

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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November 18, 2013

TO: County of San Mateo
City of Burlingame
Other Interested Agencies & Individuals

SUBJECT: Revised Circulation Draft Municipal Service Review and Sphere Update for City of Burlingame and the Burlingame Hills Sewer Maintenance District

The attached revised draft municipal service review and sphere update is being circulated for review and public comment. Affected agencies, residents, property owners and interested individuals and groups may submit comment to Martha Poyatos, mpoyatos@smcgov.org, by fax to 650-363-4849 or by mail at the address below.

This report is available on line at www.sanmateolafco.org.

The revised circulation draft along with available comments and recommended determinations will be presented to the Commission at the LAFCo meeting of January 15, 2013 scheduled to begin at 3:30 p.m. in the Board of Supervisors Chambers, 400 County Center Redwood City. To ensure that your comments are included in the final report, please submit written comment by December 23, 2013.

Please feel free to contact the LAFCo office with questions.

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Revised Circulation Draft
LAFCo Municipal Service Review
and Sphere of Influence Update
City of Burlingame and
County-governed Burlingame Sewer Maintenance District
November 18, 2013

Section 1: Overview

This report is a municipal service review and sphere of influence update for the City of Burlingame and County-governed Burlingame Hills Sewer Maintenance District serving Unincorporated Burlingame Hills included in the City's sphere. Government Code Section 56430 requires that Local Agency Formation Commissions (LAFCo) complete municipal service and sphere of influence reviews on all cities and special districts. LAFCo is an independent commission with jurisdiction over the boundaries of cities and special districts. A sphere of influence is plan for the boundaries of a city or special district. The City of Burlingame sphere of influence originally adopted in 1985 includes unincorporated Burlingame Hills indicating that if the area is be annexed to a city it is the City of Burlingame that can best provide services. The municipal service review and sphere update do not represent a proposal¹ for reorganization of agencies, rather a State-mandated study of service provision in regard to the following seven areas of determination as set forth in Section 56430:

- Growth and population projections for the affected area
- *The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the sphere of influence.*
- 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.*³
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

¹ An application for annexation may be submitted by 5% of the voters or landowners of territory proposed for annexation or by resolution of the City Council. Please see Attached flow chart.

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.

³ Language in Italic was added by amendments chaptered and effective November 2011.

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

San Mateo Local Agency Formation Commission (LAFCo): LAFCo is a State-mandated, independent commission with countywide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations and dissolutions. Among the purposes of the commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.

The Commission includes two members of the Board of Supervisors, two members of city councils from the twenty cities, two board members of twenty-two⁴ independent special districts, a public member, and four alternate members (county, city, special district and public). LAFCo adopts a budget and contracts with the County of San Mateo for services. The Executive Officer serves as LAFCo staff reviewing boundary change applications and preparing municipal service reviews and sphere of influence studies. LAFCo's net operating budget is apportioned in thirds to the County of San Mateo, the 20 cities and the 23 independent special districts.

San Mateo LAFCO prepared comprehensive sphere of influence studies and adopted spheres of influence (SOI) for cities and special districts in 1985 and subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the Cortese-Knox-Hertzberg Act of 2000 and the new requirement to prepare municipal service reviews in conjunction with or prior to sphere updates, San Mateo LAFCo began the process of preparing Municipal Service Reviews (MSRs) and SOI updates in late 2003. Studies were first prepared on sub-regional and county-wide independent special districts, followed by south county cities and special districts. A comprehensive report on the City of Half Moon Bay, Unincorporated Mid-Coast and independent special districts was prepared and adopted by the Commission in October of 2008.

Local Government in San Mateo County:

⁴ Midpeninsula Regional Open Space (MROSD) is not an appointing District because the majority of MROSD territory is in Santa Clara County.

Municipal service providers in San Mateo County include the County, 20 cities, 23 independent special districts, 5 subsidiary districts governed by City Councils and 32 County-governed special districts.⁵ 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. 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 and additionally, along with independent water, sewer and fire districts also provides basic municipal services for residents who live in unincorporated areas. According to Census 2010 data, 61,222 of the County's total 718,451 residents live in unincorporated areas.

Municipal Service Review/Sphere of Influence Update:

This Circulation Draft MSR/SOI Update examines the City of Burlingame and County-governed Burlingame Hills Sewer Maintenance District and solicits comments from affected agencies, organizations and individuals. It also takes into account joint power and other agreements between the City of Burlingame, County of San Mateo and surrounding agencies and discusses opportunities for further efficiencies in municipal service delivery that can be examined by these agencies. In addition, the MSR/SOI examines potential consolidation of County-governed Burlingame Hills Sewer Maintenance District with the sewer systems of neighboring cities versus consolidation of the non-contiguous districts into a single county sewer agency.⁶ MSR/SOI updates are also being prepared for Town of Hillsborough and City of Foster City.

LAFCo prepares the municipal service review and sphere 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 Service Reviews and Sphere Updates are then circulated to the agencies under study and interested individuals and groups. The Final Municipal Service Review and Sphere update will include comments on the circulation draft and recommended determinations for Commission consideration. Municipal service review determinations must be adopted before the Commission updates or amends a sphere of influence.

Section 2: Summary of Key Issues

Key issues identified in compiling information on the City of Burlingame, unincorporated Burlingame Hills and the County-governed Burlingame Hills Sewer Maintenance District include the following:

⁵ Other municipal service providers include mutual water companies and private utility companies

⁶ Consolidation of non-contiguous County-wide sewer and sanitary districts into a single County-governed district responds to a request from the County of San Mateo as a condition of a consent decree between the County, Burlingame Hills Sewer Maintenance District and San Francisco Baykeeper (Baykeeper) resolving a lawsuit filed by Baykeeper.

1. As noted in the City's June 2013-14 Budget Transmittal Letter, the City of Burlingame is in a relatively healthy fiscal condition as it recovers from the Recession. The economic outlook for the City of Burlingame is stable with diverse revenue sources and revenue growth in the previous two years preventing additional cuts in city services. Other contributing factors to the city's fiscal position include cost containment in operating expenditures during and following the Recession.
2. At the writing of this report, the County, cities and special districts are considering various resource sharing and cost-cutting measures including but not limited to contracting and sharing services in the areas of police, fire and public works services to achieve efficiencies and economies of scale. In this area, the City of Burlingame and Town of Hillsborough, as partners in Central County Fire Authority (a Joint Powers Authority) are in discussion with cities to the north regarding expansion of the joint powers authority.
3. Practices to balance the budget have included revenue enhancement⁷, position reduction during and following the Recession, recent initiatives requiring employees to contribute to the cost of medical premiums and elimination policy that permits payout of limited unused sick hours.
4. The City's Goals Implementation Action Plan for 2013-14 includes several initiatives to sustain long term financial strength and service levels including ongoing efforts to expand shared service.
5. For the County of San Mateo and residents in unincorporated areas, existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including road maintenance, sewer service, police and fire protection and building inspection.
6. In the case of County sewer and sanitation districts, challenges in operating many non-contiguous sewer districts include size of systems, relatively small number of ratepayers and age of infrastructure. In two cases, lack of ratepayer support for rates to adequately fund service has resulted in insufficient sewer service revenues to fund capital improvement projects to avoid overflows and resulting fines and litigation. This report discusses organizational opportunities that exist for the City of Burlingame and County to collaboratively plan for more efficient and effective sewer service needs of unincorporated areas that flow through the Burlingame system to the Burlingame wastewater treatment plant.
7. Sewer rates for County-governed Burlingame Hills Sewer Maintenance District discussed in this report include the cost of maintaining the district system as well as capital costs associated with the district system and downstream agency capital improvements; and the cost of transporting and treating the district's waste which is determined by the City of Burlingame. This results in the district's sewer service charges being greater than a comparable user within the City of Burlingame.

⁷ Past initiatives include 2009 Burlingame voters' approval of a storm drain fee and increase in transient occupancy (hotel) tax which resulted in significant annual funding for capital improvements.

8. Governance alternatives include: 1) annexation to the City of Burlingame to provide for more efficient service delivery and give the City control over land use decisions that impact the City in regard to water supply planning, sewage treatment capacity planning, and traffic impacts; and 2) establishment of subsidiary district of cities that transport effluent to place Burlingame Hills Sewer Maintenance District customers in the city's customer base affording more efficient service delivery and a regional approach to serve communities served by interconnected systems and the same sewage treatment plant.
9. If there is consensus on the part of residents and the City that annexation is feasible, prior to annexation the City is required to prezone the territory stipulating what land use policies would apply to the area. The City has discretion to adopt land use policies that retain the character of the neighborhood.
10. Part of the annexation process includes a property tax negotiation between the County of San Mateo and the City, which is a discretionary process that can serve as an incentive to the City to annex the territory to assure revenues cover the cost of providing service to the area and at the same time relieving the County from the cost of service responsibility.
11. The City of Burlingame, as a wholesale water customer of the San Francisco Public Utilities Commission, provides water to unincorporated Burlingame Hills at non-resident rates 11% higher than resident rates due in part to the cost of providing water to higher elevations.
12. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend in excess of \$185 million annually on fire protection and emergency response.⁸ A countywide (versus agency-by-agency) study of fire protection and emergency response would identify potential efficiencies including potential for further consolidation of fire agency resources that are inherently interdependent as the result of a longstanding, countywide automatic aid agreement.
13. Financing infrastructure improvements to serve existing development in unincorporated areas is dependent upon rate adjustments or a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.
14. The City of Burlingame comments that the liability and risks associated with the County's aging and deteriorated sewer system is not accounted for in the current sewer fee. The City believes that current fees do not adequately cover the cost of bringing the system to current standards.

Section 3: City of Burlingame:

Governance

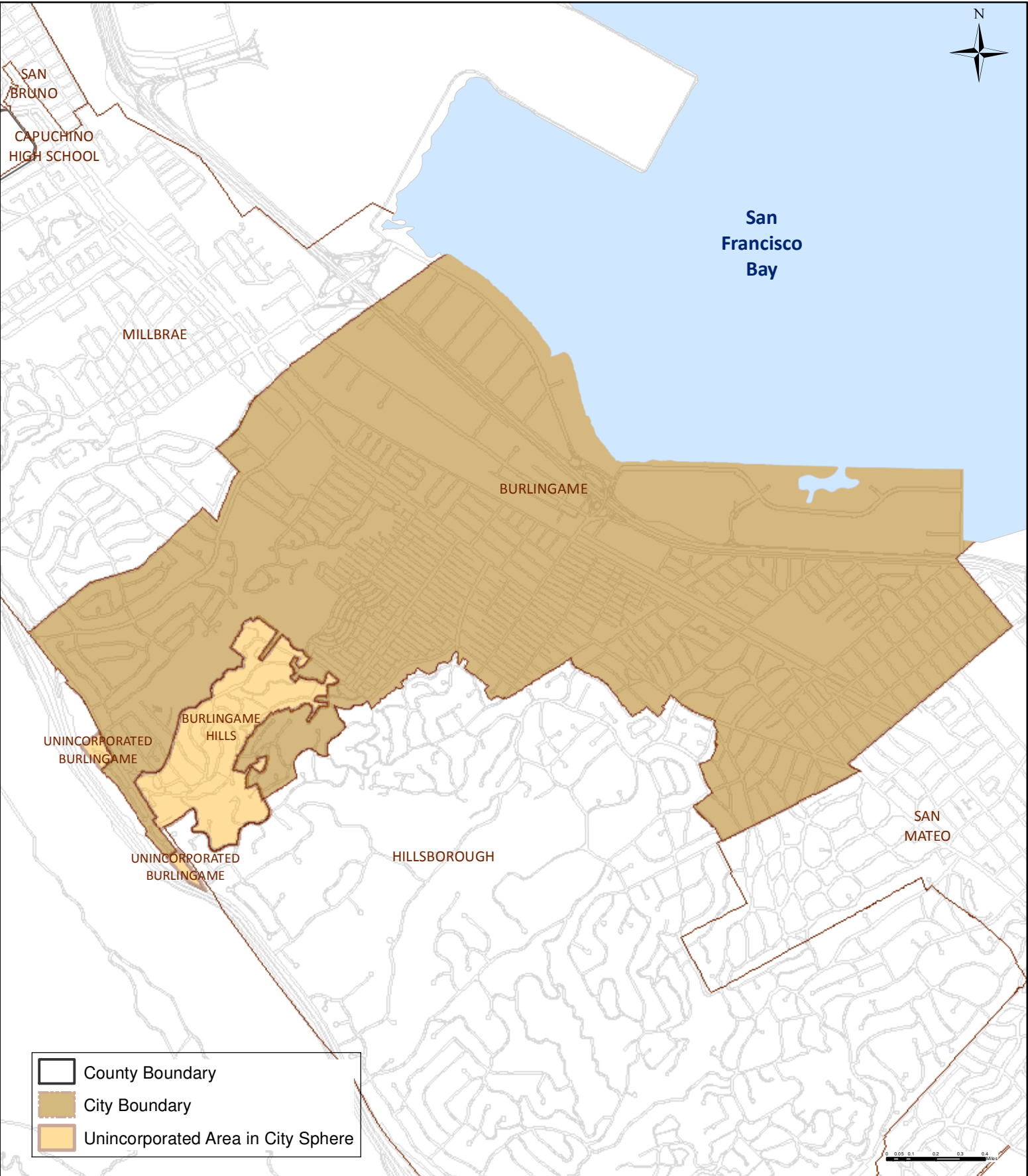
⁸ Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

