted expenditures
- General Fund Capital Reserve with a goal of \$5M annually
- Emergency Disaster Fund with a goal of \$3M
- Central Garage Reserve with a goal with a goal of 25% of fund expenditures
- Building and Facilities Reserve with a goal with a goal of 25% of fund expenditures
- Technology Reserve with a goal with a goal of 25% of fund expenditures
- Self-Insurance Reserve with a goal with a goal of 25% of fund expenditures

The City has not met its annual General Fund reserve goal in four of the last five fiscal years by as little as 1% and as much as 6%. The City has not achieved its target for the Emergency Disaster Fund in the past five fiscal years by less than \$200K in the past 3 fiscal years.

Conversely, the City has maintained a robust General Fund Capital Reserve over the past five fiscal years and projects a reserve balance that is nearly five times greater than its target. All internal service funds are anticipated to achieve the 25% target by the end of FY 2023-24.

c) Is the City's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?

The City reviews and updates the Master Fee Schedule annually to ensure that rates and fees are reasonable, recover the cost of delivering services and fund capital improvements to ensure

³³ Correspondence from the City of San Bruno, received 1/31/24.

the ongoing adequacy of the infrastructure and municipal services. Per the City, a comprehensive fee study is anticipated in the next two years.

The City operates four Enterprise Funds for Water, Wastewater, Stormwater and CityNet. Revenue collected from service fees and charges for each Enterprise are used to fund the operations, maintenance and capital improvements for each respective Enterprise. The City conducted rate studies for water and sewer. The studies noted that the City's rates for each service were in the median range compared to fees and charges levied by other San Mateo County cities. The City Council adopted rate increases for water and sewer to ensure that revenue would be sufficient to fund ongoing operations, maintenance and capital improvements.

The City also amended its franchise agreement with Recology San Bruno 2023 and adopted rate increases to occur on July 1, 2023, and January 1, 2024.

As noted previously in this report, the CityNet Enterprise has been operating in a deficit for nearly ten fiscal years as subscription revenue, its only source of revenue, has been insufficient to cover operations or capital improvements. The City increased CityNet service rates between 9 and 12% effective August 1, 2023, and is exploring additional increases between 2 and 5% to ensure financial stability. City staff is evaluating whether the rate increases are sufficient to begin repayment of the amounts owed to the General Fund. If the recent rate increases are insufficient to repay the amounts owed to the General Fund, the City may consider soliciting a private company to acquire CityNet. The City issued a Request for Interest in December 2023 to gauge the private sector's appetite to acquire CityNet's customer base and infrastructure as part of a broader strategy to ensure continuity of services to the community.³⁴

The City has not had success in increasing the assessment fee for the Stormwater Enterprise Fund, which hasn't been increased since 1994. In 2021, the City held a property owner election for a new property-related fee to fund storm drainage and flood protection programs. With 3,310 ballots voting no, the fee failed to meet the majority threshold for the fee to be imposed. During FY 22-23, the City's Community Perceptions Survey asked a statistically significant sample of likely voters if they support a bond measure that would fund infrastructure projects that would include stormwater improvements. Survey results indicate that a bond measure would fail to reach the supermajority requirement necessary to issue general obligation bonds. As a result, the City continues to use its General Fund to address any unmet or emergency stormwater system needs. Currently, the City has identified over \$350M of stormwater infrastructure improvements³⁵.

d) Is the agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?

Since the CityNet and Stormwater Enterprise Fund are not receiving sufficient revenue to fund operations and capital improvements, the City is unable to plan for and fund the necessary

³⁴ Correspondence from the City of San Bruno received 1/31/24.

³⁵ Proposed Storm Drainage and Flood Protection Fee, April 6, 2021

<https://www.sanbruno.ca.gov/DocumentCenter/View/1010/Proposed-Storm-Drainage-and-Flood-Protection-Fee-Presentation--April-6-2021-PDF>

infrastructure maintenance and replacements for these two services. Capital improvements are reviewed annually for priority/urgency and funded when Enterprise and/or General Fund revenue is available.

e) Is the agency lacking financial policies that ensure its continued financial accountability and stability?

The City of San Bruno has adopted several policies to ensure its continued financial accountability and stability, including policies regarding revenue, capital assets, accounting, budgeting, investments, debt management and reserve funds³⁶.

f) Is the agency's debt at an unmanageable level?

The City of San Bruno has maintained high ratings on debt issuances due to the City's financial management practices (e.g., appropriate reserve levels, plans to reduce liabilities, and fiscal policies)³⁷. The City has a debt management policy that establishes legal debt limits (equal to 15% of the assessed value of all real and personal City property), establishes financial limits and identifying guidelines regarding the structuring of debt. As of June 30, 2022, the City had \$51.3M total outstanding debt, which complies with and is under the current policy limits.

The FY 2023-24 budget notes that the City of San Bruno's debt portfolio consists of seven issuances, including debt to support critical capital infrastructure. In addition, the City's debt portfolio includes pension obligation bonds, the Police Building lease revenue bonds, and leasing for two new fire engines.

The City does not intend to issue any new debt or refinance any existing debt in FY 2023-24.

Financial Ability MSR Determination

LAFCo staff has not identified any issues with the City's budgeting practices regarding process. The City of San Bruno prepares an annual operating and capital improvement program (CIP) budget for the upcoming fiscal year that gets adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report (ACFR) that is reviewed by City Council.

The City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance. The City is currently facing a structural deficit.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to the City Council in FY 23-24 that explores new revenue opportunities.

The City has not met its annual General Fund reserve goal in four of the last five fiscal years by as little as 1% and as much as 6%. The City has not achieved its target for the Emergency Disaster Fund in the past five fiscal years by less than \$200K in the past 3 fiscal years.

³⁶ City of San Bruno FY 23-24 Budget

³⁷ City of San Bruno FY 21-22 ACFR

Enterprise funds such as the Wastewater Enterprise Fund, Stormwater Enterprise Fund, and CityNet Fund have experienced shortfalls in revenue over the last few years. In the case of the Stormwater Enterprise Fund and CityNet Fund, these funds have had to utilize funds from the City’s General Fund in order to sustain operation and capital costs.

The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City’s General Fund.

The City of San Bruno has maintained high ratings on debt issuances. ~~due to the City’s financial management practices.~~

Recommendations:

- 1) LAFCo encourages the City to continue to explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
- 2) LAFCo encourages the City to continue to review potential revenue increases or the creation of a dedicated revenue source for stormwater projects.
- 3) LAFCo encourages the City to continue explore revenue and expenditure options related to the City’ General Fund in order to adopt a balance annual budget.
- 4) LAFCo encourages the City to prepare contingency plans should the City lose the litigation regarding the allocation of sales tax.

5) Shared Service and Facilities

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

a) Is the agency currently sharing services or facilities with other organizations?

Fire Department: The San Bruno Fire Department participates in a shared services agreement with the Central County Fire Department for the training of all fire department personnel.³⁸

Animal Control: Along with 20 other San Mateo County Cites, San Bruno contracts with the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society & SPCA to enforce all animal control laws, shelter homeless animals and provide a variety of other related services.

Wastewater Treatment: San Bruno is part of a Joint Powers Agreement with the City of South San Francisco to treat wastewater at the South San Francisco/San Bruno Water Quality Control Plant. The treatment plant is located in South San Francisco and is operated by the City of South San Francisco. Treated wastewater is discharged into the Bay via an outfall pipe that is shared by San Bruno, South San Francisco, Millbrae, Burlingame, Colma and SFO.

Police Department: The San Bruno Police Station located at 177 Huntington Avenue is owned by BART. BART leases a portion of the station to the City of San Bruno.

b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?

Staff has not identified any additional opportunities for the City of San Bruno to share services or facilities with neighboring or overlapping organizations that are not currently being utilized.

c) Are there governance options to allow appropriate facilities and/or resources to be shared, make excess capacity available to others, avoid the construction of extra or unnecessary infrastructure or eliminate duplicative resources?

Staff has not identified any governance options that would reduce duplication of resources, facilities, or infrastructure.

Shared Services MSR Determination

The City of San Bruno partners with several agencies to share resources and reduce costs. LAFCo staff has not identified other opportunities that the City could engage in to share costs and/or reduce duplication of resources, facilities, or infrastructure.

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any issues with meetings being accessible and well-publicized? Any failures to comply with disclosure laws and the Brown Act?			X

³⁸ Correspondence from the City of San Bruno received 1/31/2024.

b) Are there any issues with staff turnover or operational efficiencies?		X	
c) Is there a lack of regular audits, adopted budgets and public access to these documents?			X
d) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?			X
e) Are there any governance restructuring options to enhance services and/or eliminate deficiencies or redundancies?			X
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?			X

Discussion:

San Bruno is a general law city governed by a Mayor and four City Council members. The Mayor is elected to a 2-year term in accordance with Measure K adopted in 1977. City council members serve overlapping 4-year terms. On March 22, 2022, the San Bruno City Council adopted Ordinance #1907 establishing the City’s first district map for City Council elections. The Ordinance implemented by-district elections of four City Council Members effective November 2022. San Bruno’s first by-district election began with representatives for Districts 1 and 4 during the November 2022 election, with elections for Districts 2 and 3 to occur in November 2024. Each district Council Member serves a four-year term and must live in their respective district.

a) Are there any issues with meetings being accessible and well-publicized? Any failures to comply with disclosure laws and the Brown Act?

The City Council meets in person at the San Bruno Senior Center located at 1555 Crystal Springs Road on the 2nd and 4th Tuesday of every month, except for the 4th Tuesday in December, at 7 pm. Regular meetings are also accessible for viewing to the public via Zoom, the City of San Bruno YouTube Channel and CityNet Channels 1 and 10. Agendas, agenda packets and meeting presentations are posted to the City website at least 72 hours prior to meeting dates. However, meeting minutes are inconsistently published on the City website and in future agenda packets, which can make it challenging for the public to be aware of actions taken at City Council meetings.

Neither the San Bruno City Clerk's Office or LAFCo staff were able to identify any failures by the City to comply with disclosure laws and the Brown Act.

b) Are there issues with staff turnover or operational efficiencies?

In FY 21-22, the City reported a total of 262.5 FTE employees and experienced a turnover rate of 15.63% in calendar year (CY) 2023 and 9.59% in CY 202. In FY 21-22, an unfilled position resulted in the delayed completion of the Annual Comprehensive Financial Report (ACFR)³⁹, which has since been published. The City acknowledges there have been staff turnover issues and is looking at opportunities to improve efficiencies and reduce staff turnovers in the future by streamlining processes, automating when possible and appropriate, improving accountability and focusing on customer service.⁴⁰

c) Is there a lack of regular audits, adopted budgets and public access to these documents?

The City of San Bruno regularly prepares an annual budget and contracts with an accounting firm to conduct an annual ACFR, both of which are presented to the City Council at a public hearing and are published on the City’s website.

d-f) Changes in governance structure:

LAFCo staff does not recommend any changes to or restructuring options of the City’s governance structure that would increase accountability and efficiencies, enhance services and/or eliminate deficiencies. If the cities of San Bruno and Millbrae so desire, there could be a detachment of Capuchino High School from the City of San Bruno and annex the property to the City of Millbrae to help address irregular boundaries in the southern portion of San Bruno.