The City of Burlingame incorporated as San Mateo County's fourth city in 1908 with five council members elected at-large. The Council selects the Mayor and appoints the City Manager and City Attorney. Previously the City Clerk has been elected by Burlingame voters but beginning December 12/2/13 the position is an appointed position. The City Council generally meets the first and third Mondays of the month at 7:00 p.m. at the City Council Chambers located at 501 Primrose Lane, Burlingame. Agendas, staff reports and minutes are available on the City's website and through e-mail subscription. Agendas are also posted in locations throughout the City. The City publishes an electronic newsletter and separate recreation guide that are also available on the City website. The City has five advisory committees and commissions addressing city services including planning, library, beautification, traffic and parking, and parks and recreation. The City also appoints a trustee to the independent San Mateo County Mosquito and Vector Control District. Details on each can be found on the City's website.⁹

Census 2010 population for the City is 28,806 persons. (Census 2000 was 28,158) State Department of Finance January 2013 estimated population is 29,426 persons. The City is bordered by Millbrae to the north, San Francisco Bay to the east, San Mateo to the south, Hillsborough to the south and west, and Unincorporated Burlingame Hills and other unincorporated lands to the west. City boundaries include 5.5 square miles. The City of Burlingame and sphere of influence are included in the Burlingame Elementary School District, San Mateo Union High School District and San Mateo County Community College District.

The City boundaries and sphere of influence are shown on Map A.

⁹ The City website (www.burlingame.org) contains extensive information about city services, fees, activities, budget and audited financial reports.



BURLINGAME SPHERE OF INFLUENCE

City Operations:

Burlingame is a full service city. City services include: police, fire and emergency response (through membership in a joint powers authority), public works (including roads, traffic signals, street lights, drainage, facility maintenance, sewer, water and storm drains) planning and building, parks and recreation and general city administration. Appendix A includes a profile of the City and the table below summarizes service delivery patterns.

Service	Provider
Fire¹⁰	Central County Fire Department
Police, Park & Recreation, Library, Street Lights, Streets/Street lights, Drainage	City of Burlingame
Sewer	City of Burlingame
Water	City of Burlingame
Animal Control	Peninsula Humane Society via Contract administered by County of San Mateo
Solid Waste/Recycling	Recology under a franchise agreement granted by City of Burlingame

City of Burlingame Growth and Population Projections

As noted above, the State Department of Finance January 2013 estimated population for the City was 29,106 persons (Census 2010 was 29,426). The following table summarizes City population data for Census Years 1970 through 2010. Growth from 2000 to 2010 was approximately 2.3%.

1970	27,320
1980	26,173
1990	26,801
2000	28,158
2010	28,806

¹⁰ The City is a member of Central County Fire Department (CCFD), a joint-powers authority between the City of Burlingame and Town of Hillsborough. CCFD employs personnel and the City of Burlingame contributes 60% of the \$8.97 million CCFD appropriations budget. The JPA Board of Directors includes two council members from the City of Burlingame and two from the Town of Hillsborough. The CAO appoints the Fire Chief. Please see discussion under “Fire Department” on Page15 .

The Association of Bay Area Governments (ABAG) Projections 2009 projects population growth of 6,942 or 25% over 2000 by 2035 for the City of Burlingame. ABAG Projections 2009 identifies the entire El Camino Real Corridor in San Mateo County as a “Priority Development Area”¹¹.

Population Data: Unincorporated Burlingame Hills in the City’s Sphere of Influence:

The estimated population for Unincorporated Burlingame Hills based on sewer connections and average household size of 2.9 is 1,226. The registered voter count is 758.

The Burlingame Hills unincorporated area is designated as an urban neighborhood in the County General Plan. Urban neighborhoods are defined as those unincorporated areas which are primarily devoted to residential land uses and are generally functionally integrated with the adjacent incorporated areas.

City of Burlingame Infrastructure and Facilities

City infrastructure includes city hall & police station, 3 fire stations¹², main library and one branch library, approximately 152 miles of improved streets, 1,700 streetlights, 16 traffic signal intersections, 96 acres of park land, 13 parks, 1 swimming pools, 8 tennis courts, 1 community center, 9 baseball/softball fields, 1 golf range, 104 miles of water distribution mains, 5 water storage tanks, one wastewater treatment plant, 5.5 million gallons per day treatment capacity, 100 miles of sewer main, 50 miles of storm drain, and 7 pump stations.

Municipal Water Service:

The City’s water system covers approximately 5.5 square miles and serves approximately 9,113 customers in the City of Burlingame, Unincorporated Burlingame Hills and limited customers in Hillsborough and San Mateo. The system has 104 miles of distribution mains, 5 water storage tanks and 2 reservoirs that provide an aggregate water storage volume of 2.94 million gallons, 7 pump stations and 822 fire hydrants. The City has emergency interties with California Water Service, City of San Mateo, Town of Hillsborough and City of Millbrae.¹³

Burlingame purchases all potable water from San Francisco Public Utilities Commission (SFPUC). The City receives its water supply from six SFPUC turnouts located along El Camino Real. Water is pumped from the turnouts to five storage tanks and to two reservoirs located at higher

¹¹ Priority Development Areas (PDAs) are locally-identified, infill development opportunity areas within existing communities. They are generally areas of at least 100 acres where there is local commitment to developing more housing along with amenities and services to meet the day-to-day needs of residents in a pedestrian-friendly environment served by transit. To be eligible to become a PDA, an area had to be within an existing community, near existing or planned fixed transit or served by comparable bus service, and planned for more housing.

¹² Station at 1399 Rollins Road serves as the Administrative Office for Central County Fire and training facility and is not an active station.

¹³ BAWSCA Annual Survey – FY 2011-12, City of Burlingame Urban Water Management Plan.

elevations in the City's distribution system. Burlingame's water system is divided into two sections. Water for the hills area is supplied by water pumped into tanks and reservoirs; and water for the lower elevation area is supplied directly from the SFPUC turnouts.

Water Rates

Water rates for City of Burlingame customers are \$7.83 per unit and water rates for Unincorporated Burlingame Hills customers are \$8.72 per unit with the higher rate in part reflecting the higher pumping and transmission costs. Water fees are set via a three year rate-setting cycle with an effective date of January 1.

The following average billing information is extracted from the Bay Area Water Supply and Conservation Agency (BAWSCA) FY 2011-12 Annual Report (the most recent available). All agencies listed purchase water wholesale from SFPUC. As noted in the survey, differences in average monthly bills may reflect water use, local capital improvements or maintenance expenditures, the size of the rate base and the extent to which revenue is generated through connection charges. Other factors include tiered rate structures that encourage conservation, age of system and local land use (lot size).

Single Family Water Bills Based on Average Monthly Use, Using Rates in effect FY 2011-12		
Water Provider/Number of Accounts	Average Monthly Use (ccf-100 cubic feet or 748 gallons)	Average Monthly Bill
CalWater – Midpeninsula (35,494)	10.7	\$55.27
Estero Municipal Improvement Dist. (8,128)	10.9	\$59.36
Hillsborough (4,275)	26.9	\$209.80
Burlingame (9,113)	10.0	\$80.26

Sanitary Sewer:

As noted on the City's website, the City of Burlingame Department of Public Works (DPW) provides stewardship of the City's sanitary sewer assets including 100 miles of sewer main¹⁴ and contracts for operation of the City's Wastewater Treatment Plant. With few exceptions, the sewer system is gravity fed to lift stations located in the industrial sections of town, then to the Treatment Plant at 1103 Airport Boulevard. The Wastewater Treatment Plant has a designed capacity to treat 5.5 MGD (million gallons per day) of wastewater per day and 16 MGD during wet weather. The City has contracted with a private contractor for operation of the wastewater treatment plant since 1972.

¹⁴ Unincorporated Burlingame Hills sewer service is provided by County-governed Burlingame Hills Sewer Maintenance District which contracts with downstream agencies for transmission of effluent and with the City of Burlingame for sewage treatment. The District is discussed later in this report.

Sewer Rates

The following represents sewer service charges currently in effect.

Residential customers (except Burlingame Hills):

When new customer service is provided to premises classified as single-family or duplex, the customer will be charged at a bi-monthly rate based on the number of residents reported to occupy the premises as follows:

Number of residents	Rate
1	\$47.63
2	\$59.26
3	\$72.52
4	\$85.78
5	\$97.94
6	\$101.44
7	\$110.30
8	\$128.46
9 or more	\$150.60

Per capita rates will be used until the customer has had service through a consecutive January, February, March and April billing period. On January 1, following that consecutive period, the sewer rate for the customer will be adjusted to the applicable rate. Following a second

consecutive January, February, March, and April, the rate will be further adjusted on an annual basis according to the demonstrated water usage for the total eight months. Consumption for the billing months of January-April for the previous three years is averaged, then multiplied by the current sewer rate approved by City council. Because the cost of treatment is higher than the cost for clean water, the sewer rate is higher than the water rate.

* Non-residential sewer charges are based on actual bimonthly water usage

SEWER RATES

Per 1000 gallons of water usage:

Residential (Jan-Apr)	\$12.25
Multi-Unit	\$11.45
Light Commercial	\$13.53
Heavy Commercial	\$21.97
Food-Related	\$32.59

Storm Drain System

The City operates and maintains approximately 50 miles of storm drainage system including seven creeks/watershed areas with open and closed channel systems with over 2,000 catch basins. As noted on the City's Public Works webpage, Burlingame residents approved a storm drain fee in May 2009 to fund a Capital Improvement Program to improve the City's storm drain system. The Current Storm Drain Capital Improvement Program found on Page 156 of the City's budget details identified needs and available funding through FY17. Improvements include replacement of aging levees, pipes and pumps to provide long-lasting flood protection, improve public safety and reduce pollution. The Capital Improvement Program was developed by Burlingame Public Works engineers and other city staff, who worked with the community to evaluate and prioritize storm drain needs.