Accountability, Structure, and Efficiencies MSR Determination

The City of San Bruno ensures that public meetings are accessible and well-publicized. LAFCo staff is not aware of any failures to comply with disclosure laws or the Brown Act. The City has experienced staff turnover in recent years but there are no issues related to operational efficiencies. The City prepares and adopts an annual budget, and annual independent audits are reviewed at a City Council meeting. LAFCo staff does not recommend any changes to the City’s governmental structure or operations that will increase accountability and efficiency.

Recommendation:

- 1) LAFCo staff recommends publishing and posting City Council meeting minutes on the City’s website more frequently and/or in a more consistent manner so that the public can easily locate information on the actions taken at City Council meetings.

7) Other

Any other matter related to effective or efficient service delivery, as required by commission policy.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?		X	

³⁹ City of San Bruno FY 21-22 ACFR (Page 11)

⁴⁰ Correspondence from the City of San Bruno received 1/31/24.

b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?	X		
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a) Other service delivery issues that can be resolved by the MSR/SOI process.

While not a service delivery issue, Monte Verde Elementary School, part of the South San Francisco Unified School District is split by the City of San Bruno – City of South San Francisco city boundary line (Attachment B). In the future, the cities may wish to consider submitting an application to LAFCo to adjust the boundary so that the city boundary no longer splits the school site.

b) Water Resiliency and Climate Change

San Bruno is a partner of One Shoreline, an independent government agency that secures and leverages public and private resources to plan for and build solutions to the climate change impacts of sea level rise, flooding, and coastal erosion. One Shoreline is exploring solutions to address significant flooding issues that occur within the San Bruno Creek Flood Zone, especially during severe weather events. Potential projects that are under consideration include a pump station that would carry excess flows around the existing tide gate where the Creek meets the San Francisco Bay, rehabilitation of two existing pump stations and construction of a new detention basin to increase storm water capacity during intense rainfall.⁴¹

The City does not have an adopted Climate Action Plan but has taken recent steps towards reducing greenhouse gas emissions by adopting a Reach Code Ordinance to reduce emissions during construction alongside updates to the 2022 California Building Code. The city recently issued a request for proposal (RFP) for the preparation of a Climate Action Plan. If approved in the 2024/25 budget, preparation of the document will begin in July 2024 and is anticipated to

⁴¹ <https://oneshoreline.org/projects/san-bruno-creek-flood-zone/>

take approximately 18 months to complete. In addition, the City adopted a Floodplain Management Requirements Ordinance in 2019.⁴²

c) Natural Hazards and Mitigation Planning

Along with the County and other San Mateo County cities, San Bruno participated in the 2021 Local Hazard Mitigation Plan (LHMP) that assessed hazard vulnerabilities and identified opportunities for mitigation to reduce the level of injury, property damage and community disruption that could occur in manmade and natural disasters.

In addition to participation in the LHMP, the City reports that it has commissioned a Wildfire Threat Study and is in the process of developing a Crestmoor Canyon Wildfire Mitigation Plan.

Along with a few other jurisdictions in San Mateo County, the City is in the process of updating the Safety Element of the General Plan, scheduled for completion in mid-2025.

Other Issues MSR Determination

The City of San Bruno is engaged in activities to address hazard mitigation, wildfire prevention and sea level rise for City residents and businesses, including engagement with One Shoreline.

While not a service delivery issue, Monte Verde Elementary School, part of the South San Francisco Unified School District is split by the City of San Bruno – City of South San Francisco city boundary line. In the future, the cities may wish to consider submitting an application to LAFCo to adjust the boundary so that the city boundary no longer splits the school site.

Recommendation:

- 1) LAFCo encourages the City of San Bruno to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.
- 2) In the future, the City of San Bruno and the City of South San Francisco may wish to consider submitting an application to LAFCo to adjust the city boundary so that this line follows property boundaries of the Monte Verde Elementary School site.

Section 5: Sphere of Influence Review and Update

Determinations

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

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

San Bruno’s SOI spans approximately 6.1 square miles, including the San Francisco County Jail and the San Francisco International Airport. The City’s land use is primarily

⁴² Correspondence from the City of San Bruno received 1/31/24.

residential with some open space, office, commercial, and industrial uses. There is no agricultural land within the City’s SOI.

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

The City of San Bruno’s facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.

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

The City currently provides adequate public services to its residents, including fire and police protection, water, sanitary sewer, and storm water services. In addition, the City routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the City’s infrastructure and facilities.

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.

There are no disadvantaged unincorporated communities within the City of San Bruno’s SOI.

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

No change to the City of San Bruno’s SOI is proposed at this time.

On the basis of the Municipal Service Review:

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

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

Appendix A. City of San Bruno Fact Sheet

City Manager: Alex D. McIntyre

Address: 567 El Camino Real, San Bruno, CA 94066

Phone Number & Email Address: 650-616-7056

Date of Incorporation: December 23, 1914

City Councilmembers:

Mayor & Councilmembers	Term Expiration Date
Rico E. Medina, Mayor	December 2024
Tom Hamilton, Vice Mayor	December 2024
Sandy Alvarez, District 1	December 2026
Marty Medina, District 4	December 2026
Michael Salazar	December 2024

Compensation: The mayor and city council members receive a stipend of \$1,166 per month and may elect to receive medical, dental, and life insurance benefits.

Public Meetings: Second and fourth Tuesday of every month, except for the 4th December in December, at 7 pm.

Services Provided: Police, Fire, Water, Sanitary Sewer, Stormwater Control, Telecommunications, Streets & Sidewalks, Lighting, Parks & Recreation

Agency staff: 281 Full-time equivalent employees

Area Served: City of San Bruno

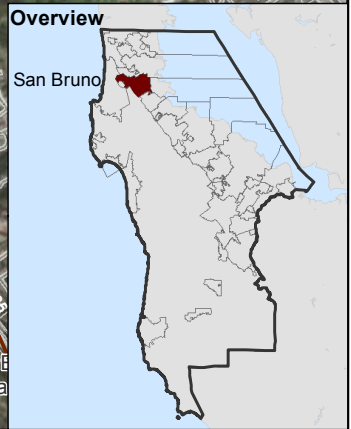
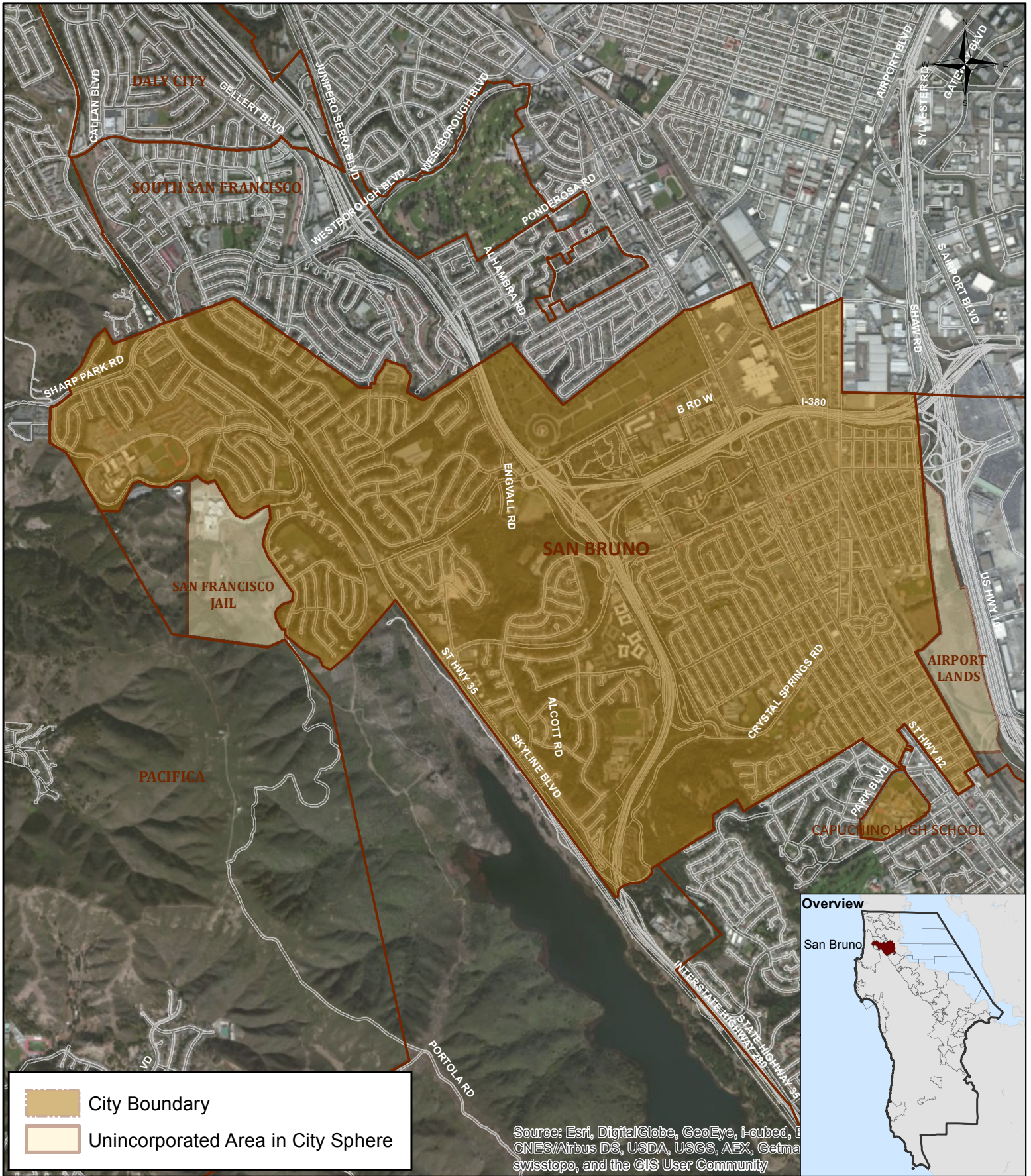
Population: 43,908

Sphere of Influence: Boundaries of San Bruno and the unincorporated areas of the SFO airport lands and San Francisco County Jail #3

FY 2023-24 Budget: \$234M, including \$132M for Operating Expenditures and \$102M for the Capital Improvement Program

Appendix B. References

City of San Bruno MSR Response Letter



SAN BRUNO SPHERE OF INFLUENCE



0.07 0 0.04 0.07 Miles

WGS_1984_Web_Mercator_Auxiliary_Sphere
© Latitude Geographics Group Ltd.

1: 2,257



LAFCo Meeting
Packet Page 182

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.
THIS MAP IS NOT TO BE USED FOR NAVIGATION

Attachment B

RESOLUTION NO. 1320

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

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

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

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

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

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

WHEREAS, the Executive Officer set a public hearing date for May 15, 2024, for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on May 15, 2024; and

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

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

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

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

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

San Bruno's SOI spans approximately 6.1 square miles, including the San Francisco County Jail and the San Francisco International Airport. The City's land use is primary residential with some open space, office, commercial, and industrial uses. There is no agricultural land within the City's SOI.

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

The City of San Bruno's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.

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

The City currently provides adequate public services to its residents, including fire and police protection, water, sanitary sewer, and stormwater services. In addition, the City routinely adopts a Capital Improvement Program to fund critical repairs, replacements, and improvements to the City's infrastructure and facilities.

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.

There are no social or economic communities of interest within the City of San Bruno's SOI.

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

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

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

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

The Municipal Service Review also is exempt from CEQA under the section 15061(b)(3), the common-sense provision, which states that CEQA applies only to projects which have the potential for

causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA; and

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

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated May 15, 2024, Final Municipal Service for the City of San Bruno, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

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

Regularly passed and adopted this ___day of__.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioners Absent and/or Abstentions:

Commissioners:

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

ATTEST:

Executive Officer
 Local Agency Formation Commission

Date: _____

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

Date: _____

Clerk to the Commission
 Local Agency Formation Commission

Exhibit B

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

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

As of 2020, the City of San Bruno is home to 43,908 residents and contains 16,622 housing units. The City's adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City's General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

Recommendation

- None

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

Determination

The City's sphere of influence and municipal boundaries are nearly contiguous with the exception of the undeveloped San Francisco International Airport Lands and San Francisco County Jail #3. Neither unincorporated area meets the definition of a disadvantaged unincorporated community

Recommendation

- None

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

Determination

LAFCo staff is not aware of any deficiencies in agency capacity to meet existing service needs for which the City of San Bruno does not have a plan in place to resolve. The City is aware that the CityNet and Stormwater Enterprise funds are operating at a deficit and is exploring ways to create new revenue so that it is able to continue delivering services.

The City routinely adopts a multi-year capital improvement plan for city-owned infrastructure and facilities; however, the City is unable to make multi-year funding commitments for CIP projects related to the Stormwater or CityNet Enterprise funds due to their budget shortfalls.

Recommendations -

1. LAFCo encourages the City to continue explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
2. LAFCo encourages the City to continue to review potential revenue increases or the creation of the dedicated revenue source for stormwater projects

Financial ability of agencies to provide services.

Determination

LAFCo staff has not identified any issues with the City's budgeting practices regarding process. The City of San Bruno prepares an annual operating and capital improvement program (CIP) budget for the upcoming fiscal year that gets adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report (ACFR) that is reviewed by City Council.

The City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance. The City is currently facing a structural deficit.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to City Council in FY 23-24 that explores new revenue opportunities.

The City has not met its annual General Fund reserve goal in four of the last five fiscal years by as little as 1% and as much as 6%. The City has not achieved its target for the Emergency Disaster Fund in the past five fiscal years by less than \$200K in the past 3 fiscal years.

Enterprise funds such as the Wastewater Enterprise Fund, Stormwater Enterprise Fund, and CityNet Fund have experiences shortfalls in revenue over the last few years. In the case of the Stormwater Enterprise Fund and CityNet Fund, these funds have had to utilize fund from the City's General Fund in order to sustain operation and capital costs.

The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City's General Fund.

The City of San Bruno has maintained high ratings on debt issuances.

Recommendations -

1. LAFCo encourages the City to continue to explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
2. LAFCo encourages the City to continue to review potential revenue increases or the creation of a dedicated revenue source for stormwater projects.
3. LAFCo encourages the City to continue to explore revenue and expenditure options related to the City's General Fund in order to adopt a balanced annual budget.

4. LAFCo encourages the City to prepare contingency plans should the City lose the litigation regarding the allocation of sales tax.

Status of, and opportunities for, shared facilities.

Determination

The City of San Bruno partners with several agencies to share resources and reduce costs. LAFCo staff has not identified other opportunities that the City could engage in to share costs and/or reduce duplication of resources, facilities or infrastructure.

Recommendation

- None

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

Determination

The City of San Bruno ensures that public meetings are accessible and well-publicized. LAFCo staff is not aware of any failures to comply with disclosure laws or the Brown Act. The City has experienced staff turnover in recent years but there are no issues related to operational efficiencies. The City prepares and adopts an annual budget, and annual independent audits are reviewed at a City Council meeting. LAFCo staff does not recommend any changes to the City's governmental structure or operations that will increase accountability and efficiency.

Recommendation:

1. LAFCo staff recommends publishing and posting City Council meeting minutes on the City's website more frequently and/or in a more consistent manner so that the public can easily locate information on the actions taken at city Council meetings.

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

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

The City of San Bruno is engaged in activities to address hazard mitigation, wildfire prevention, and sea level rise for City residents and businesses, including engagement with One Shoreline.

While not a service delivery issue, Monte Verde Elementary School, part of the South San Francisco Unified School District is split by the City of San Bruno – City of South San Francisco city boundary line. In the future, the cities may wish to consider submitting an application to LAFCo to adjust the boundary so that the city boundary no longer splits the school site.

Recommendation -

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

2. In the future, the City of San Bruno and the City of South San Francisco may wish to consider submitting an application to LAFCo to adjust the city boundary so that this line follows property boundaries of the Monte Verde Elementary School site.

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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

May 8, 2024

To: LAFCo Commission

From: Rob Bartoli, Executive Officer

Subject: Consideration of Adoption of Final Work Program and Final LAFCo Budget for Fiscal Year 2024-2025

Budget Review Schedule and Background

Section 56381 of Cortese-Knox-Hertzberg Act (CKH or The Act), which covers adoption of the LAFCo budget requires Commission consideration of both a proposed and final budget at the following intervals:

1. By May 1, the Commission shall adopt a “proposed” net operating budget at a noticed public hearing.
2. By June 15, the Commission shall adopt a “final” net operating budget at a noticed public hearing following circulation of the recommended final budget to the County, all cities and all independent special districts.

The Act also provides that the proposed and final budgets shall be equal to the budget adopted for the previous fiscal year unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purposes and programs of The Act. There is also a provision for carryover of unused funds to the subsequent year’s budget and requires that the LAFCo net operating budget be apportioned in thirds to the County, cities and independent special districts¹. Also, because the Proposed Budget and Adopted Budget are adopted before the end of the fiscal year and include an estimate of fund balance carry over, once the current fiscal year closes and the actual fund balance carry over is determined, it is necessary for the Commission to determine how excess or reduced fund balance shall be

¹ Apportionment of the one-third shares to individual cities and special districts is calculated by the County Controller based on proportionate share of revenues reported in the most recent edition of the State Controller’s reports on cities and special districts. For estimation purposes, agencies can use apportionment rates used by the Controller for the current Fiscal Year.

COMMISSIONERS: KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT
▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O’NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

applied to the LAFCo budget. In 2021 the Commission adopted a policy that any difference in fund balance shall be reconciled in the Commission’s reserve by the County Budget Office and that the Executive Officer will update the Commission on the actual year end fund balance after the fiscal year closes.

Proposed 2024-25 Budget

The attached draft budget includes actual expenditures for FY2022-23, adopted and estimated actual for FY2023-24 and the final proposed FY2024-25 Budget of \$890,968. Key items addressed in more detail below include a programed increase salary and benefits the Executive Officer, increases in anticipated charges for legal services due to anticipated litigation, increases related to charges for future office temporary relocation, programed computer upgrades, and increases in costs for the CALAFCO conference and workshop.

Changes from Draft Proposed FY 24-25 Budget

Changes from the Draft Proposed FY 24-25 Budget to the Final Budget include a decrease of \$25,000 in estimated fund balance for FY23-24 due to County Attorney and legal notice costs and increase for FY-24-25 of \$12,000 in salary and benefits due to update projections from the County, increase of \$2,000 related to IT charges, \$3,000 increase for replacement of LAFCo laptops, \$50 for fingerprinting for the new Management Analyst position and an increase of \$20,000 for County Attorney charges.

The final appropriations budget increased by \$36,629 from the draft budget. The estimated fund balance of \$134,924 is used to off-set a portion of the 1/3 apportionment to member agencies.

	Final FY 23-24 Budget	Draft Proposed FY 24-25 Budget	Final Proposed FY 24-25 Budget	Change – Draft to Final
Appropriations Budget	\$786,030	\$756,415	\$796,094	\$39,679 (6%)
Net Operating Budget	\$846,030	\$816,415	\$891,018	\$74,603 (10%)
One-third Apportionment	\$184,374	\$204,497	\$237,698	\$33,201 (16%)

Proposed Work Program

The following draft work plan includes a summary of recent activities and upcoming goals/objectives, such as preparing Municipal Service Reviews (MSRs)/Sphere of Influence (SOI) updates and special studies, updating the Commission’s policies and procedures, and other projects and activities.

MSRs/SOI Updates - LAFCo law provides that every five years the Commission shall, as necessary, review and update each SOI [Gov. Code §56425(g)]. The statute also provides that in order to prepare and update an SOI, the Commission shall conduct an MSR.

Task	Progress	Comments
<p>Prepare Municipal Service Reviews and Sphere of Influence Studies. A draft five-year MSR work plan is attached as Attachment C. The workplan prioritizes agencies based upon the date of their last MSRs. Attachment D shows the year each agency last had an MSR completed.</p>	<p>On-going</p>	<p>All studies will include administrative and public hearing drafts. FY24-25 are proposed to be completed by LAFCo staff.</p>
<p>Following up with agencies regarding the status the implementations of MSR recommendations.</p>	<p>On-going</p>	<p>At the adoption of each MSR, LAFCo staff will work with staff of the subject agencies to review the status of recommendations made by LAFCo in the MSR.</p>
<p>Process applications for boundary changes in a responsive, professional and efficient manner</p>	<p>On-going</p>	<p>Priority is given to applications for economic development, public health and safety, or other urgent needs. Potential proposals include:</p> <ul style="list-style-type: none"> • CSA-11 annexation • City of East Palo Alto proposal to establish East Palo Alto Sanitary District as a subsidiary district of the City • Belmont annexations in Harbor Industrial Area • Annexations to San Carlos • MSR and studies for the Broadmoor Police Protection District
<p>Complete annual audits (FY 22-23)</p>	<p>On-going</p>	
<p>Comment on potential LAFCo applications, relevant projects & development proposals, city General Plan updates and/or related environmental documents</p>	<p>On-going as needed</p>	
<p>Initiate informal meetings to discuss budget and policy issues with Cities,</p>	<p>On-going</p>	

Special Districts, and County, as appropriate		
Review of contract with County	On-going	Review as needed
Post public information on the LAFCo website and review website layout, graphics, and content for ease of public use	On-going	
Provide Commission with regular updates of laws, policies, and procedures	On-going	
Provide quarterly budget updates	On-going	Provide timely quarterly updates on budget to Commission after budget adoption
Participate in regional activities for which LAFCo has indirect or direct responsibilities, such as Plan Bay Area and Regional Housing Needs Allocation	On-going	
Promote San Mateo LAFCo's interests in statewide issues through active participation in the California Association of Local Agency Formation Commissions (CALAFCO)	On-going	
Digital Archiving	On-going	Staff continues to digitize proposal files, meeting agendas, and meeting minutes. Staff coordinates with County staff regarding converting annexation records into digital format and potential cost estimate for that work.
Mapping program	On-going	Continue to coordinate with County staff to update maps of agencies and provide them on the LAFCo website
Policies and Procedures Updates	On-going	
Update of Commissioner Handbook	On-going	

Estimated Actual 2023-24 Budget

The 2023-24 Adopted Budget includes appropriations for the Executive Officer, Management Analyst, and shared Administrative Secretary; Commission meetings; County Attorney's Office; general operating expenditures including rent, supplies, etc.; travel; meetings and legal counsel.

In addition, the budget includes a one-time consultant expense for the peer review of the City of East Palo Alto's proposal to establish the East Palo Alto Sanitary District as a subsidiary of the city, which was paid through application fees from the City.

Staff is conservatively estimating County Attorney's Office actual charges based on the complexity of the several anticipated applications and active litigation that LAFCo is now involved in. Some costs savings will be achieved due to the currently vacant Management Analyst position and the previously vacant Administrative Secretary position. Revenues include fund balance carry over, application fees and the intergovernmental revenue from the County, cities and special districts.