The City-Wide Neighborhood Storm Drain Improvements projects consist of replacing the deteriorated collection system and installing new catch basins, curbs and gutters, and debris basins to intercept debris that often causes obstructions in the storm drain system. The project will improve stormwater collection and reduce flooding damage to the streets. City staff have identified and prioritized approximately 100 neighborhood project locations throughout the city.

Streets

Bay Area cities use the Pavement Condition Index (PCI)¹⁵ to measure the condition of their roads. The Pavement Management System and PCI were developed by the Metropolitan Transportation Commission (MTC). The PCI is based on road conditions that include cracking, furrowing or rutting, potholes, and general weathering and provides information necessary to establish a maintenance program and budget for road maintenance.

Road pavement condition is assessed every 2-3 years. In order to assess pavement condition, inspections and distress surveys are conducted for each street segment, which can include up to several blocks per segment.

The City utilizes an advanced software program called Pavement Management Program (PMP) supplied by Metropolitan Transportation Commission (MTC) as the main tool for analyzing street pavement conditions and recommending the appropriate pavement treatment types based on available funding for the City's 152 lane miles. The PMP program takes into consideration of the age of the street, traffic volume, history of maintenance and repairs, nature of failures and sub-base conditions. The program utilizes a scoring scale called PCI (Pavement Condition Index) from 0 to 100 scale in which 100 represents a new street condition and score below 50 represents a poor street condition. Based on latest pavement condition assessment survey, City of Burlingame's average PCI is 77, representing above average standards.

Upon development of the initial project list with recommendations, engineering staff performs field inspection and surveys all the streets to verify condition assessments and confirm prioritization. Based on available funding, the top priority projects on the list are recommended for resurfacing. Many projects do not make the list due to limited funding availability and are programmed for the next available funding cycle.

In addition to the recommendations and prioritization based on pavement conditions, engineering staff coordinates with the maintenance yard and utility companies to determine if any of the selected streets will be excavated in the near future for underground utilities replacement. Any street that has a utility project or is planned to be excavated in the near future will not be surfaced until that work is completed. If there are utilities conflicts on a given street selected for resurfacing, that street will be replaced by another street on the priority list without such conflicts.

¹⁵ The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less. The most recent index was published by the MTC in 2011.

The budget for the City's annual street resurfacing project comes from a number of special funding sources outside the City's General Fund. The City has leveraged grant funds, gas tax reimbursements, and stimulus funds to improve City streets.

The Five Year Capital Improvement Plan for streets and associated facilities is found on page 154 of the Budget and identifies needed improvements and funding sources through Fiscal Year 17.

Sidewalk 50/50 Program

The following from the City's website outlines the City of Burlingame "50/50 Program" for sidewalk repair. The City of Burlingame maintains over 116 miles of sidewalk, a significant portion of which is aging and is impacted by tree roots, resulting in cracks and separations requiring repair the sidewalks are an essential part of the City's infrastructure as pedestrian frontage access for Burlingame residents and businesses. The City's sidewalk repair program is designed to provide a reasonable method, given limitations of financial and personnel resources, for the repair of sidewalks. Geographic areas have been identified and prioritized for repairs based on the intensity of pedestrian traffic and level of repair.

The California Streets and Highways Code requires that adjoining private property owners maintain the sidewalks in front of their property. Given the current state of the economy and the financial hardship to property owners, the Council evaluated several options to fund sidewalk repairs. After a comprehensive analysis, the Council approved a "50/50 Sidewalk Repair Program". The 50/50 sidewalk repair program is a turnkey program providing the most efficient method to address damaged sidewalks in a manner which will not only assist the City in maintaining the public pedestrian infrastructure but will also reduce significant financial and logistical burden to the property owners. Following are the main elements of the program:

The City will fully undertake the work including identifying sidewalk defects, preparing plans and specifications, bidding, construction and contract administration; thus providing a turn-key project saving time for the individual property owners from soliciting bids from contractors and doing the work themselves.

- The City will combine areas/blocks of sidewalk repairs as part of a larger project which will provide economies of scale, thereby reducing repair costs to individual property owners.
- The work will be done through an open competitive bidding process ensuring competitive pricing for the work.
- Only experienced and licensed contractors will be allowed to bid providing best quality construction.
- The property owner will be provided with information about the details of the required repairs and associated costs upon receiving bids. The property owners are not required to pay their share (50%) of the repair costs until after the work is completed.

The City selects sidewalk projects and gives property owners the opportunity to participate in the 50/50 program resulting in savings to the property owner, or if the property owner does not participate, the full cost of repairs.

Fire Department - Central County Fire Department (Joint Powers Authority between City of Burlingame and Town of Hillsborough)

The following section is based on Central County Fire Department documents including budgets, audit and staff reports.

The Central County Fire Department was established on April 20, 2004 through a Joint Powers Agreement (JPA) between the City of Burlingame and the Town of Hillsborough with essential support services provided by both cities. This JPA was designed to promote more efficient administration and effective delivery of services to the two cities. Significant cost savings were achieved since the initial merger especially in personnel costs. The total authorized and filled positions decreased from 94 at the initial merger to the proposed staffing of 64.5 full time equivalent (FTEs) by FY 11/12 and 60.50 in the current fiscal year. At the time of the initial merger, partner cities established a cost sharing plan to allow each partner city to pay its fair share of the combined operating expenses of the Department. The initial merger included stipulations whereby the Department's personnel remained employees of the individual respective cities. Responsibility for certain major costs such as retirement, replacement of vehicles and facilities and costs related to other post-employment benefits remained with the individual cities.

Effective fiscal year 2010/11, all employees (except the Chief Administrative Officer) and operations were transferred to the JPA as a separate entity. However, retirement costs relating to prior service and health insurance costs for employees that retired prior to fiscal year 2010/11 will continue to be the responsibility of and borne by the individual cities. Additionally, capital assets that include fire stations, fire engines and other major assets will remain assets of the individual cities which will also be responsible for the related costs. The Department's operating costs net of program revenues are allocated sixty percent (60%) to the City of Burlingame and forty percent (40%) to the Town of Hillsborough.

Governance

The Department is governed by a Board of Directors ("Board") consisting of two representatives from each city. The members represent the cities in determining the level of fire, emergency medical and disaster preparedness services to be provided by the Department. All major decisions by the Board require ratification by the respective City Councils.

Administration

The Board appoints the City Manager of either city to serve as Chief Administrative Officer for an alternating two-year term. The Chief Administrative Officer appoints the Fire Chief who shall conduct the day-to-day operations of the Department, coordinate and supervise all training,

and make recommendations to the Board and the Chief Administrative Officer regarding the conduct and operation of the Department. The Chief Administrative Officer shall also appoint an employee of one of the member agencies to act as Secretary and an employee to act as Treasurer of the Department who shall act as Controller for the Department performing functions such as disbursement of revenues, payment of outstanding obligations, etc. The District's budget is prepared by the Town of Hillsborough Finance Department. Administrative offices are located at 1399 Rollins Road.

Component Units

The Central County Fire Department is a legally separate and independent entity that is not a component unit of the City of Burlingame or the Town of Hillsborough. Further, the department has no component unit organizations under its control. Therefore, Department's comprehensive annual financial report and the financial statements, represent solely the activities, transactions and status of the Central County Fire Department.

Station Locations:

Central County Fire Stations locations include the following:

- Engine 32 at 330 Ascot Road, Hillsborough
- Engine 33 at 835 Chateau Drive, Hillsborough
- Engine 34 and Truck 34 at 799 California Drive, Burlingame
- Engine 35 at 2832 Hillside Drive, Burlingame

Additional Initiatives in Service Sharing

On May 26, 2012, the Department began sharing the Fire Chief's position with the cities of Millbrae and San Bruno. Each city pays 25% of the Fire Chief's salary and benefit costs. Annually, this amounts to \$70,000 from each.

The CCFD continues to explore the potential for further cost savings by merging functions or full fire operations with other cities. In October 2011, the Department began to share administrative personnel and functions with two neighboring cities (Millbrae and San Bruno Fire Departments). While a full merger among CCFD, Millbrae and San Bruno continues to be explored and discussed, the city councils of the CCFD partnership and Millbrae have approved in concept a plan to share a fire station to serve the partner cities of the CCFD (Hillsborough and Burlingame) and the City of Millbrae. Savings net of the cost of the new fire station and personnel costs to staff a flex engine have been estimated at \$900,000 to be equally shared between Millbrae and the CCFD partners. Plans for construction of the station have been on hold pending further study.

Other service sharing includes partnerships with other cities, including sharing mechanics

and training and EMS supervision. Belmont Fire Department became a full partner in CCFD shared training program starting in July 2012; this further reduced its overall training costs. The CCFD plans to share more administrative positions as positions are vacated.

It merits mention that the history of resource sharing by dropping boundaries among fire agencies began in 1998. Subsequent initiatives outlined below have created efficiencies and savings and serve as models for other efforts. Initiatives like the automatic aid, shared communications dispatch, EMS, disaster preparedness and Hazardous Materials are savings and efficiencies that have *already* been achieved. Remaining areas of savings include further efforts toward consolidation, shared administration, training and other programs, and possibly station consolidations.

Shared resources in San Mateo County include the following:

- 1) Automatic aid and in which agencies drop boundaries to ensure that rapid response of the closes resources
- 2) Communications dispatch
- 3) EMS¹⁶
- 4) Disaster Preparedness
- 5) Hazardous Materials operated by Belmont Fire Department but funded jointly by all fire entities
- 6) CERT (Community Emergency Response Team) training

CCFD Budget and Financial Information

The JPA requires that an annual budget be adopted by resolution of the Board. In the spring preceding the start of each fiscal year that runs from July through June, staff presents an annual budget based on established goals, objectives and performance measures to the Board. The budget is subsequently approved by the City Councils of the member agencies prior to June 30th of each fiscal year.

2013-14 Fiscal Year Budget

CCFD entered the Fiscal Year with significant cost containment initiatives including reducing Truck staffing from four personnel to three, reducing starting wages by 10%, eliminating fullypaid medical after retirement for new hires, payment of 7.5% of medical premiums by active employees, decreased leave accruals and increased employee contribution toward retirement. The adopted budget also assumes a staffing reduction of one Fire Captain, pre-

¹⁶ San Mateo County Emergency Medical Service (EMS) system provides for centralized dispatch for all 911 medical emergencies including fire service first response and emergency ambulance, including air ambulance providers and two level 1 trauma centers at Stanford and San Francisco General.

funding OPEB¹⁷, funding of Workers Compensation at 70% of confidence level, CALPers rates of 23.397% (up from 22.744%) and less 2% offset of employee contribution, and 8% increase in Health Premiums.

The Adopted 2013-14 CCFD General Fund Budget is \$16,586,730 of which \$15,561,768 is shared by the JPA member cities based on the agreed upon 60%/40% split. The City of Burlingame's share as shown in the CCFD budget is \$9,337,061 and Hillsborough's 40% share is \$6,224,707. The difference of \$1,024,069 represents revenues from various sources including joint training, shared administration, mechanic shop and Fire Plan Review fees.

On the expenditure side salaries and benefits comprise \$15,289,990, or 92% of the General Fund Budget and services and supplies comprise \$1,296,704, or 8% of the General Fund Budget. Excluded costs that remain the responsibility of the member cities include OPEB costs for employees who retired prior to June 21, 2010, major fire station improvements or replacements and pay-off of the retirement side funds for each City as prior employers.

The CCFD budget can be found at www.ccfdonline.org under "Administration".

Police Department:

The City of Burlingame Police Department is a full-service community oriented department. The Police Department is headquartered at 1111 Trousdale Boulevard, Burlingame and is a 24/7 comprehensive community policing department divided into two divisions: Operations and Support Services/Administration. Key indicators for Fiscal Year 2012/13 include 31,698 calls for service, 1,866 total crimes reports, 508 arrests, 451 vehicle accidents, 3,912 moving citations and 856 average calls per officer. This compares to a five-year average of calls for service of 28,996 and five year average call per officer of 756. The Department also coordinates its efforts with the San Mateo County Sheriff's Department on gang and drug activity, Avoid the 23 and other multi-agency initiatives.¹⁸

The City of Burlingame Police Department 2013-14 staffing level includes 41.50 police personnel, of which 36.5 are sworn officers. The Police staffing level of sworn officers per 1000 of population is 1.40 based on Department of Finance January 2013 estimated population of 29,426 and compared to 1.18 sworn officers per 1000 of population in the City of Belmont (population 26,316).

The Police Department Adopted 2013-14 Budget is \$9,484,216. Funding sources include \$9,327,116 from the General Fund, \$67,100 from charges for service and \$90,000 from COPS Grant funding.

¹⁷ Other Post-Employment Retirement Benefits (Health Premiums)

¹⁸ A collaborative effort by all San Mateo County law enforcement agencies to prevent and respond to drinking and drugged drivers.

Parks & Recreation

City of Burlingame Parks and Recreation facilities include: 18 parks totaling 94 acres, one swimming pool, one golf range, eight tennis courts, a preschool, one community center and nine baseball/softball fields, a wildlife refuge area and shorebird sanctuary. The Burlingame Parks & Recreation Department offers over 500 activities including camps, art, culinary, dance, recreational sports and fitness classes for all ages from preschoolers to adults.

The Recreation Department staffing level includes 11.0 full time equivalent positions. The adopted 2013-14 Recreation budget is \$3,548,043. Funding sources include \$1,427,543 from the General Fund and \$2,120,500 from recreation fees and charges for service.

The Parks Department staffing level includes 11.0 full time equivalent positions. . The 2013-14 adopted Parks Department 2013-14 budget is \$2,723,887. Funding sources include \$2,553,667 from the General Fund, \$158,247 for fees for services and \$11,973 from the parking fund.

Library

As written in the 2013-14 Budget, “The Burlingame Public Library is the cultural and learning center for the community, encouraging the joy and wonder of reading, the wisdom of diverse ideas, and the power of lifelong learning. Within and beyond its walls, the Library strives to preserve the past, serve the present, and shape the future with opportunities to connect people and the world of information.”

The Library is made up of 4 divisions: Reference and Adult Services, Circulation Services, Children and Teens Services and Technical and IT Services. Reference and Adult Services provides professional guidance and access to information via library collections, electronic resources to meet library user needs, offer technical education including basic computer education and instruction on library databases, library e-services, and on-line catalog and provide a variety of special library programs. Circulation Services provides customer service in the loaning and returning of library materials. Children and Teen Services provide reader’s advisory services and access to information for children and teens. Children’s staff promote effective use of the library through a wide variety of programs including baby, Toddler and Pre-School story-times.; author events; special programs; college preparation programs for teens; and Summer Reading. Children’s staff promote the library’s services through outreach to local schools and community groups. Technical and IT Services: Technical Services acquire, catalog, process and maintain print and media collections in all formats. Staff oversee vendor outsourcing for cataloging and processing. Staff also maintain computer hardware, software, database access, and local area networks for the Library’s 100+ PC network.

The City of Burlingame is a member of the Peninsula Library System (PLS), a consortium of the 34 public and community college libraries in San Mateo County. The libraries have meeting

rooms and adjacent outdoor areas that community groups use for activities and events. The libraries function in part like other community centers, providing places where residents can take classes and hold meetings. PLS allows all residents of the County to obtain library services at any library in the County. PLS also assists member libraries with licensing, group discounts, and purchasing library resources, technology, and other products and services.

City of Burlingame libraries include the main library at 480 Primrose Lane and the Easton Branch at 1800 Easton Drive. A key departmental initiative is the Library Millennium Project. The Millennium Project includes an automated handling system for check-in and sorting of returned items, new technology lab with 25 to 30 workstations for both organized training and public use, five group study rooms to accommodate groups, Foundation Bookstore, Café, expanded teen space and improved service desk and staff work spaces. The City has contracted with an architectural firm for preparation of plans and specifications. The Library Millennium Project is estimated to cost approximately \$3.5 million. The Burlingame Library Foundation has agreed to raise \$1 million, with the balance to be funded by the City. The 2012-13 Budget included \$385,000 for the contract with the architectural firm for the project. The 2013-14 Capital budget appropriates approximately \$1.2 million to begin construction. The remaining \$915,000 will be requested in the 2014-15 budget. To minimize impact to library patrons, construction will be completed on one floor at a time and the library will be open during construction.

Operating Indicators from 2011 to 2013 reflect increased circulation from 696,090 in 2011 to 741,000 in 2013 (estimated) and an increase in library visits from 443,700 in 2011 to 460,000 in 2013 (estimated).

Contract Services

Animal Control Services

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

Garbage/Solid Waste Collection and Recycling

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

from landfill Currently, Recology Services,¹⁹ a private company, provides collection, disposal and recycling services for the 91,000 SBWMA residences and nearly 10,000 businesses.

The City of Burlingame adopts rates annually for all solid waste customers in City boundaries. Rates vary based on residential and commercial service, size and number of containers, curbside versus backyard service, Recology costs, SBWMA staff time spent on billing, education and recycling outreach and City costs of street cleaning and steam cleaning of public waste receptacles. Rates also include the cost of landfill post-closure operations and liabilities. The City collects an 8% franchise fee on all solid waste operations exclusive of City fees. Monthly residential rates for the calendar year 2013 were not increased from the 2012 calendar year and are as follows:

32 gallon cart:	\$23.85
64 gallon cart:	\$47.71
96 gallon cart	\$70.80

City of Burlingame Budget and Financial Information

Key revenue streams available to California cities for general fund operations include property, sales and use tax, business license tax, transient occupancy tax (or hotel tax) and utility user tax.²⁰ Cities may also, with voter approval, increase fees and taxes (other than property tax) and assess parcel taxes subject to the provisions of Proposition 218. Alternatives available to cities to balance budgets include: reducing service levels; deferring projects; sharing service/ joint power agreements with other agencies²¹; passing new taxes; increasing existing taxes and fees; maximizing grant funding; promoting land use and economic development to increase additional revenue or expand revenue diversity; and drawing down on reserves.

A city's fiscal health is at the core of its ability to deliver local services. San Mateo County has twenty cities that range from being a full service city to cities that have overlapping services providers such as sewer, fire or water districts or private utility companies. Several cities contract with other cities for basic municipal services including fire, police, park and recreation. Cities also vary in terms of revenue diversity with some relying primarily on property tax and others benefiting from significant sales and hotel taxes. For this reason, the impacts of the

¹⁹ The contract between Recology and 12 local government jurisdictions is set to expire at the end of 2020.

²⁰ Other revenues such as service fees and charges for city utilities including water, sewer and garbage collection are often the largest source of city revenues, but are restricted to funding provision of these enterprise services. See "Understanding the Basics of County and City Revenues", California Institute for Local Government, www.ca-ilg.org.

²¹ In San Mateo County, the County, cities and special districts participate in many joint power agreements for services such as animal control, fire protection, library service, sewage treatment, emergency dispatch, ambulance and transportation planning. In addition, some entities have entered into agreements to share specific positions such as battalion chief, police chief or other staff position.

recession vary from city to city based on each entity's revenue diversity, accrued reserves, public safety costs and extent to which cost containment measures can be (or have already been) implemented. As a result, some cities are in a better fiscal position than others. Nonetheless, even though the Recession officially ended nearly three years ago, year to year growth in local government revenue is not back to pre-Recession trends, and the obstacles to sustaining service levels cannot be overstated. This municipal service review therefore focuses on the most significant municipal service priorities, challenges and initiatives to close budget gaps while providing essential municipal services.

Compared to many other cities, the City of Burlingame is well positioned due to diverse revenue sources and recent voter support for two revenue enhancement measures. An increase in Hotel Tax passed in 2009 and effective in 2010 is significant because the City has 13 major hotels in proximity to San Francisco International Airport. The increase in hotel tax has generated a projected increase of approximately \$8 million in the current year compared to four years ago. The City also successfully passed a storm drain fee in 2009 that is projected to generate \$2.6 million in the current fiscal year. Additionally, sales tax revenue is expected to grow by 4% to 5%, and growth in assessed value is expected to result in strong property tax growth.

As discussed below, while the City is relatively well-positioned in regard to diversity of revenues, looking forward the City faces funding Post-Retirement Benefits (OBEB), replenishing reserves that were drawn upon during the Recession and identified but unfunded capital needs. It is also important to note that Transient Occupancy Tax (hotel tax), as the largest revenue source, is sensitive to economic downturn.

City of Burlingame Fiscal Year 2013-14 Budget Adoption

The City's budget process included a Mid-Year Budget Review in March, revenue projections and five-year forecast presented to the City Council in March, and a goal setting session in April, adoption of goals in May and subsequent adoption of an implementation plan which can be found on Page 6 of the 2013-14 Budget. The Adopted Budget includes funding the City's standard operations and services as well as projects identified in the Implementation Plan.

Factors affecting the City of Burlingame financial condition include prior actions by the City to respond to the recession and downturn in the real estate market in a multi-year process to incrementally reduce expenditures, work toward efficiencies and seek revenue enhancement. As noted in the City's Manager's budget discussion, a reduction in the number of employees was the most effective strategy to reduce costs, as the City is largely a service organization with a significant investment in personnel. A summary of the City's FTE (full-time equivalent) employee positions is in the profile at the end of this report and included on page 45 of the City's budget and represents a decline of 63 positions since the 2008-09 Fiscal Year. Adjusting for transfer of fire personnel to Central County Fire Authority, the City's work force has been reduced by 23 FTE.

In 2011-12 and 2012-13, the Council also took action designating \$3 million and \$1.8 million, respectively set aside to fund Other Post-employment Benefits (retiree health coverage) that was \$76 million in January 2011. Upon creating a trust fund for this purpose, the City's plan is to set aside an annual amount of \$3.6 million. The City has also created a third tier of retirement health benefits for new employees that results in a set contribution for retiree health benefits.

Other cost-containment measures include:

- By January 2015, miscellaneous and fire employees will contribute an average of 7.5% of the cost of employee's medical premium.
- The recently enacted State Public Employees' Pension Reform Act established lower tiers of retirement formulas effective January 1, 2013
- Non-safety management employees have begun contributing an additional 1.25%, and non-management employees have begun contributing an additional 1% of base salary toward the employer's share of PERS retirement. Fire employees will increase their contribution by 2%, which will result in a 2% reduction of the City's contribution. An additional 2% contribution in 2014 will move the fire employees to a level of 13% employee contribution in the future.
- The option of payout of limited sick leave hours upon retirement was eliminated July 1, 2013.

The General Fund is the primary operating fund of the City.²² Significant General Fund revenue sources for the City of Burlingame include transient occupancy tax/hotel tax, property tax and sales tax, which account for approximately 84% of General Fund revenues. Revenue projections for these sources reflect incremental growth in sales tax of 2.8%, with moderate growth in both hotel tax and property tax.

On the expenditure side, the City's 2013-14 General Fund expenditures net of debt service total \$41,850,938 compared to 2010-11 General Fund expenditures of \$35,443,648, reflecting an 18% increase over three years. Fire and police services comprise 47.8% of the \$41,850,938 General Fund Expenditure budget net of debt service. The Adopted 2013-14 for police and communications is \$10,546,444 compared to a 2010-11 appropriation of \$8,663,394, reflecting a 21% increase over three years.²³ The adopted 2013-14 expenditure for fire is \$9,476,125 compared to a 2010-11 appropriation of \$8,519,711, reflecting an 11% increase over three years indicative of cost containment and service sharing initiatives on the part of Central County Fire Department.