As noted below, based on estimated revenues and expenditures, the estimated fund balance carryover to be applied to the 2024-25 fiscal year is \$134,924. \$40,000 of this balance will be applied to County Attorney costs and the balance will be allocated to reserves (\$94,924)

Proposed 2024-25 Budget

Salary and Benefits

Salary and benefits of \$498,714 reflects the Executive Officer position, Management Analyst, and Commissioner stipend. On a limited basis, this account is charged for extra-help staff time to assist LAFCo staff with website updates. The shared administrative secretary position charges do not appear in payroll and instead appear in Account 5838.

Services and Supplies

The Commission's contract with the County of San Mateo includes staffing, office space, and related services. With the exception of the Controller Administrative Fees (Account 5872) which are estimated charges, expenditures reflect service charges provided by County departments.

As staff has transitioned back into a hybrid work model, the budget contains services and supplies to support in-office and remote work.

The San Mateo County Planning and Building Department has informed LAFCo that in FY24-25, the 2nd Floor of 455 County Center, where both LAFCo and County Planning and Building are located, will undergo renovations. These renovations will require that LAFCo vacate its current office space during construction. It is anticipated the temporary location will be within one of office buildings in the County Center. Once the renovations are complete, LAFCo staff will move back into the 2nd Floor office space. For the upcoming fiscal year, funds have been budgeted for moving offices and for any required upgrades at the temporary space. It is anticipated that many costs associated with construction and new office furniture will be charged to LAFCo in FY25-26.

Charges from outside agencies include Memberships (Account 5331), which includes California Association of Local Agency Formation Commissions (CALAFCO) membership and California Special Districts Association (CSDA) membership and liability insurance (Account 6725) purchased from the California Special District Risk Management Authority (SDRMA). Membership with CALAFCO allows staff and the Commission access to LAFCo focused trainings, conferences, and legislative

updates. Along with access to SDRMA, membership with CSDA keeps staff apprised of issues of interest to special districts and LAFCo.

Meetings and Conferences

CALAFCO Fall 2024 (Yosemite/Fish Camp, CA) and a staff workshop in Spring 2024 (Riverside County). The Meetings and Conference appropriation is estimated at \$19,000 based estimates provided by CALAFCO.

County Service Charges including Rent, Information Services, Controller

Controller charges are estimates pending the actual costs associated with the Controller invoicing and collecting LAFCo apportionment. Rent (Account 6714) is budgeted at \$17,059 for two workstations for LAFCo staff. The allocation for County Attorney (Account 6732) has been increased to \$60,000 in anticipation of complex proposals this fiscal year that may require additional legal review and the potential of litigation. The proposed budget includes \$4,200 for the recording of LAFCo meetings (Account 5858).

A-87 Charges/County Cost Allocation

A-87 is an Office of Management and Budget (OMB) circular or guideline that sets forth principles and standards for the determination of costs applicable to County programs funded by the Federal and State governments. Under the circular, the County has to observe uniformity in its allocation of costs, that is, the County cannot be selective in the allocation process whereby externally (State and Federal) funded programs are not charged equitably. Also referred to as the Countywide Cost Allocation Plan, the County uses A-87 guidelines to obtain reimbursement from Federal, State, and non-General Fund programs for departments that do not charge directly for services rendered. For example, the Controller's Office does not charge departments for payroll services. However, the cost of providing payroll services to Non-General Fund Departments and programs receiving funds from the Federal and State governments for this specific purpose is recovered through County Cost Allocation. The A-87 charge for FY24-25 is \$27,000.

Reserve

Staff recommends appropriating to the reserve of \$94,924 from fund balance. The reserve amount will not be charged to member agencies.

Application of Fund Balance Carry Over

The Commission's practice regarding fund balance has been to appropriate all or a portion of it for consulting and/or special reserve and use a portion to offset the net operating budget thereby reducing the funding obligation of the County, cities and special districts to the extent possible. In preparing the annual budget, staff has been mindful of balancing the fiscal impact of the LAFCo budget to funding entities with the Commission's mandate to carry out processing of reorganization applications and preparation of municipal service reviews and sphere studies.

This year's estimated fund balance carry over is \$134,924 to offset agency costs.

Review by Budget Committee

On March 11, 2024, the LAFCo Budget Committee reviewed the draft budget and work plan. The Committee did not have proposed changes to the draft budget. For the work plan, the Committee recommended adding the FY23-24 MSR that have been completed or anticipated to be completed this year. A task for MSR regrading follow up related to the implementation by agencies of recommendations in the MSR.

On May 6, 2024 the LAFCo Budget Committee reviewed the draft budget and work plan and recommended approval. The Committee did have one proposed change to the draft budget which was to include \$50 for fingerprinting for the new employee.

Recommendation:

1. Open the public hearing and accept public comment.
2. Consider and approve by resolution the attached Final Proposed Budget for FY24-25 of \$887,968 and LAFCo Work Plan.

Attachments

- A. Budget Narrative for FY24-25
- B. Budget Spreadsheet for FY24-25, inclusive of the Draft Adopted Budget, estimated expenditures for FY23-24, and actual expenditures for FY22-23
- C. MSR Workplan
- D. List of last adopted MSRs for agencies
- E. Resolution 1321

LAFCO PROPOSED 2024-25 BUDGET NARRATIVE

The following provides a narrative to the budget spreadsheet and reflects costs associated with LAFCo's contract with the County of San Mateo for staffing, office space, supplies and legal counsel.

Salary & Benefits (4111 through 4161 and 4512)

Salary and benefits of \$498,714 includes the County position of Principal Management Analyst that serves as Executive Officer by contract with the County, Management Analyst salary and benefits, administrative leave cash out, experience pay for positions per County HR, workers compensation charges, and Commissioner stipend of \$100 per bi-monthly meeting. Salary and benefits increase reflects the County's Salary Schedule. As the Management Analyst position is currently vacant, the position has been budgeted at the middle salary step, Step 3, in accordance with best practices. The shared Administrative Secretary position charges appear in Account 5838 and not in payroll.

Services & Supplies**Internet/Communications (5132)**

Appropriation of \$100 for internet and communication tools and services to support LAFCo staff.

Outside Printing (5191)

Appropriation of \$1,000 for copying and printing by outside print shops for special community mailings or workshop distribution of MSRs that cannot be distributed electronically.

General Office Supplies (5193)

A flat appropriation of \$500 for incidental office supplies provided to LAFCo.

Photocopy (5196)

A flat appropriation of \$500 for incidental copies made from the Planning Department copier where the LAFCo office is located.

Postage & Mailing (5197)

Appropriation of \$1,000 for postage/ mailing service through the County mailroom.

Computer Supplies (5211)

Appropriation of \$500 for computer supplies including the use of internet hotspots to support teleworking for staff.

Computer Equipment under \$5,000 (5212)

Appropriation of \$7,000 for computer equipment.

Software License (5215)

Appropriation of \$1,000 for two Microsoft 365 and Adobe licenses.

Records Storage (5218)

Appropriation of \$700 for offsite records storage.

Office Furniture/Equipment (5234)

Appropriations of \$7,500 for moving of LAFCo offices to temporary space while construction occurs. These funds would also cover any upgrades needed to the temporary office space.

Memberships (5331)

Estimated dues of \$16,000 for CALAFCO and California Special Districts Association (CSDA). Membership with CALAFCO allows staff and the Commission access to LAFCo focused trainings, conferences, and legislative updates. Along with access to SDRMA, membership with CSDA keeps staff apprised of issues of interest to special districts and LAFCo.

Legal Advertising (5341)

Appropriation of \$2,500 for legal notices published in newspapers for LAFCo hearing items that require notice.

Mileage Allowance (5712)

Appropriation of \$1,000 for mileage reimbursement.

Meetings & Conferences (5721)

The Meetings and Conference appropriation is estimated at \$19,000 for costs associated with attending the in-person 2024 CALAFCO Conference in Fish Camp, CA and Staff Workshop in 2024.

Training (5733)

Appropriation of \$250 for educational classes, workshops, or training related to LAFCo or CEQA.

Signage (5443)

Appropriation of \$200 for name plates for new LAFCo Commissioners and staff.

Fiscal Office Specialist (5814)

Appropriation of \$1,840 for a County Fiscal Office Specialist to process LAFCo accounts receivable, accounts payable, and payroll. This is an estimated cost.

.5 FTE LAFCo Clerk (5838)

Appropriation of \$61,881 for part-time contracted Executive Secretary position. This amount includes salary, benefits, and administrative overhead charges from County Planning. This is an estimated cost.

Outside Auditing Services (5842)

Allocation of \$9,800 for the anticipated FY23 audit.

Graphics/GIS (5848)

Appropriation of \$4,000 for GIS and other mapping services for LAFCo studies and sphere updates.

Video Recording of Commission Meetings (5858)

\$4,200 based six regular meetings of various duration and one potential additional meeting.

DPW/GIS Mapping (5861)

Appropriation of \$1,000 for special work completed by ISD/Public Works GIS mapping related to LAFCo applications or studies.

Fingerprinting new employee (5866)

Appropriation of \$0 for fingerprinting services.

Controller Admin (5872)

Estimated Cost of \$8,500 for administering the apportionment and collection of LAFCo budget to County, cities, and special districts.

Telephone (6712)

This Account has been zeroed out. Telephone charges have been moved to Account 6713.

Other Information Services Department (ISD) Services (6713)

An estimate of \$12,000 for telephone, computer support, connectivity, etc. This includes the ongoing cell service plan for the Executive Officer.

Rent (6714)

Rent for two office spaces is \$17,059.

Motor Pool (6717)

Appropriation of \$78 for use of the County's vehicle fleet.

General Liability (6725)

Estimated appropriation of \$9,600 for insurance through CSDA for the Commission and employee insurance with County of San Mateo.

Bond Insurance (6727)

Estimated appropriation of \$72 for bond insurance.

County Attorney's Office (6732)

Appropriation of \$80,000 for County Attorney charges.

Human Resources (6733)

Estimated appropriation of \$100 for online Learning Management Services.

Countywide Security (6738)

Estimated of \$180 for countywide security provided by the Sheriff's office.

All Other Charges - OFAS (Account 6739)

Appropriation of \$320 for the County accounting software (OFAS).

Card Key Services (Account 6751)

Appropriation of \$250 for card key services.

A-87 Charges/County Cost Allocation (6821)

A-87 is an Office of Management and Budget (OMB) circular or guideline that sets forth principles and standards for the determination of costs applicable to County programs funded by the Federal and State governments. Under the circular, the County has to observe uniformity in its allocation of costs, that is, the County cannot be selective in the allocation process whereby externally (State and Federal) funded programs are not charged equitably. Also referred to as the Countywide Cost Allocation Plan, the County uses A-87 guidelines to obtain reimbursement from Federal, State, and non-General Fund programs for departments that do not charge directly for services rendered. For example, the Controller's Office does not charge departments for payroll services. However, the cost of providing payroll services to Non-General Fund Departments and programs receiving funds from the Federal and State governments for this specific purpose is recovered through County Cost Allocation. The A-87 charge for FY2024-25 is \$27,000.

Reserve (8612)

Staff recommends appropriating \$94,924 of the fund balance to reserve, consistent with the current level of reserves. As this is an allocation from the fund balance, no additional agency apportionments are required. Commission authorization is required to spend reserve.

Application of Fund Balance Carry Over

The Commission's practice regarding fund balance has been to appropriate all or a portion of it for consulting and/or special reserve and use a portion to offset the net operating budget thereby reducing the funding obligation of the County, cities, and special districts to the extent possible. In preparing the annual budget, staff has been mindful of balancing the fiscal impact of the LAFCo budget to funding entities with the Commission's mandate to carry out processing of reorganization applications and preparation of municipal service reviews and sphere studies.