Capital Improvement Program:

²² Other funds include enterprise activities such as water utility, sewer utility, storm drain, and parking fund. As primarily enterprise activities these services are funded with fees rather than general fund revenues such as property and sales tax.

²³ This includes \$173,000 Animal Control Program, previously budgeted in "Other Departmental Programs"

The City of Burlingame's Capital Improvement Program (CIP) coordinates the planning, design, and construction of the City's capital improvement and major maintenance projects. The 2013-2014 Capital Improvement Projects by funding source are found at the end of the City's 2013-14 budget document. The CIP totals \$23,372,000 and includes a variety of projects related to improvements or replacement to facilities including streets, storm drain upgrade, sewer collection and treatment, city facilities, water infrastructure and parks and recreation. Funding sources include capital fund, gas tax, transportation Measure A funds, water and sewer revenues, improvement district, and grant funds. Major capital projects include funding for the U.S. 101 Broadway Interchange, Downtown Burlingame Streetscape Improvements, Downtown Burlingame Specific Plan Implementation, Library Millennium Project and the Burlingame Community center Master Plan.

The following three pages are extracted from the City's 2013-14 Budget Document and include General Fund Revenues and Expenditures.

CITY OF BURLINGAME
ADOPTED BUDGET FISCAL YEAR 2013-2014
ESTIMATED REVENUES AND INTERFUND TRANSFERS

FUND AND DESCRIPTION	2011-2012 ACTUAL	2012-2013 BUDGET	2012-2013 EST. ACTUAL	2013-2014 PROPOSED
GENERAL FUND				
Current Secured Property Tax	9,168,453	9,648,000	9,648,000	10,110,000
Secured Supplemental Property Tax (SB 813)	161,591	140,000	214,307	220,000
Current Unsecured Property Tax	548,193	550,000	584,704	600,000
Unsecured Personal Property Tax	19,790	-	-	-
Secured Supplemental Property Tax (SB 813)-Prior	14,892	20,000	8,589	9,000
Proposition 1A Reimbursement from State of CA	-	1,000,000	1,167,900	-
Property Tax in-lieu of VLF	2,246,847	2,230,000	2,312,527	2,337,000
Unitary Tax	236,340	237,744	257,645	265,000
ERAF Refund	1,063,537	900,000	1,284,602	900,000
Subtotal - Property Taxes	13,459,642	14,725,744	15,478,274	14,441,000
Sales & Use Tax	6,331,967	6,413,303	6,692,919	7,028,000
Sales Tax Compensation Fund (Triple Flip)	2,163,431	2,175,000	2,168,196	2,277,000
Prop 172 Public Safety Fund (Sales Tax)	123,680	110,000	132,486	140,000
Subtotal - Sales and Use Tax	8,619,078	8,698,303	8,993,601	9,445,000
Transient Occupancy Tax (10%)	13,485,964	13,142,039	18,032,612	18,570,000
Transient Occupancy Tax - Penalties	-	-	-	-
Transient Occupancy Tax (2%)	2,697,194	2,640,667	-	-
Subtotal - Transient Occupancy Taxes	16,183,158	15,782,706	18,032,612	18,570,000
Real Property Transfer Tax	379,266	250,000	396,529	406,000
State Homeowner Property Tax Reimbursement	65,183	64,000	64,000	64,000
Business License Tax	882,791	725,000	933,450	991,000
Business License Tax-Audit	15,167	-	(46)	-
PG&E - Franchise Tax -- Natural Gas	103,900	95,000	103,900	107,000
PG&E - Franchise Tax -- Surcharge (SB278)	23,261	20,000	15,270	16,000
PG&E - Franchise Tax -- Electricity	185,343	170,000	185,343	190,000
PG&E - Franchise Tax -- Surcharge-Prior Year	21,421	23,000	17,131	18,000
Franchise Tax -- Solid Waste	409,780	650,000	556,660	569,000
Comcast - Franchise Tax -- Cable Television (5%)	392,783	405,000	383,020	392,000
Astound - Franchise Tax -- Cable Television (5%)	24,514	25,000	23,857	25,000
AT&T Video Service Franchise Tax	78,720	70,000	100,372	103,000
Subtotal - Other Taxes	2,582,128	2,497,000	2,779,486	2,881,000
TOTAL TAXES	40,844,007	41,703,753	45,283,973	45,337,000
Overnight Parking Permits	2,300	3,000	3,908	5,000
Taxi Licenses	18,854	7,500	18,728	20,000
Alarm Permit Fees	78,358	75,000	81,914	85,000
TOTAL LICENSES & PERMITS	99,512	85,500	104,550	110,000
Parking Citations	816,410	900,000	807,910	800,000
Vehicle Code Fines	21,494	15,000	17,724	15,000
Redlight Photo Enforcement	710	-	209	-
TOTAL FINES, FORFEITURES AND PENALTIES	838,614	915,000	825,843	815,000
Interest Income	176,791	660,000	186,974	200,000
Use of Money & Property	105,866	110,000	89,364	105,000
Golf Center Lease Payments	85,000	70,000	62,500	120,000
Utility Reimbursements	4,520	4,000	341	1,000
TOTAL USE OF MONEY AND PROPERTY	372,178	844,000	339,179	426,000

CITY OF BURLINGAME
ADOPTED BUDGET FISCAL YEAR 2013-2014
ESTIMATED REVENUES AND INTERFUND TRANSFERS

FUND AND DESCRIPTION	2011-2012 ACTUAL	2012-2013 BUDGET	2012-2013 EST. ACTUAL	2013-2014 PROPOSED
Other Revenue	-	-	-	-
TOTAL OTHER REVENUE	-	-	-	-
Taxicab Inspections	-	5,000	298	500
False Alarm Charges	20,047	15,000	21,837	23,000
Falses Alarm Charges - Collections	558	2,000	442	500
DUI Charges	-	-	123	500
Special Police Services	7,116	8,000	9,672	10,000
Livescan Fees	8,530	5,000	5,159	6,000
Police Booking Fees - County	5,422	5,000	5,000	5,000
Police Booking Fees - City	604	5,000	500	600
Vehicle Release Charges	20,915	20,000	20,990	21,000
State Highway Maintenance	25,000	21,420	25,000	25,000
Public Works Fees and Services	292,505	255,000	296,803	302,000
Library Fees and Services	126,428	110,000	115,792	118,000
Library Service to Town of Hillsborough	486,719	500,000	493,141	500,000
Recreation Fees and Services	2,012,199	1,866,600	2,082,979	2,120,000
Parks Special Services	105,380	51,000	88,620	90,000
Arborist Plan Check & Inspections	12,116	10,200	10,875	11,000
Arborist Planning Fees	10,395	10,200	11,765	11,000
Protected Tree Application Fee	6,270	5,100	5,567	6,000
Field Preparation Fee	-	-	-	-
Beautification Commission Appeal Fee	255	-	-	-
Filing and Certification Fees	948	-	366	500
Special Event Permit Fee	447	-	-	-
Nomination/Filing/Certification Fees	631	-	-	-
Amusement/Entertainment Permit Fee	288	-	502	500
Zoning & Plan Check Services	98,650	91,800	109,624	112,000
Use Permit Fees (Alamo)	36,500	36,500	73,730	75,000
2nd Unit Amnesty Fee	-	-	31	-
Planning Fees	168,842	153,000	213,029	217,000
Plan Check Fees - Engineering	14,412	15,300	15,512	16,000
SMCCVB Processing Fee	4,000	4,000	4,080	4,000
Leaf Blower Certification Fee	425	-	1,889	2,000
TOTAL CHARGES FOR SERVICES	3,465,601	3,195,120	3,613,326	3,677,100
Police Officer Standards/Training Reimbursement	16,758	10,000	10,389	10,000
SLESF COPS Grant	-	75,000	97,421	-
California State Library Reimbursement	61,717	-	-	-
State Mandated Cost Reimbursements	(389)	-	(1,645)	-
AB 1546 C/CAG Vehicle Registration Fees & Measure M	172,555	-	120,000	122,000
TOTAL FEDERAL & STATE SUBVENTIONS	250,641	85,000	226,165	132,000
Abandoned Vehicle Abatement Charges	23,571	31,000	32,679	-
Police Auction Proceeds	2,658	1,000	3,857	-
Easton Library Branch Community Donations	-	-	-	-
Miscellaneous Revenue	416,502	-	51,207	-
TOTAL OTHER REVENUE	442,730	32,000	87,743	-
GENERAL FUND, BEFORE TRANSFERS	\$ 46,313,283	\$ 46,860,373	\$ 50,480,779	\$ 50,497,100
Transfer In from Sewer Fund	494,082	571,481	571,481	1,053,622
Transfer In from Water Fund	494,082	571,481	571,481	1,096,538
Transfer In from Traffic Safety Fund	41,611	60,000	60,000	60,000

**CITY OF BURLINGAME
ADOPTED BUDGET FISCAL YEAR 2013-2014
EXPENDITURES BY DEPARTMENT & TYPE**

DEPARTMENT	EMPLOYEE SERVICES	OPERATING EXPENDITURES	DEBT SERVICE	CAPITAL OUTLAY	INTERNAL SERVICES	RECOVERIES	TOTAL BUDGET
GENERAL FUND							
City Council	\$ 149,854	\$ 110,135	\$ -	\$ -	\$ 536	\$ -	\$ 260,525
City Manager	385,016	15,351	-	-	44,505	-	444,872
City Clerk	203,771	43,445	-	30,000	29,386	-	306,602
Elections	-	50,000	-	-	-	-	50,000
City Attorney	277,932	95,758	-	-	29,829	-	403,519
Finance	1,299,727	70,469	-	-	174,349	(630,480)	914,065
Human Resources	457,674	122,000	-	-	57,150	-	636,824
Other Non-Departmental	-	272,959	-	-	249,706	-	522,665
Other Employee Benefits	687,405	2,266,737	-	-	-	-	2,954,142
Police	7,377,871	1,118,476	-	-	897,869	-	9,394,216
Police Communications	1,032,223	138,232	-	-	2,173	(20,400)	1,152,228
Central County Fire Department	-	9,198,938	-	45,000	232,187	-	9,476,125
Disaster Preparedness	-	120,621	-	-	16,904	-	137,525
Community Development - Planning	918,694	107,000	-	-	89,270	(91,800)	1,023,164
Public Works - Engineering	1,849,259	602,296	-	-	215,821	(800,000)	1,867,376
Public Works - Street & Storm Drains	851,424	558,087	-	31,000	756,126	(64,377)	2,132,260
Library	2,848,548	714,369	-	-	339,983	-	3,902,900
Recreation	1,676,033	1,544,824	-	27,000	300,186	-	3,548,043
Parks	2,114,884	351,200	-	15,500	254,276	(11,973)	2,723,887
Employee Svc Allocation to Risk Mgmt	(524,127)	-	-	-	-	524,127	-
Subtotal	21,606,188	17,500,897	-	148,500	3,690,256	(1,094,903)	41,850,938
General Debt Service	-	30,125	7,089,232	-	-	-	7,119,357
Total General Fund	21,606,188	17,531,022	7,089,232	148,500	3,690,256	(1,094,903)	48,970,295
SPECIAL REVENUE FUNDS							
Traffic Safety	-	-	-	-	-	-	-
Burlingame Ave. Special Assessment	-	-	-	-	-	-	-
Federal & State Grants	90,000	258,000	-	-	-	-	348,000
Gas Tax	-	-	-	-	-	-	-
Public TV Access	-	80,000	-	-	-	-	80,000
Development Fees	-	-	-	-	-	-	-
Storm Drain	-	-	-	-	-	-	-
Total Special Revenue Funds	90,000	338,000	-	-	-	-	428,000

General Fund Reserve

The City's General Fund reserves are assessed as healthy. The City has approximately 41% of operating expenses in reserve as of the end of fiscal year 2012-13. As noted in the Budget Message, excluding the \$4.8 million set aside for the funding of the OPEB Reserve, the reserve represents over 30% of operating expenses. The budget message cites the Government Finance Officers Association recommendation that reserves be no less than two months of regular operating expenditures, but that adequacy of General Fund reserves should be assessed based upon a government agency's own specific circumstances. In any event, it is noted that the Burlingame reserves far exceed this level and that because ending balances are anticipated to grow in the near term, the Council will have options to consider replenishing reserves or funding one-time needs.

As noted in the Institute for Local Government's "Financial Management for Elected officials", maintaining a prudent level of reserves protects against the need to reduce service levels or raise fees due to revenue shortfalls or unpredicted one-time expenses.

Opportunities for shared facilities and resource sharing

By best practice and necessity cities and districts in San Mateo County participate in many joint powers agreements and contracts for service as cost savings measures. At the time of this writing, representatives of cities, the County and special districts are engaged in discussions concerning a broad set of opportunities to share services. Existing practices in shared services and facilities by the City of Burlingame include:

- Animal Control is provided by Peninsula Humane Society via a contract administered by the County.
- The Solid Waste Collection Station is a facility shared by members of the South Bay Waste Management Authority (SBWMA).
- Sewage Treatment Agreement with a private contractor.
- Burlingame Library is a member of the Peninsula Library System, a consortium of the 34 public and community college libraries in San Mateo County.
- Participation in Countywide automatic aid agreement for fire and emergency response
- Agreement with San Mateo County for 911 dispatch
- Participation in the Emergency Services Council consisting of the County and 20 cities for the purpose of coordinated emergency service planning in the event of a major emergency, disaster, or homeland security incident
- Agreement for library services for Hillsborough residents

Section 4: Unincorporated Areas in Study Area and County Services

The sphere of influence for the City of Burlingame adopted by LAFCo in 1984 includes the Burlingame Hills unincorporated area. In addition to the County’s role as a subdivision of the State to provide mandated services such as health services and human services, the County is responsible for municipal type services in unincorporated areas. The following table summarizes service delivery patterns.

Unincorporated Burlingame Hills						
Police	Fire	Water	Sewer	Garbage/ Recycling	Lighting	Other²⁴
Sheriff	County of San Mateo & Central County Fire ²⁵	City of Burlingame (portion Hillsborough)	County-governed Burlingame Hills Sewer Maintenance District	County of San Mateo Franchise*	None	County of San Mateo

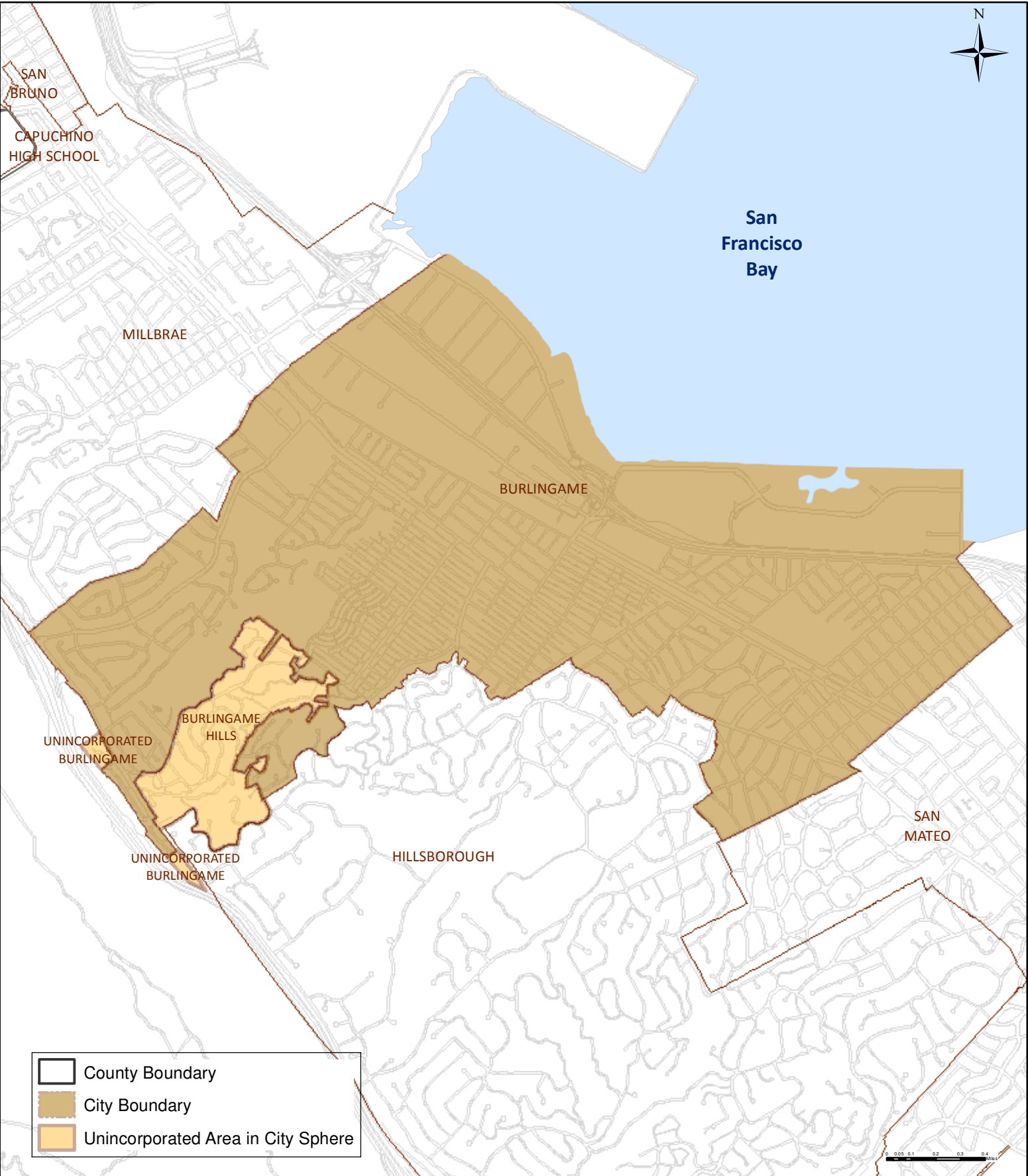
The following map illustrates unincorporated areas in the City’s sphere of influence.

Note that the southern-most non-contiguous area west of Skyline Boulevard is designated as ‘rural’ and resource management in the County General Plan but is developed with residences that receive sewer and water service. Because these parcels have a rural designation, annexation to a city would require amendment of the general plan to designate these parcels are urban.

²⁴ Roads, limited storm drain, General Government Services

*Effective 1/1/2011 franchised area within SBWMA Service Area with County receiving 5% of fees.

²⁵ The area is included in “County Structural Fire” which includes all unincorporated parcels not in a fire district. These parcels generate property tax for “County Structural Fire” which funds (along with General Fund contribution) the County’s contract with CalFire. Based on a countywide agreement for boundary drop among fire agencies and the closest stations being located in Central County Fire Department, CCFD is the first responder to incidents in the unincorporated area.



BURLINGAME SPHERE OF INFLUENCE

County Provision of Municipal Services in Unincorporated Areas

California counties play a dual role in providing services. Counties administer State-mandated programs such as health services, human services and criminal justice while also providing municipal type services in diverse and non-contiguous unincorporated areas. The County of San Mateo is generally responsible for municipal services such as road maintenance and sheriff services in all unincorporated areas²⁶. In regard to sewer and water, unincorporated areas are either included in an independent sewer and water district, the service area of a city that has a service area that extends beyond city boundaries (City of Burlingame is an example in the case of water), one of the ten County-governed sewer districts or two county-governed water districts, a mutual or private water company or are served by well, septic or both. In regard to fire protection and emergency response, the County is responsible for fire and emergency response for all unincorporated areas not included in a fire district. County services in the study area are summarized below, followed by profiles on each unincorporated area.

Road Maintenance – Unincorporated Areas

The table on the following page details pavement management information for Bayside non-contiguous, unincorporated areas and illustrates the challenge of maintaining a non-contiguous road system:

²⁶ With exceptions of Unincorporated Broadmoor and unincorporated Colma which are in boundaries of Broadmoor Police Protection District and investigative service only at San Francisco International Airport . The Office of Emergency Services, a division of the Sheriff's Department, serves all areas of the County including cities.

Draft Municipal Service Review-City of Burlingame and Burlingame Sewer Maintenance District
November 18, 2013

	Pavement Condition Index	Centerline Miles
Burlingame Sphere		
Burlingame Hills	73.46	6.28
City of Menlo Park Sphere		
West Menlo	71.32	10.97
Menlo Oaks	46.97	3.54
Stanford Weekend Acres	48.53	0.14
Redwood City Sphere		
North Fair Oaks	70.39	26.20
Sequoia Tract	70.61	8.49
Kensington Square	78.93	0.61
Bayshore Villa Trailer Park	81.89	0.07
Whipple Tract	84.54	0.55
Oak Knoll Manor	79.63	1.89
Emerald Hills	66.64	19.26
San Carlos Sphere		
Palomar Park	77.45	4.34
Scenic Heights	77.03	0.33
Devonshire	71.21	2.81
Belmont Sphere		
Harbor Industrial	79.08	0.86
San Mateo Sphere		
Highlands Baywood Park (CSA 1 for police & fire)	75.16	18.65
SSF		
Country Club Park	78.01	2.79
Country Club Park Golf Course		
Daly City		
Olympic Club Golf Course	78.05	0.08
Broadmoor (has Broadmoor PD)	81.16	8.88
Unincorp. Colma	62.43	1.41
Portola Valley		
Ladera	73.53	7.19
Los Trancos Woods	49.81	8.53

County-maintained roads in the City of Burlingame sphere of influence include 6.28 centerline miles in the Burlingame Hills sphere area.

With an index of 73.46, County-maintained roads in the study area fall into the category of “very good”. Challenges in maintaining roads include the fact that the county road system consists of several non-contiguous areas, and there is a lack of adequate funding. Gas tax and other State subvention funds are the primary funding source for road maintenance and repair. These funds have historically been received on a monthly basis as a reliable source of regular income for pavement management planning. More recently due to State budget shortfalls, the State has deferred local agency subvention shares resulting in delays in completing projects during the construction season (July to September).

Garbage Collecton

The County of San Mateo, along with Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, West Bay Sanitary District, is part of the South Bayside Waste Management Authority (SBWMA), which is a joint powers authority (JPA) that operates with the goal of providing cost effective waste reduction, recycling, and solid waste programs. As mandated by California State Law, AB 939, the SBWMA, through franchised services works to meet and sustain a minimum of 50% diversion of waste from landfill. Currently, Recology Services,²⁷ a private company, provides collection, disposal and recycling services for the 91,000 SBWMA residences and nearly 10,000 businesses.

The County adopts rates annually for all solid waste customers in unincorporated franchise boundaries. Rates vary based on residential and commercial service, size and number of containers, curbside versus backyard service, Recology costs, City staff time spent on billing, education and recycling outreach. Monthly rates for 2013 and the proposed rate for the calendar year 2014 are as follows.