This year's estimated fund balance carry over is \$134,924 to offset agency costs.

Attachment B

LAFCo	Final FY 24-25 Budget	Final Actuals FY 22-23	Adopted FY 23-24	Estimated Actuals FY 23-24	Final Proposed FY 24-25
	Expenditures				
4111	Salary & Benefits Executive Officer	247,480	261,732	261,732	302,626
4111	Salary & Benefits Management Analyst	179,094	188,199	141,150	184,353
4141	Admin. Leave Cash Out	1,202	5,790	0	5,800
4161	Commissioner Compensation	4,794	5,000	4,800	5,000
4628	Wellness Dividend	500	500	250	500
4512	Workers Compensation Experience	282	294	294	435
4000	SALARIES & BENEFITS SUBTOTAL	433,352	461,515	408,226	498,714
5132	Internet/Communications	1,330	1,200	1,300	100
5184	Refund for application	0	0	2,028	0
5191	Outside Printing (other special printing)	0	1,000	0	1,000
5193	General Office Supplies	756	550	550	550
5196	Photocopy - in-house copier	500	550	550	550
5197	Postage & Mailing Service	198	1,000	400	1,000
5211	Computer Supplies	0	500	0	500
5212	Computer Equipment under \$5,000	0	0	0	7,000
5215	Software License	594	700	1,000	1,000
5218	Corovan Records Storage	271	700	350	700
5234	Office Furniture/Equipment	815	0	0	7,500
5331	Memberships (CALAFCO/CSDA)	12,921	16,000	13,936	16,000
5341	Legal Advertising	1,958	2,000	9,000	2,500
5712	Mileage Allowance	1,399	250	200	1,000
5721	Meetings & Conferences	5,362	11,000	8,500	19,000
5733	Training	0	250	0	250
5443	Signage	1,024	0	82	200
5814	Fiscal Office Specialist	1,676	1,676	1,676	1,840
5838	.5 FTE LAFCo Clerk	59,585	66,055	49,500	61,881
5842	Outside Auditing Services	6,335	9,800	9,800	9,800
5848	Graphics	0	1,500	0	1,500
5856	Consulting	1,692	100,000	1,692	0
5858	Other Professional Contract Services (Recording of Meetings)	260	4,000	2,500	4,200
5861	DPW/GIS Mapping	4,612	4,000	4,000	4,000
5866	Fingerprinting new employee	0	0	50	50
5872	Controller Admin	7,177	8,000	8,000	8,500

LAFCo	Final FY 24-25 Budget	Final Actuals FY 22-23	Adopted FY 23-24	Estimated Actuals FY 23-24	Final Proposed FY 24-25
	Expenditures				
5969	Other special dept expense	400	0	50	100
5000	SERVICES & SUPPLIES SUBTOTAL	108,866	230,731	115,164	150,721
6712	Telephone	383	0	0	0
6713	ISD (Automation Services)	10,412	8,842	8,842	12,000
6714	Rent	14,000	16,744	16,744	17,059
6717	Motor Pool	0	78	78	78
6725	Gen'l Liability	7,970	9,500	8,542	9,600
6727	Bond Insurance	66	70	70	72
6732	County Attorney's Office	16,124	40,000	80,000	80,000
6733	Human Resources	67	100	72	100
6738	Countywide Security	142	150	149	180
6739	All Other Charges (Accounting Software)	131	100	120	320
6751	Card key services	157	200	190	250
6821	A 87 Charges/County Cost Allocation	15,743	18,000	15,100	27,000
6000	OTHER CHARGES SUBTOTAL	65,196	93,784	129,907	146,659
	Subtotal Appropriations	607,414	786,030	653,297	796,094
8612	Reserve	0	60,000	0	94,924
	Special Reserve	0	0	0	0
	Total Appropriations Budget	607,414	846,030	653,297	891,018
	Revenues				
2421	Application Fees	29,958	35,000	40,000	35,000
2600	Miscellaneous Revenue	5,499	0	75	0
1521	Interest	10,332	200	17,000	8,000
	Intergov. Rev. (County/City/Dist)	548,825	553,122	553,122	713,094
	Total Revenues	814,045	846,029	750,121	891,018
	Fund Balance Offset				134,924
	City/District/County 1/3 Apportionment	182,942	184,374	184,374	237,698
	Fund Balance				
3333	Fund Balance	219,431	257,707	134,924	134,924

Draft MSR Workplans for Fiscal Years 2024-2030

Fiscal Year	By Region and Service Type
24-25	<ol style="list-style-type: none"> 1. Coastside Fire Protection District 2. Ladera Recreation District and Highlands Recreation District 3. South County Part 1 - <ol style="list-style-type: none"> a. Town of Portola Valley b. Town of Woodside c. Los Trancos Maintenance District d. CSA 7 e. La Honda Lighting Maintenance District
25-26	<ol style="list-style-type: none"> 1. South County Part 2 - <ol style="list-style-type: none"> a. Town of Atherton b. Atherton Channel Drainage District c. City of Menlo Park and Special Districts d. Menlo Park Highway Lighting District 2. Menlo Park Fire Protection District and Woodside Fire Protection District
26-27	<ol style="list-style-type: none"> 1. Coastside: <ol style="list-style-type: none"> a. City of Half Moon Bay b. CSAs 6, 10, 11, and 12 c. Coastside County Water District d. Granada Community Services District e. Granada Highway Lighting District f. Montara Highway Lighting District g. Montara Water and Sanitary District 2. Midpeninsula Regional Open Space District
27-28	<ol style="list-style-type: none"> 1. South/Central County – <ol style="list-style-type: none"> a. City of Redwood City b. City of San Carlos c. City of Belmont d. Edgewood Sewer Maintenance District e. Emerald Lake Heights Sewer Maintenance District f. Fair Oaks Sewer Maintenance District g. Kensington Square Sewer Maintenance District h. Oak Knoll Sewer Maintenance District i. Emerald Lake Heights Highway Lighting District j. CSA 8 k. Belmont Highway Lighting District l. Harbor Industrial Sewer Maintenance District m. Devonshire Co. Sanitation District n. Scenic Heights County Sanitation District o. Belmont Fire Protection District p. Mid-Peninsula Water District

<p style="text-align: center;">28-29</p>	<p>San Mateo County Mosquito & Vector Control District 2. Peninsula Health Care District and Sequoia Healthcare District (Consultant) 3. Central County –</p> <ul style="list-style-type: none"> a. City of San Mateo b. City of Burlingame c. Town of Hillsborough d. City of Foster City e. Estero Municipal Improvement District f. Burlingame Hills Sewer Maintenance District g. Crystal Springs County Sanitation District h. Bel-Aire Lighting Maintenance District i. Enchanted Hills Lighting Maintenance District j. County Service Area No. 1
<p style="text-align: center;">29-30</p>	<p>North County Part 1 –</p> <ul style="list-style-type: none"> a. City of Daly City b. Town of Colma c. City of Brisbane d. City of Pacifica e. North San Mateo County Sanitation District f. Broadmoor Police Protection District g. Colma Fire Protection District h. Guadalupe Valley Municipal Improvement District i. Bayshore Sanitary District j. Colma Highway Lighting District

Not Yet Scheduled

- South County Part 3 –
 - a. City of East Palo Alto
 - b. West Bay Sanitary District
 - c. East Palo Alto Sanitary District
- North County Part 2 –
 - a. City of San Bruno
 - b. City of Millbrae
 - c. City of South San Francisco
 - d. Westborough Water District
- San Mateo Resource Conversation
- San Mateo County Harbor District

Attachment D

List of Completed Municipal Service Reviews (MSR)		
Agency	Date of Last MSR	Type of MSR
		Requested by community (As Half Moon Bay Fire Protection District and Point Montara Fire Protection District)
Coastside Fire Protection District	2005	
Los Trancos Maintenance District	2006	
Town of Portola Valley	2007	South County
Town of Woodside	2007	South County
Ladera Recreation District	2007	South County
Town of Atherton, Atherton Channel Drainage District	2008	South County
City of Half Moon Bay	2008	Coastside
County Service Area No. 6 (Princeton-by-the-Sea)	2008	Coastside
County Service Area No. 10 (Montara Parks)	2008	Coastside
County Service Area No. 12 (Montara/Moss Beach)	2008	Coastside
Coastside County Water District	2008	Coastside
Granada Community Services District	2008	Coastside
Montara Water and Sanitary District	2008	Coastside
Montara Highway Lighting District	2008	Coastside
Granada Highway Lighting District	2008	Coastside
City of Menlo Park/Menlo Park Highway Lighting District	2009	South County
Menlo Park Fire Protection District	2009	South County
Woodside Fire Protection District	2009	South County
City of Redwood City/Edgewood Sewer Maintenance District/Emerald Lake Heights Sewer Maintenance District/Fair Oaks Sewer Maintenance District/Kensington Square Sewer Maintenance District/Oak Knoll Sewer Maintenance District/Emerald Lake Heights Highway Lighting District, County Service Area No 8 (North Fair Oaks)	2011	South County
City of Belmont/Belmont Highway Lighting District/Harbor Industrial Sewer Maintenance District	2011	South County
City of San Carlos /Devonshire Co. Sanitation Dist/Scenic Heights County Sanitation Dist.	2011	South County
County Service Area No. 7 (Sam McDonald Park)/La Honda Lighting Maintenance District	2011	South County
Mid-Peninsula Water District	2011	Rural Coast
Belmont Fire Protection District	2011	South County
Highlands Recreation District	2012	Central County
San Mateo County Mosquito and Vector Control District	2012	Regional (also in 2003)
City of San Mateo	2013	South County
Crystal Springs County Sanitation District/Bel-Aire Lighting Maintenance District/Enchanted Hills Lighting Maintenance District	2013	Central County
County Service Area No. 1 (Highlands)	2013	Central County
Midpeninsula Regional Open Space District	2013	Regional (also in 2003)
City of Brisbane	2015	Central County
City of Daly City	2015	North County
City of Pacifica	2015	North County
North San Mateo County Sanitation District	2015	North County
North Coast County Water District	2015	North County
Bayshore Sanitary District	2015	North County
Guadalupe Valley Municipal Improvement District	2015	North County
San Mateo County Harbor District	2015	Regional (also in 2006)

List of Completed Municipal Service Reviews (MSR)

Agency	Date of Last MSR	Type of MSR
Colma Highway Lighting District	2015	Requested by Town/Regional (also in 2007)
Town of Colma	2015	Requested by agency (2007) and North County (2015)
Colma Fire Protection District	2015	Requested by Town of Colma/Regional (also in 2007)
Peninsula Health Care District	2017	Regional (also in 2007)
Sequoia Healthcare District	2017	Regional (also in 2007)
San Mateo County Resource Conservation District	2021	Regional (also in 2006)
City of South San Francisco	2022	
Westborough Water District	2022	
City of East Palo Alto	2022	South County (also in 2009)
East Palo Alto Sanitary District	2022	South County (also in 2009)
West Bay Sanitary District	2022	South County (also in 2009)
County Service Area No. 11 (Pescadero)/Pescadero Highway Lighting District	2022	Rural Coast (also in 2011)
Town of Hillsborough	2023	
Broadmoor Police Protection District	2023	Requested by Town of Colma/Regional (also in 2007 and 2015)
City of Burlingame/Burlingame Hills Sewer Maintenance District	2024	
City of Foster City/Estero Municipal Improvement District	2024	
City of Millbrae	2024	
City of San Bruno	2024	

RESOLUTION NO. 1321

**RESOLUTION OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION
APPROVING THE FINAL
2024-2025 FISCAL YEAR BUDGET AND WORKPLAN**

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

WHEREAS, Section 56381 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides that the LAFCo Commission shall adopt a “Proposed” and “Final” budget; and

WHEREAS, Section 56381 provides that a Final budget be adopted by the Commission by June 15; and

WHEREAS, the Final Budget was circulated to the County, the cities and independent special districts for review and no comments were received; and

WHEREAS, the Commission has considered the Final Budget and Workplan at a noticed public hearing and received public comment on May 15, 2024; and

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the San Mateo Local Agency Formation Commission hereby adopts the Final Budget of \$891,018 as shown in Exhibit A and directs the Executive Officer to distribute it to the County, cities and independent special districts and forward a copy to the County Controller’s Office for apportionment.