	County of San Mateo		<u>City of Burlingame</u>
	2013	2014	2013
20 gallon cart:	\$28.15	29.42	12.90 ²⁸
32 gallon cart:	\$33.45	34.96	23.85
64 gallon cart:	\$59.28	61.95	47.71
96 gallon cart	\$84.21	88.00	70.80

²⁷ The contract between Recology and 12 local government jurisdictions is set to expire at the end of 2020.

²⁸ No new 20 gallon service is offered

Sheriff Services:

The County Sheriff Patrol Bureau²⁹ oversees service in unincorporated areas assigning sheriff patrols organized into beats consisting of teams of 9 personnel per 12-hour shift.³⁰ The Sheriff's office submitted the following narrative (shown here in italics) of service provision in Burlingame Hills.

With the exception of the Broadmoor Police District, the San Mateo Highlands / Baywood Park (CSA1), and the San Francisco International Airport, regular law enforcement patrol services are provided to the northern unincorporated portions of San Mateo County via a deputy assigned to the San Mateo County Sheriff's Office Millbrae Police Bureau. One deputy is assigned to provide patrol services to the following areas:

- *The area north of State Route 92 near Crystal Springs Reservoir as far west as Upper State Route 35*
- *Peninsula Golf and Country Club*
- *The Burlingame Hills Community*
- *The Country Club Park Community surrounded by South San Francisco*
- *California Golf and Country Club*
- *An unincorporated area near the Town of Colma*
- *The area referred to as San Bruno Mountain*
- *The Olympic Club Golf Course*

The North County Area is identified by the Sheriff's Office as the 60 Beat. There is one full time deputy assigned to this beat on a twenty-four hour basis. The creation of the Millbrae Police Bureau has not changed the deployment of the deputy assigned to the 60 Beat. Deputies remain assigned to this area within twelve hours shifts. The dayshift 60 Beat Unit works from 6am to 6pm while its nightshift counterpart patrols the beat from 6pm to 6am.

The North County Unit is now supervised from, and reports out of, the Millbrae Police Bureau. There are several benefits to this arrangement. Initially, this allows the assigned deputy to report to the beat from Millbrae rather than Redwood City. This improvement in proximity allows the assigned deputies to spend more time patrolling the beat and less time traveling back and forth to Redwood City. A second advantage addresses supervision. The North County Patrol Unit is now supervised within a more appropriate span of control by a Sheriff's Sergeant who works in the same proximity, rather than in Redwood City. Because Sheriff's Office Units that patrol areas south of State Route 92 communicate on a separate radio channel than their

²⁹ The California Highway Patrol is responsible for enforcing the California Vehicle Code in unincorporated areas.

³⁰ The County Sheriff's Department also provides contract service for the Towns of Woodside and Portola Valley and is in the process of considering contract service for City of San Carlos. These services are funded by contracting cities' general fund revenues.

northern neighbors, deputy safety is enhanced because the North County Unit is now able to communicate with deputies in the same portion of the county.

While the 60 Beat Deputy reports for work at the Millbrae Police Bureau, it is not dispatched from Millbrae. Rather, this unit is required to remain on the 60 Beat for the duration of the shift and responds to calls for service while on the beat. From a fiscal perspective, there is no relationship between the North County Patrol Unit and the Millbrae Police Services Contract. This unit continues to be funded from the Sheriff's Patrol Budget while the units assigned to the City of Millbrae are funded via a contract with the city.

From November 7, 2010 through November 7, 2012 the Sheriff's Office North County Unit has received and responded to 731 calls for service in the Burlingame Hills. By priority (with 1 being the highest) the received calls for service were as follows:

Priority 1: 33 calls

Priority 2: 283 calls

Priority 3: 94 calls

Priority 4: 321 calls

The Sheriff's Patrol Budget does not lend itself to determining the cost of service to an individual unincorporated area.

Fire Protection and Emergency Response

As noted above, the County of San Mateo has responsibility for fire protection and emergency response for unincorporated areas that are not in the boundaries of a fire district. The County contracts with the CalFire to staff four County-owned stations: Pescadero, Skylonda, Cordilleras and Belmont. The County Manager's Office administers the contract with CalFire. In the case of areas under study, the nearest County fire station is Tower Road (Station 17).

For unincorporated neighborhoods that are not in close proximity to one of the two bayside County fire stations, service is provided by neighboring agencies as part of the automatic aid agreement between the County, cities and fire districts, in this case primarily Central County Fire. In the case of Burlingame Hills, Central County Fire Department is the first responder to incidents in Burlingame Hills.

Park and Recreation

The County of San Mateo provides park and recreation on a regional basis, in which the County Parks Department operates seven regional parks, as opposed to active park and recreation

programs typical in cities. The City of Burlingame provides the nearest active park and recreation programs available to non-residents at non-resident rates.

New or enhanced level of park and recreation service would be dependent upon identification of suitable land for park facilities, new funding sources such as taxes, assessments or fees and determination of which agency or agencies could best provide service.

County Governed Sewer and Sanitation Districts & Governance Alternatives

Reorganization of Sewer and Sanitation Districts:

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

This section of the report provides background on the County-governed Burlingame Hills Sewer Maintenance District serving unincorporated Burlingame Hills in the City of San Mateo sphere of influence. The San Mateo County Board of Supervisors is the governing body of ten non-contiguous sewer/sanitation districts that serve unincorporated areas including North Fair Oaks, Emerald Lake Hills, Oak Knoll, Kensington Square, Edgewood Estates, Devonshire, Scenic Heights, Harbor Industrial Area, San Mateo Highlands/Baywood Park and Burlingame Hills and portions of the Towns of Woodside and Atherton and the City of Redwood City. In addition to the County’s cost of maintaining these districts, the County has agreements with downstream agencies for sewage treatment capacity and for the cost of each district’s flow through downstream sewer mains. The table below summarizes these districts and illustrates the downstream transport agencies and treatment facilities.

San Mateo County Sewer/Sanitation District Information (September, 2013)					
District (Year Formed)	Age of Sewer Facilities (yrs)*	Pipeline in Miles	Number of Connections/ERU**	Downstream Transport Agency	Treatment Facility

San Mateo County Sewer/Sanitation District Information (September, 2013)					
District (Year Formed)	Age of Sewer Facilities (yrs)*	Pipeline in Miles	Number of Connections/ERU**	Downstream Transport Agency	Treatment Facility
Burlingame Hills SMD (1935)	78	7	420/426	City of Burlingame	City of Burlingame
Crystal Springs CSD (1947)	66	19	1,429/1,501	Town of Hillsborough City of San Mateo	City of San Mateo
Devonshire CSD (1956)	58	4	275/293	City of San Carlos	SBSA
Edgewood SMD (2004)	9	0.3	18/18	City of Redwood City	
Emerald Lake Heights SMD –(1947)	66	29 combined miles	205/205	City of San Carlos	
Emerald Lake Heights SMD – Zone 2	30		1,397/1,451	City of Redwood City	
Fair Oaks SMD (1930)	83	81	7,345/12,597	City of Redwood City	
Harbor Industrial SMD (1951)	62	1	63/234	City of San Carlos	
Kensington Square SMD (1956)	57	.8	74/74	City of Redwood City	
Oak Knoll SMD (1957)	56	2	114	City of Redwood City	
Scenic Heights CSD (1949)	64	2	55/58	City of San Carlos	

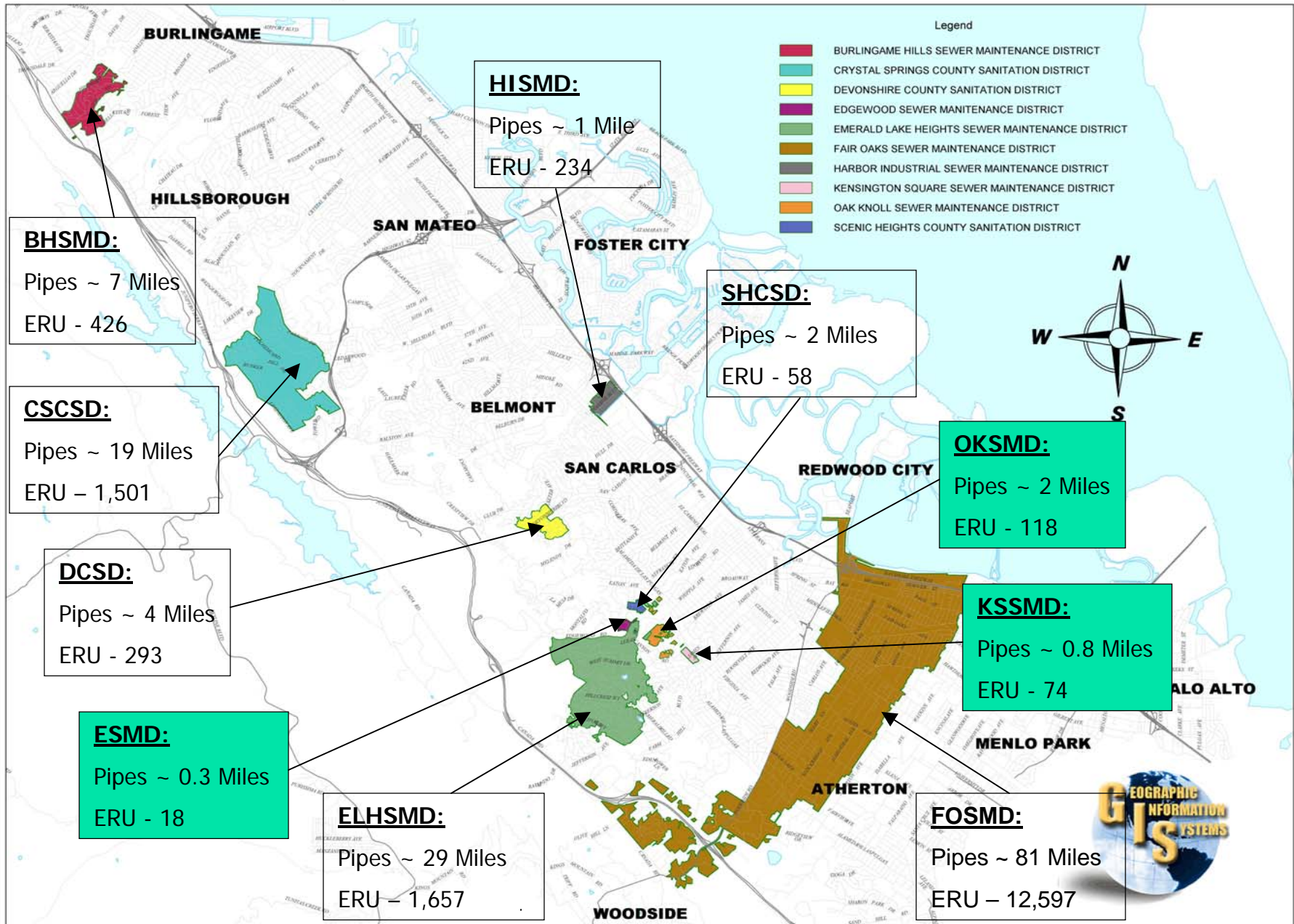
*Age of facilities estimated based on district formation date.

**Equivalent Residential Unit

***SBSA – South Bayside System Authority

The map on the following page shows the location of these ten non-contiguous districts highlighting the challenge for the County to efficiently provide routine maintenance and respond to emergencies from the County Public Works Corporation Yard in Redwood City.

County Administered Sewer and Sanitation Districts



Each district represents a distinct system that flows through city sewer lines to the wastewater treatment plant. Each district pays for transport and sewage treatment. Rates of the Districts vary based on age and size of system, transport and sewage treatment costs.

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

The following table shows the sewer service charges for the ten County-governed sewer districts.