Regularly passed and adopted this _____ day of _____.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioner(s):

Absent and/or Abstentions:

Commissioner(s):

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

ATTEST:

Rob Bartoli
 Executive Officer
 Local Agency Formation Commission

Date: _____

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

Clerk to the Commission
 Local Agency Formation Commission

Date: _____

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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

May 8, 2024

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: Consideration of a Resolution Authorizing an Agreement with the County of San Mateo for Staffing, Legal Counsel, Office Space, and Supplies for Fiscal Year 2024-25

Summary

The Commission's adopted appropriations budget includes funds for a contract with San Mateo County for staffing, facilities, and legal counsel. The attached agreement sets forth the service provided by the County. Staff recommends that the Commission adopt a resolution authorizing the Chair to execute the attached agreement with San Mateo County for the Fiscal Year 2024-2025 in the amount of \$786,294.

Background

Section 56380 of the Cortese-Knox-Hertzberg Act authorizes the Commission to appoint staff and provides that the Commission can contract for services with another public agency. Section 56384 sets forth that the Commission shall appoint an Executive Officer to conduct and perform the day-to-day business of the Commission. The budget adopted by the Commission includes an appropriation for continuation of this arrangement in FY 2024-25. The not-to-exceed contract amount of \$786,294 includes funds for staff services including the Executive Officer, Management Analyst, shared clerical position, rent, legal services, and supplies. Funds for outside auditing services and reserve funds are not included in the contract amount. As a not-to-exceed contract, savings in services result in fund balance carry-over at the end of the fiscal year.

Services to be provided are detailed in the attached agreement and include: preparing staff analyses, reports, findings, and other agenda materials relating to boundary proposals and any other matters within the Commission's authority; calling, noticing, and clerking LAFCo meetings; preparing, mailing, publishing, and maintaining records of LAFCo agendas, notices, and other required documents; providing information and assistance to interested public

COMMISSIONERS: KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT
▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

agencies and individuals; providing fiscal support and preparing budgets; and informing the Commission of legislation of interest to or affecting LAFCo, and correspondence and matters of interest to the Commission.

Recommended Commission Action, By Resolution

It is respectfully recommended that the Commission, by resolution, authorize the Chair to execute the attached agreement with the County of San Mateo for staffing and support services in the amount of \$786,294 for FY 24-25.

Attachments

- A. Agreement for Support Services for FY 24-25
- B. Resolution No. 1322

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO
AND THE SAN MATEO LOCAL AGENCY FORMATION COMMISSION
FOR SUPPORT SERVICES**

This Agreement is made on _____, 2024, by and between the County of San Mateo (“County”) located at 400 County Center, Redwood City, California, and the San Mateo County Local Agency Formation Commission (“LAFCo” or “the Commission”) located at 455 County Center, 2nd Floor, Redwood City, California.

WITNESSETH

WHEREAS, Government Code Section 56380 provides that the Commission shall make its own provision for necessary quarters, equipment, and supplies as well as personnel and the Commission may choose to contract with any public agency or private party for personnel and facilities; and

WHEREAS, Government Code section 56384 (a), of the Cortese-Knox-Hertzberg Reorganization Act of 2000, Government Code section 56000, et seq., (“the Act”) provides: “The Commission shall appoint an Executive Officer who shall conduct and perform the day-to-day business of the Commission. If the Executive Officer is subject to a conflict of interest on a matter before the Commission, the Commission shall appoint an alternate Executive Officer;” and

WHEREAS, Government Code section 56384 (a) of the Act further provides: “The Commission may recover its costs by charging fees pursuant to Section 56383;” and

WHEREAS, Government Code section 56384 (b) of the Act provides “The Commission shall appoint legal counsel to advise it. If the Commission’s counsel is subject to a conflict of interest on a matter before the Commission, the Commission shall appoint alternate legal counsel to advise it;” and

WHEREAS, Government Code section 56384 (b) of the Act further provides that “The Commission may recover its costs [for legal services] by charging fees pursuant to Section 56383;”

NOW THEREFORE, in order to implement the above-described provisions of the Act, the parties enter the following agreement:

AGREEMENT

1. SERVICES TO BE PROVIDED BY COUNTY:

A. APPOINTMENT OF EXECUTIVE OFFICER. The County shall appoint and designate a County employee, whose appointment and designation shall be subject to approval by LAFCo, to perform LAFCo day-to-day activities. For purposes of LAFCo activities, said appointee shall have the title of LAFCo Executive Officer. The appointee shall, with assistance of the management analyst and Commission clerk, provide the following services, including but not limited to the following:

- 1) Preparing staff analyses, reports, proposed findings and other agenda materials for the LAFCo Commission relating to boundary proposals, contracts for provision of new and extended services outside city and district jurisdictional boundaries, sphere of influence amendments, periodic review of sphere of influence designations and any other matters that are within the Commission's authority under the Act.
- 2) Calling and noticing Commission meetings in accordance with the Act and LAFCo policies and procedures.
- 3) Preparing, mailing, filing, publishing and keeping records of agendas, notices and other required official documents on behalf of the LAFCo Commission.
- 4) Responding to inquiries and providing information and technical assistance to interested public agencies and individuals.
- 5) Providing supporting fiscal services such as the development of the annual LAFCo budget, management of LAFCo financial accounts including the processing of LAFCo fees and charges, the processing of payment of Commission charges and expenses, and the preparation of required fiscal reports.

6) Informing LAFCo Commissioners of new legislation, correspondence with the Commission, CALAFCO activities, current events and matters of interest related to LAFCo.

B. PROVISION OF RELATED SERVICES. In addition, County shall provide LAFCo with related support services and supplies, including the following:

1. A Management Analyst who shall conduct administrative, research, analytical tasks;
2. Fiscal Office Specialist who shall process LAFCo accounts receivable, accounts payable, and payroll for LAFCo staff and Commission in accordance with County policy and standards;
3. County budget office support for coordination and input of the budget as adopted by LAFCo Commission into County budget documents;
4. County Controller support for administering the apportionment and collection of LAFCo budget to county, cities, and special districts;
5. County Attorney services as listed in Section E;
6. Information Services Department services for computer support, connectivity, and telephone;
7. Workspaces for LAFCo staff;
8. A half-time administrative secretary who shall serve as the Clerk to the Commission;
9. County printer/copiers and mailing services;
10. Graphics and GIS/Mapping support;
11. Human resources for hiring, on-boarding of staff, and benefits administration;
12. Employee liability insurance;
13. Video recording of Commission meetings;
14. General office equipment and supplies;
15. Motor pool services.

The level or type of services and the cost of providing those services may vary from time to time upon agreement of LAFCo and the County Executive or the Executive's designee.

C. APPOINTMENT OF ALTERNATE EXECUTIVE OFFICER IN CASE OF CONFLICT; PAYMENT OF COSTS BY APPLICANT. If the Commission determines that a conflict of interest exists for its Executive Officer in a matter before the Commission, the Commission shall appoint an Alternate Executive Officer for the purpose of that matter only. In such a conflict situation, the Commission may make final approval of a proposal contingent upon payment of any outstanding costs in excess of the deposit on hand with the County Auditor. The Commission may require an applicant to bear the costs of an Alternate Executive Officer. The Commission shall require an applicant who is to bear the costs of an Alternate Executive Officer to put on deposit with the County Auditor funds deemed by the Commission to be sufficient to cover associated costs in advance of the Commission's appointment of an Alternate Executive Officer. The County Auditor shall return to the applicant any unexpended portion of funds on deposit at the conclusion of the matter for which Alternate Executive Officer was appointed and upon confirmation from the Executive Officer that all billing matters have been resolved.

D. LAFCO'S PAYMENT TO COUNTY FOR OFFICES, SERVICES, SUPPLIES, AND STAFF. Except as specified in subsection F, below, in consideration of the County's provision of offices, services, supplies, and staff pursuant to subsection B, above, LAFCo shall pay to County at a rate equal to the County's actual cost of providing said offices, services, supplies and staff, which may vary from time to time upon agreement of LAFCo and the County Executive or the Executive's designee.

E. APPOINTMENT OF LEGAL COUNSEL. In addition to the other County services described herein, LAFCo hereby appoints the County Attorney's Office as its legal counsel. The County, through the office of the County Attorney, will provide all legal services required by LAFCo. These services shall include, but are not limited to:

- 1) Providing day-to-day legal advice to LAFCo and staff;
- 2) Reviewing and advising on contracts;

- 3) Attending LAFCo Commission meetings and other meetings as requested;
- 4) Defending and conducting litigation and administrative actions concerning LAFCo.

F. RATE OF PAYMENT FOR LEGAL SERVICES. In consideration of the County's provision of legal services, LAFCo shall pay to County a single rate of \$232 per hour. The County Attorney's Office will submit invoices to LAFCo quarterly for legal services, which invoices shall be payable upon receipt.

G. APPOINTMENT OF ALTERNATE LEGAL COUNSEL IN CASE OF CONFLICT; PAYMENT OF LEGAL FEES BY APPLICANT. If the Commission determines that a conflict of interest exists for the County Attorney in a matter before the Commission, the Commission shall appoint alternate legal counsel for purposes of that matter only. The Commission may require an applicant to bear the costs of alternate legal counsel. The Commission shall require an applicant who is to bear the costs of alternate legal counsel to put on deposit with the County Auditor funds deemed by the Commission to be sufficient to cover associated costs in advance of the Commission's appointment of alternate legal counsel. In such a conflict situation, the Commission may make final approval of a proposal contingent upon payment of any outstanding costs in excess of the deposit on hand with the County Auditor. The County Auditor shall return to the applicant any unexpended portion of funds on deposit at the conclusion of the matter for which alternate legal counsel was appointed and upon confirmation from the Executive Officer that all billing matters have been resolved.

H. LAFCO'S MAXIMUM FISCAL OBLIGATION. In consideration of all services, and supplies described herein, LAFCo shall pay the County an amount not to exceed \$786,294. In the event LAFCo requires or requests additional services and supplies, the parties may negotiate and agree to an amendment to this agreement. The parties agree that the County need not provide any services or supplies for which it is not compensated unless required by state law.

I. **TERM.** The term of this agreement shall be from July 1, 2024 to June 30, 2025 unless terminated earlier pursuant to this agreement. Either party may terminate this agreement for any reason upon 30-day notice to the other party.

J. **MERGER CLAUSE.** This agreement constitutes the sole agreement of the parties hereto and correctly states the rights, duties, and obligations of each party. Any prior agreement, promises, negotiations or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

IT WITNESS WHEREOF, the parties hereto, or their duly authorized representative, affix their hands.

San Mateo Local Agency Formation Commission

Dated: _____

Chair of the Commission

County of San Mateo

Dated: _____

President, Board of Supervisors

RESOLUTION NO. 1322

**RESOLUTION OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION
AUTHORIZING A CONTRACT WITH THE COUNTY OF SAN MATEO
TO FURNISH NECESSARY STAFFING, QUARTERS,
SUPPLIES & LEGAL SERVICES FOR THE 2024-2025 FISCAL YEAR**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo (LAFCo), State of California, that:

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) provides that LAFCo shall appoint an Executive Officer to perform the day-to-day business of the Commission; and

WHEREAS, the Act provides that LAFCo shall appoint legal counsel, its own staff, including Executive Officer; and

WHEREAS, LAFCo may contract with another public agency for these services.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Commission hereby authorizes the Chair to execute a contract with the County of San Mateo for necessary staffing, quarters, supplies, and legal services, as shown in Exhibit A, in the amount of \$786,294 for Fiscal Year 2024-2025.

Regularly passed and adopted this _____ day of _____.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioner(s):

Absent and/or Abstentions:

Commissioner(s):

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

ATTEST:

Rob Bartoli
 Executive Officer
 Local Agency Formation Commission

Date: _____

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

Clerk to the Commission
 Local Agency Formation Commission

Date: _____

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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

May 8, 2024

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
Subject: Legislative Report – Information Only

Summary

Legislative tracker

As of May 8, 2024, CALAFCO is tracking 13 bills. Legislation that is of interest to San Mateo LAFCo includes:

- **AB 3277** is the annual CALAFCO Omnibus bill for 2024. The bill would add language that clarifies that a financial analysis would only be needed to be conducted by LAFCo and a project applicant in those instances where a portion of the ad valorem property taxes is being sought by an agency. Currently, the section of law would be applicable even in cases where an agency waives any portion of the ad valorem taxes as part of their application. CALAFCO is requesting letters of support for this bill. (*CALAFCO – Support/Sponsor*)
- **SB 1209** would authorize a LAFCo to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCo. CALAFCO sponsored bill in response to a 2022 appellate decision out of San Luis Obispo that held that LAFCOs could not use indemnification provisions in applications because indemnifications are a form of agreement that LAFCOs are currently not authorized to enter into. As introduced, the bill would allow LAFCOs to use provisions similar to counties and cities. CALAFCO is requesting letters of support for this bill. (*CALAFCO – Support/Sponsor*)
- **AB 805** would set up a program in which the state would provide technical, managerial, administrative, and financial assistance, where applicable, to disadvantaged communities. CALAFCO’s position on the bill was changed to support if amended if the bill includes a provision requiring the state board to consult with the local LAFCO

COMMISSIONERS: KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT
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ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O’NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

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

regarding the sewer system. This bill was amended in late January and no longer addresses consolidation of waste water systems. (*CALAFCO – Support if Amended*)

Recommendation

Receive the report.

Attachments

- A. Legislative Daily 5/7/2024

**CALAFCO List of Current Bills
5/7/2024**

AB 805

(Arambula D) Sewer service: disadvantaged communities.

Current Text: Amended: 1/22/2024 [html](#) [pdf](#)

Introduced: 2/13/2023

Last Amend: 1/22/2024

Status: 5/1/2024-Referred to Com. on E.Q.

Location: 5/1/2024-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Under current law, the State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality in accordance with the Porter-Cologne Water Quality Control Act and the federal Clean Water Act. Current law authorizes a regional board to order the provision of sewer service by a receiving sewer system, as defined, to a disadvantaged community served by an inadequate onsite sewage treatment system, as defined. This bill would authorize the state board to require a sewer service provider to contract with an administrator designated or approved by the state board for administrative, technical, operational, legal, or managerial services to assist a designated sewer system with the provision of adequate sewer service, as defined. The bill would also authorize the state board to order a designated sewer system to accept those services, including full management and control of all aspects of the designated sewer system, from an administrator. The bill would define "designated sewer system" for these purposes as a sewer system that serves a disadvantaged community and that the state board finds to be either an inadequate sewage treatment system or a sewer system that has demonstrated difficulty in maintaining technical, managerial, and financial capacity to prevent fraud and mismanagement, or a sewer system that voluntarily accepts financial assistance for the provision of adequate sewer service.

Position

Support if Amended

Subject

Disadvantaged
Communities, Waste
Water

CALAFCO Comments: 5/1/2024: Assigned to Senate Environmental Quality committee. No hearing date yet scheduled.

1/26/2024: Support, if amended, approved. Amendment requested is the inclusion of language requiring the state board to consult with the local LAFCO.

1/22/2024: Gutted and amended. No longer addresses consolidation of waste water systems but, rather, would set up a program in which the state would provide technical, managerial, administrative, and financial assistance, where applicable, to disadvantaged communities. Position changed to support if amended to include a provision requiring the state board to consult with the local LAFCO regarding the system.

As introduced, this bill would have authorized the state board, if sufficient funds are available, to order consolidation of sewer service along with an order of consolidation of drinking water systems when both of the receiving and subsumed water systems provide sewer service and after the state board engages in certain activities. It failed to meet 2023 deadlines and became a 2 year bill that cannot be acted upon until January, 2024.

AB 817

(Pacheco D) Open meetings: teleconferencing: subsidiary body.

Current Text: Amended: 1/17/2024 [html](#) [pdf](#)

Introduced: 2/13/2023

Last Amend: 1/17/2024

Status: 5/1/2024-Referred to Coms. on L. GOV. and JUD.

Location: 5/1/2024-S. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Ralph M. Brown Act requires, with specified exceptions, each legislative body of a local agency to provide notice of the time and place for its regular meetings and an agenda containing a brief general description of each item of business to be transacted. The act also requires that all meetings of a legislative body be open and public, and that all persons be permitted to attend unless a closed session is authorized. The act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. Current law authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency (emergency provisions) and, until January 1, 2026, in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency’s jurisdiction and other requirements are met (nonemergency provisions). This bill, until January 1, 2026, would authorize a subsidiary body, as defined, to use similar alternative teleconferencing provisions and would impose requirements for notice, agenda, and public participation, as prescribed. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote, before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

Position

Watch

Subject

Brown Act

CALAFCO Comments: 5/3/2024: Current location is the Senate Local Government Committee, waiting on hearing date.

1/25/2024: Moved out of the Assembly and was assigned to Senate Local Government Committee and the Senate Judiciary Committee.

1/17/2024: Amended to add a Sunset date of January 1, 2026.

3/16/2023: The bill was amended to speak specifically to teleconferenced meetings of subsidiary bodies, defined as a body that serves exclusively in an advisory capacity, and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements. For qualifying bodies, this bill would remove the requirement to post an agenda at the location of the subsidiary body member who was participating from off site- providing that the legislative body that formed the subsidiary body has previously made findings noting that teleconferenced meetings of the subsidiary body would enhance public access, and would promote the attractions, retention and diversity of the subsidiary body. The superior legislative body would need to revisit the matter and repeat those finding every 12 months thereafter. This bill also reaffirms that other provisions of the Brown Act are applicable to subsidiary bodies.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 828

(Connolly D) Sustainable groundwater management: managed wetlands.

Current Text: Amended: 1/11/2024 [html](#) [pdf](#)

Introduced: 2/13/2023

Last Amend: 1/11/2024

Status: 5/1/2024-Referred to Com. on N.R. & W.

Location: 5/1/2024-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the terms "managed wetland" and "small community water system."

Position

None at this time

Subject

Water

CALAFCO Comments: 5/1/24: Referred to Senate Committee on Natural Resources and Water; waiting on hearing date.

1/29/24: Passed Assembly Floor and moved to Senate to be scheduled for policy hearing.

1/18/24: Passed out of Assembly Appropriations Committee.

1/11/24: Amended to strike provisions regarding small community water systems serving disadvantaged communities and pivots to groundwater sustainability agencies. New provisions were added to the bill that would have the effect of carving out of the existing law, until January 1, 2028, small community water systems serving disadvantaged communities from permitted public water supply wells. After January 1, 2028, that provision sunsets and the law would revert back to its current state without the carve out.

1/9/24: Passed Assembly Water, Parks and Recreation Committee.

4/17/2023: Amended to define agencies and entities required or excluded from existing 10726.4 (a)(4). Amends Water Code section 10730.2 to add language regarding fees, and amends Water Code section 10733 to address groundwater sustainability plans. Failed to make April policy committee deadline and now cannot be acted upon until January 2024.

As introduced, would add definitions for Managed Wetlands, and Small community water system to Water Code Section 10721.

AB 930

(Friedman D) Local government: Reinvestment in Infrastructure for a Sustainable and Equitable California (RISE) districts.

Current Text: Amended: 1/22/2024 [html](#) [pdf](#)

Introduced: 2/14/2023

Last Amend: 1/22/2024

Status: 5/1/2024-Referred to Coms. on L. GOV. and HOUSING.

Location: 5/1/2024-S. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would authorize the legislative bodies of 2 or more cities or counties to jointly form a Reinvestment in Infrastructure for a Sustainable and Equitable California district (RISE district) in accordance with specified procedures. The bill would authorize a special district to join a RISE district, by resolution, as specified. The bill would require the Office of Planning and Research (OPR) to develop guidelines for the formation of RISE districts no later than November 30, 2026. The bill would provide for the establishment of a governing board of a RISE district with representatives of each participating local government.

Position

Neutral

Subject

Special District
Principle Acts

CALAFCO Comments: 5/1/24: Referred to Senate Local Government Committee, and Senate Housing Committee.

1/29/2024: Passed Assembly Floor vote and moved to Senate.

1/22/2024 Amended to remove section of definitions, change the word "standards" to "guidelines", and to strike section 62412 relative to the elements of a RISE development plan to be reviewed.

Missed 2023 deadlines and became a 2 year bill.

This bill has a similar overtone to SB 852 Dodd in 2022 regarding the formation of climate resilience districts outside of the LAFCo process. As introduced, it focuses on the generation of funding and the governance of the expenditure of those funds. However, it should be carefully tracked in case that mission is expanded.

AB 1928

(Sanchez R) Worker classification: employees and independent contractors.

Current Text: Amended: 3/4/2024 [html](#) [pdf](#)

Introduced: 1/25/2024

Last Amend: 3/4/2024

Status: 4/25/2024-Failed Deadline pursuant to Rule 61(b)(5). (Last location was L. & E. on 2/12/2024)

Location: 4/25/2024-A. DEAD

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law, as established in the case of Dynamex Operations W. v. Superior Court (2018) 4 Cal.5th 903 (Dynamex), creates a presumption that a worker who performs services for a hirer is an employee for purposes of claims for wages and benefits arising under wage orders issued by the Industrial Welfare Commission. Current law requires a 3-part test, commonly known as the "ABC" test, to determine if workers are employees or independent contractors for those purposes. Current law establishes that, for purposes of the Labor Code, the Unemployment Insurance Code, and the wage orders of the Industrial Welfare Commission, a person providing labor or services for remuneration is considered an employee rather than an independent contractor unless the hiring entity demonstrates that the person is free from the control and direction of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity's business, and the person is customarily engaged in an independently established trade, occupation, or business. This test is known as the "ABC" test, as described above. This bill would repeal the above-described provisions that codify the ABC test. The bill would declare that its purpose is to suspend and nullify the California Supreme Court's decision in Dynamex and provide that this decision does not apply for purposes of California law.