<i>District</i>	<i>FY</i>				
	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>
Burlingame Hills SMD	\$1,595	\$1,595	Rates to be evaluated during FY 2013-14		
Crystal Springs CSD	\$1,350	\$1,350	Rates to be evaluated during FY 2013-14		
<i>The Following Rates Previously Set by Ordinance No. 04625, July 24, 2012</i>					
Devonshire CSD	\$1,025	\$1,050	\$1,075	\$1,100	\$1,125
Edgewood SMD	\$1,025	\$1,100	\$1,175	\$1,250	\$1,325
Emerald Lake SMD – Zone 1	\$1,160	\$1,190	\$1,220	\$1,250	\$1,280
Emerald Lake SMD – Zone 2	\$850	\$890	\$930	\$970	\$1,010
Fair Oaks SMD	\$500	\$530	\$560	\$590	\$620
Harbor Industrial SMD	\$330	\$340	\$350	\$360	\$370
Kensington Square SMD	\$1,015	\$1,055	\$1,095	\$1,135	\$1,175
Oak Knoll SMD	\$930	\$960	\$990	\$1,020	\$1,050
Scenic Heights CSD	\$1,080	\$1,110	\$1,140	\$1,170	\$1,200

Based on sphere of influence and existing contracts for effluent transport, there are four alternatives that merit consideration by the County and neighboring cities. First, consistent with sphere of influence, annexation of these areas to cities, in particular Kensington Square (as an example), which is a small unincorporated island wholly surrounded by the City Redwood City and developed consistent with surrounding areas in the city would place sewer operation under city authority. Annexation of entire larger unincorporated areas such as Burlingame Hills is an

initiative that would require additional analysis beyond the scope of a municipal service review.

The second is establishing sewer service as a subsidiary district of the City to include city sewer functions and sewer service for unincorporated areas in the City's sphere. The third, would be for the County to contract with nearby cities for sewer maintenance and operation. The fourth, a model in practice on the Coastsides, would be to expand the service of the South Bayside System Joint Power Authority (SBSA JPA) to transfer sewer operations and maintenance of sewer infrastructure of all entities that flow to the plant.

1. Annexation:

Annexation of areas in city spheres of influence would place sewer service and rate setting authority under the City. Barriers to annexation in some areas include lack of infrastructure such as drainage, flood control, sidewalks or road standards consistent with City standards. Note however, that annexation to a city does not require construction of sidewalks or installation of street lights. Cities have discretion in adopting standards that retain the character of the community. A first step in exploring annexation is for residents and the City to discuss what land use and infrastructure requirements would apply to the annexation area. Through the annexation process, negotiations take place between the County and the City regarding transfer of property tax to fund transfer of service responsibility. Potential advantages to annexation for the City include increased property tax and other revenues, creating service efficiencies and economies of scale by broadening the customer base served by city departments and land use control for an area that places a demand on the City's water supply. Potential advantages to residents include more efficient service based on proximity to city municipal services, moderation of sewer rates in the long term by being part of a larger system and resident rates for other city services. Discussion of annexation should include whether annexation would require imposition of storm fees that are currently paid by the city residents. A flow chart outlining the annexation process is attached to this report. Annexation requires collaboration and consensus on the part of residents, the City and the County.

2. Subsidiary District

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

- All sewer effluent flows to the City of Burlingame Wastewater Treatment Plant.
- Sewer effluent of the County-governed district flows through Burlingame and Hillsborough city systems to the plant and Burlingame and Hillsborough City effluent runs through Hillsborough Sewer Maintenance District system.

- The BHSMD system is in close proximity to a City that operates an adjoining sewer system.
- Because the City operates sewer service as an enterprise function and does not subsidize sewer service with property tax, sewer operations could be transferred to a subsidiary district in which the City system is consolidated with the county operated system, creating efficiencies while maintaining accountability.
- Sewer districts, including subsidiary districts, can account for different rates by designating zones.
- Savings from economies of scale through consolidation can be applied to rate-payers in all zones proportionately.

Analysis of land area and registered voters in the study area indicates that the 70% criteria required to establish a subsidiary district that would consist of the City of Burlingame system and the system operated by the County.

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

3. Contracting for sewer operations and maintenance with nearby cities or regional sewer providers.

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

Section 5: Unincorporated Area Profiles and County-Governed Districts

The following provides background Burlingame Hills as territory in the Burlingame Sphere of Influence and the single-purpose the Burlingame Hills Sewer Maintenance District that serves these area.

Burlingame Hills Sewer Maintenance District:

The Burlingame Hills Sewer Maintenance District, operated by the San Mateo County Department of Public Works was formed in 1935 as the area was being subdivided and developed. The Board of Supervisors is the governing body and the County Public Works Department is responsible for operations and maintenance of these districts, operating out of an administration building and corporation yard in Redwood City. The district has 7 miles of pipelines and approximately 426 connections. Effluent flows to the Burlingame Wastewater

Treatment plant via the City of Burlingame sewer system under an agreement between the County/District and the City of Burlingame. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218.

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

In 2007, Burlingame Hills Sewer Maintenance District ratepayers rejected a proposed rate increase as part of the Proposition 218 rate setting process. The Department of Public Works began working with residents on the need to raise rates to cover the cost of operations and maintenance and capital improvements. In 2009, a Court approved Consent Decree between San Francisco Baykeeper and the Burlingame Hills Sewer Maintenance District required operational and capital improvements at significant costs. In 2010, Burlingame Hills Sewer Maintenance District ratepayers again rejected a proposed rate increase as part of the Proposition 218 rate setting process. Since that time, the Department of Public Works continues to work with rate payers to phase in rates that could cover all costs related to operations, sewage treatment and capital improvements to the District’s infrastructure and the District’s share of downstream agency capital improvement projects and sewage treatment plant capital improvements. The following table summarizes rates of the ten County-governed districts. Rates are a function of age of system, number of connections, in-district capital improvement project costs and out of district costs for transport and treatment. For 2013-14 there are no proposed rate increases for Burlingame Hills Sewer Maintenance District.

District Budget

The Actual 2012-13 budget for Burlingame Hills Sewer Maintenance District includes a fund balance of \$540,915, property tax revenue of \$83,525, interest and other income of \$4,437 charges for service of \$696,855 (of which \$693,255 is sewer service charges), intergovernmental revenue of \$356, miscellaneous revenue of \$13,450 for a total of \$1,339,539. Expenditures include services and supplies of \$369,475 (of which \$191,212 was sewage treatment), Fixed assets of \$97,545, Depreciation of \$944, Transfers out of \$1,392, and a Departmental Reserve of \$469,356 for total requirements of \$1,339,539.

The Adopted 2013-14 budget District includes a fund balance of \$870,183, property tax revenue of \$57,170, interest and other income of \$2,300, charges for service of \$693,825 (of which \$693,825 is sewer service charges), intergovernmental revenue of \$350, miscellaneous revenue of \$0 for a total of \$1,623,828. Expenditures include services and supplies of \$608,761 (of which

\$298,000 is sewage treatment), Fixed assets of \$0, Depreciation of \$0, Transfers out of \$11,794, and a Departmental Reserve of \$1,003,273 for total requirements of \$1,623,828.

In the current fiscal year, the Department of Public Works has begun environmental review, preliminary plans for the Burlingame Hills Sewer Maintenance District Sanitary Sewer Capacity Improvements Project – Adeline Drive and Canyon Road. The project is part of the sewer system master plan and proposes replacing existing sewer lines. The Department is also seeking State Revolving Loans that would be repaid with sewer fees. A preliminary cost estimate for construction only is \$1.2 million. Design and construction management is estimated to cost an additional \$400,000.

Section 6: Municipal Service Review Recommended Determinations – to be drafted following comment on the draft service review

Determinations will be drafted in the following six areas :

- Growth and population projections for the affected area
- *The location and characteristics of any disadvantaged unincorporated communities³¹ within or contiguous to the sphere of influence.*
- 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.*³²
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

Section 7: Sphere of Influence Review and Update

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

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

³¹ "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

³² Language in Italic was added by amendments chaptered and effective November 2011.

2. *The present and probable need for public facilities and services in the area.*
3. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
4. *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

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

City of Burlingame Sphere of Influence:

The sphere of influence designation for the City of Burlingame includes the unincorporated Burlingame Hills and unincorporated residential areas at the north and south ends of territory already in City boundaries on the east side of Skyline Boulevard.

Sphere of Influence Determinations:

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

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

Land use designations in unincorporated areas in the City's sphere are substantially compatible with land use in City boundaries. There are no agricultural lands in the study area.

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

The study area consists of the developed territory with residential land use designation and a an estimated population of 1,226 persons. It is anticipated that the level of demand may increase modestly as a result of limited subdivision potential. The County of San Mateo provides most municipal service to this unincorporated area from the County Government Center and Corporation Yard in Redwood City. Fire protection/emergency response to unincorporated areas not located in a fire district varies due to the distance of these areas from the County Fire Stations. Service in the unincorporated area is provided by Central County Fire Department as first responder as part of automatic aid. Water service is provided by the City of Burlingame.

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

Services provided to the study area are outlined in the service review above.

The City's public facilities, including parks and roads, are adequate to serve the existing population and in many cases already serve residents of unincorporated areas in the City's sphere. Likewise the County of San Mateo operates regional parks that serve city residents. The County's capacity to serve unincorporated areas is limited due to the number and distance of unincorporated pockets from the County Center and Corporation Yard. The City's Capital Improvement Program and Pavement Management Program include plans for improvement of public facilities and recommended improvements are included in each budget cycle according to priorities and resources available. The County of San Mateo likewise has a capital improvement plan for infrastructure replacement.

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

The unincorporated areas in the City's sphere of influence are substantially surrounded by the City. The City and these unincorporated areas share common service delivery patterns, sewage treatment plant, land use patterns, access and school district boundaries and inherently share social and economic communities of interest.

City of Burlingame

501 Primrose Road
Burlingame, CA 94010

Lisa Goldman
City Manager
650/558-7204
650/342-8386/fax
www.burlingame.org

Date of Incorporation: June 6, 1908

- a. City Council: Five-member council elected to four-year terms
Membership and Term Expiration Date: Ann Keighran, Mayor (11/2017), Michael Brownrigg, Vice Mayor (11/2017), Jerry Deal (11/2015), Terry Nagel (11/2015), Undetermined (11/2017)³³
- b. Compensation: Salary of \$601.46 per month and monthly health benefits that vary based on type of coverage: \$0 for no coverage, \$326.10 per month for single health plan, \$763.30 for family health plan
- c. Public Meetings: First and third Mondays per month at 7:00 p.m.
City Council Chambers, 501 Primrose Road, Burlingame

Services Provided: Administration, police, fire (via Joint Powers Agreement), community development, recreational services, sewer, water and storm drain, sewage treatment plant, street maintenance, streetlights and drainage

Area Served: 5.5 square miles

Population: 28,806 (Census 2010)

Number of Personnel (city-wide) 198.41 (Full-time equivalent): 1.5 City Manager, 1.5 City Clerk, 10.25 Finance, 1.5 City Attorney, 41 Police, 5.5 Police Communications, 18.13 Public Works, 0 (Under contract with Redwood City) Information Technology, 3 Human Resources, 5 Community Development – Planning , 17.5 Parks, 10.90 Recreation, 21.12 Library, 57.51 Enterprise & Internal Service Funds including Sewer, Solid Waste, Parking, Building, Facilities, Admin. & Information Technology Fleet & Equipment Maintenance, Water Enterprise)

School Districts: Burlingame Elementary School Districts, San Mateo Union High School District, San Mateo County Community College District

Sphere of Influence: Boundaries of 1984, plus Burlingame Hills Area

Budget: See City of Burlingame Website (www.burlingame.org) or Budget table contained in this report

³³ New Council Member to be determined upon certification of November 2013 election results.

INHABITED CITY ANNEXATION