Position

Subject

CALAFCO Comments: Of interest to CALAFCO because of its potential effect on operations.

4/26/24 DEAD for failing to meet deadline for policy committees to hear and report to fiscal committees those bills originating in that house which had a fiscal component. (Joint Rule 61(b)(5)).

3/6/2024, Re-referred to Assembly Labor and Employment Committee.

3/4/2024, minor grammatical amendment made.

1/25/2024, bill introduced. AB 1928 would repeal the provisions that were enacted by the passage of AB 5 in 2019. Known as the Gig Worker law, AB 5 reclassified which workers could be considered as contractors. A limited number of professional categories were set aside and excluded from the law. However, those not included in the exclusions were required, under new reclassification requirements, to be considered as employees regardless of whether they were performing the services in connection to an ongoing business. The shift required CALAFCO to amend its internal practices to re-classify its contractors to employees, resulting in increased costs, as well as extra reporting requirements.

AB 1987

(Bennett D) Local government.

Current Text: Introduced: 1/30/2024 [html](#) [pdf](#)

Introduced: 1/30/2024

Status: 1/31/2024-From printer. May be heard in committee March 1.

Location: 1/30/2024-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law sets forth provisions for the formation, duties, and other authorizations, among other things, relating to cities, counties, cities and counties, and other local agencies. This bill would state the intent of the Legislature to enact legislation relating to local government.

Position

None at this time

Subject

CALAFCO Comments: 5/3/24: No activity since introduction. Spot holder bill relative to local government. Monitoring because of its topic.

AB 2302

(Addis D) Open meetings: local agencies: teleconferences.

Current Text: Introduced: 2/12/2024 [html](#) [pdf](#)

Introduced: 2/12/2024

Status: 4/15/2024-Read second time. Ordered to third reading.

Location: 4/15/2024-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 5/9/2024 #26 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary: The Ralph M. Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Current law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in specified circumstances if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, and the legislative body complies with prescribed requirements. Current law imposes prescribed restrictions on remote participation by a member under these alternative teleconferencing provisions, including establishing limits on the number of meetings a member may participate in solely by teleconference from a remote location, prohibiting such participation for a period of more than 3 consecutive months or 20% of the regular meetings for the local agency within a calendar year, or more than 2 meetings if the legislative body regularly meets fewer than 10 times per calendar year. This bill would revise those limits, instead prohibiting such participation for more than a specified number of meetings per year, based on how frequently the legislative body regularly meets.

Position

Watch

Subject

Brown Act

CALAFCO Comments: 5/6/2024: Scheduled for Assembly Third Reading.

4/10/24 passed Assembly Local Government Committee and sent to Assembly Floor.

Introduced on 2/12/2024, this bill would enact changes to Brown Act provisions that allow members of legislative bodies to teleconference for meetings. Currently, the law limits teleconferencing to no more than 3 consecutive months, 20% of the regular meetings in a calendar year, or 2 meetings for bodies that meet less than 10 times in a calendar year. This bill redefines those limits as 2 meetings per year for bodies meeting monthly or less; 5 meetings per year for those meeting twice per month; or 7 meetings per year if the body meetings three times or more per month.

AB 2715

(Boerner D) Ralph M. Brown Act: closed sessions.

Current Text: Amended: 4/24/2024 [html](#) [pdf](#)

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Introduced: 2/14/2024

Last Amend: 4/24/2024

Status: 5/2/2024-Read second time. Ordered to third reading.

Location: 5/2/2024-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 5/9/2024 #84 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary: The Ralph M. Brown Act requires that all meetings of a legislative body of a local agency be open and public and that all persons be permitted to attend and participate. Current law authorizes a legislative body to hold a closed session with specified individuals on, among other things, matters posing a threat to the security of essential public services, as specified. This bill would additionally authorize a legislative body to hold a closed session with other law enforcement or security personnel and to hold a closed session on a threat to critical infrastructure controls or critical infrastructure information, as defined, relating to cybersecurity.

Position

None at this time

Subject

Brown Act

CALAFCO Comments: 5/1/2024: Passed Assembly Local Government Committee; awaiting Assembly Floor date.

4/24/2024: Amended to include cybersecurity threats among the things that can be discussed in closed session. Provides a definition of "critical infrastructure controls" to include I.T. networks.

As introduced on 2/14/2024, would make minor changes in the Brown Act. Monitoring.

AB 2986

(Carrillo, Wendy D) Local Agency Formation Commission for the County of Los Angeles: East Los Angeles Task Force.

Current Text: Amended: 4/29/2024 [html](#) [pdf](#)

Introduced: 2/16/2024

Last Amend: 4/29/2024

Status: 4/30/2024-Re-referred to Com. on APPR.

Location: 4/25/2024-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. The act continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and that oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, including incorporation of a city or formation of a district, as specified. This bill would require the Local Agency Formation Commission for the County of Los Angeles (LALAFCO) to establish the East Los Angeles Task Force for the purposes of identifying and evaluating the potential impacts of incorporation of, or the establishment of special districts within, East Los Angeles, as defined. The bill would require the task force to be composed of 11 members appointed by LALAFCO in consultation with the County of Los Angeles. The bill would require the task force to meet quarterly, incorporating robust community engagement, to discuss the potential impacts of incorporation or the establishment of special districts in East Los Angeles, as specified. The bill would require the task force to complete and submit a report to the Legislature on the potential impacts of city and special district incorporation in East Los Angeles, including an analysis of advantages, disadvantages, and recommendations for future actions, as specified.

Position

None at this time

Subject

Special District
Consolidations

CALAFCO Comments: 4/29/2024, Amended version in print. Makes the bill contingent on appropriation of funds to reimburse LA LAFCO for the costs of the Task Force.

4/24/2024, Passed Assembly Local Government Committee hearing with amendments and re-referred to Appropriations.
 3/21/2024, the bill was gutted and amended and now requires the LA LAFCO to develop an East Los Angeles Formation Task Force.
 Not a statewide issue.

AB 3277

(Committee on Local Government) Local agency formation commission: districts: property tax.

Current Text: Introduced: 2/27/2024 [html](#) [pdf](#)

Introduced: 2/27/2024

Status: 4/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 71. Noes 0.) In Senate. Read first time. To Com. on RLS. for assignment.

Location: 4/29/2024-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Current law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Current law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined. This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes.

Position
Sponsor

Subject
Incorporation
Proceedings

CALAFCO Comments: CALAFCO's 2024 Omnibus bill.

4/29/2024, Removed from Appropriations and sent to Assembly floor where it passed. Now sits in Senate Rules waiting for committee assignment.

4/10/2024, Passed Assembly Local Government Committee and was referred to Appropriations.

SB 537

(Becker D) Open meetings: multijurisdictional, cross-county agencies: teleconferences.

Current Text: Amended: 9/5/2023 [html](#) [pdf](#)

Introduced: 2/14/2023

Last Amend: 9/5/2023

Status: 9/14/2023-Ordered to inactive file on request of Assembly Member Bryan.

Location: 9/14/2023-A. INACTIVE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met,

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including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows “just cause,” including for a childcare or caregiving need of a relative that requires the member to participate remotely. This bill would expand the circumstances of “just cause” to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance of the members of the legislative body, the number of community members in attendance in the teleconference meeting, and the number of public comments on its internet website within 10 days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from one or more physical locations that are open to the public and within the boundaries of the territory over which the local agency exercises jurisdiction.

Position

Watch

Subject

Brown Act

CALAFCO Comments: This is a spotholder bill that states an intent to expand local government’s access to hold public meetings through teleconferencing and remote access.

3/22/2023: was amended and fleshed out to add teleconferencing provisions to allow legislative bodies of multijurisdictional agencies to meet remotely. Multijurisdictional agencies are defined as boards, commissions, or advisory bodies of a multijurisdictional, cross county agency, which is composed of appointed representatives from more than one county, city, city and county, special district, or a joint powers entity.

The bill is sponsored bu Peninsula Clean Energy, a community choice aggregator with a board comprised of local elected officials from the County of San Mateo and its 20 cities, as well as the City of Los Banos.

4/24/2023: The bill was amended to further clarify definitions and the requirements needed for members of an eligible legislative body to meet remotely.

The bill passed Senate Judiciary on 5/2/23, and had its third reading in the Senate on 5/30/2023.

7/12/23: The bill passed the Assembly Local Government Committee.

Amended on August 14, 2023, to require eligible legislative bodies that receive compensation to participate from a physical location that is open to the public.

9/14/2023, the bill was moved into the inactive file.

SB 768

(Caballero D) California Environmental Quality Act: State Air Resources Board: vehicle miles traveled: study.

Current Text: Amended: 1/11/2024 [html](#) [pdf](#)

Introduced: 2/17/2023

Last Amend: 1/11/2024

Status: 4/29/2024-Referred to Com. on NAT. RES.

Location: 4/29/2024-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Environmental Quality Act (CEQA) requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. Current law requires the Office of Planning and Research to prepare, develop, and transmit to the Secretary of the Natural Resources Agency for certification and adoption proposed revisions to guidelines establishing criteria for determining the significance of transportation impacts of

projects within transit priority areas to promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Current law creates the State Air Resources Board as the state agency charged with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles, which is the major source of air pollution in many areas of the state. Existing law authorizes the state board to do those acts as may be necessary for the proper execution of the powers and duties granted to, and imposed upon, the state board. This bill would require the state board, by January 1, 2026, to conduct and submit to the Legislature a study on how vehicle miles traveled is used as a metric for measuring transportation impacts pursuant to CEQA, as specified.

Position

Subject

CEQA

CALAFCO Comments: 4/29/2024: Referred to Assembly Committee on Natural Resources where it awaits a hearing date.

1/29/2024: Passed Senate.

1/16/2024: Passed Senate Appropriations Committee.

1/11/2024: Gutted and Amended. Topic now specific to a study by the state regarding vehicle miles traveled in CEQA studies. Continuing to monitor for any detrimental changes to CEQA but, at this time, bill is not a concern to CALAFCO.

1/10/2024: Passed Senate Environmental Quality Committee.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

3/22/2023: The bill was amended and would add language into the Public Resource Code to provide that a public agency, in approving or carrying out certain types of projects, is not required to issue a statement of overriding consideration for significant effects on the environment identified by a project’s vehicle miles traveled if the lead agency has imposed all feasible mitigation measures on the project and it finds no feasible alternatives to the project.

-Introduced as a spotholder bill that noted an intent to enact subsequent legislation that would create a new transportation impact analysis for rural areas for purposes of the California Environmental Quality Act.

SB 1209

(Cortese D) Local agency formation commission: indemnification.

Current Text: Introduced: 2/15/2024 [html](#) [pdf](#)

Introduced: 2/15/2024

Status: 3/21/2024-Read second time. Ordered to third reading.

Location: 2/29/2024-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 5/9/2024 #50 SENATE SENATE BILLS -THIRD READING FILE

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified. This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

Position

Subject

Sponsor

LAFCo

Administration

CALAFCO Comments: 03/20/2024, Passed Senate Local Government Committee hearing. Now proceeds to Senate floor vote, then will move to Assembly.

CALAFCO sponsored bill in response to a 2022 appellate decision out of San Luis Obispo that held that LAFCOs could not use indemnification provisions in applications because indemnifications are a form of agreement that LAFCOs are currently not authorized to enter into. As introduced, the bill would allow LAFCOs to use provisions similar to counties and cities.

Total Measures: 13

Total Tracking Forms: 13

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