

Exhibit A

Municipal Service Review Determinations City of Half Moon Bay and Unincorporated MidCoast Adopted June 18, 2008

Determinations pursuant to Government Code Section 56430:

1. Regarding infrastructure needs and deficiencies, the Commission determines:

1.1 Sewer Infrastructure:

- a) The Montara Water and Sanitary District, Granada Sanitary District and City of Half Moon Bay are member agencies of Sewer Authority Mid-Coastside (SAM) for Sewage Treatment and contract separately with SAM for sewer system maintenance.
- b) Sewer infrastructure identified in the Municipal Service Review includes approximately 104.5 miles of sewer pipelines and 17 lift stations owned by member agencies and the SAM wastewater treatment plant, three pumping stations, eight-mile transmission line and ocean outfall.
- c) Member agencies budget for capital improvements to respective sewer systems and member agencies fund SAM capital improvements related to sewage treatment infrastructure pursuant to the Joint Powers Agreement creating Sewer Authority Mid-Coastside.
- d) SAM Member agencies are jointly preparing a Sewer System Master Plan.
- e) Member agencies and SAM have adopted capital improvement plans and infrastructure needs are identified in these plans.

1.2 Water Infrastructure

- a) Water providers include Coastsides County Water District (CCWD) and Montara Water and Sanitary District (MWSD).
- b) CCWD water infrastructure includes 10 water storage tanks (8.1 million gallon capacity), five pump stations, two water treatment plants, 100 miles of transmission and distribution line, and Denniston Wells and surface water.
- c) CCWD has an adopted capital improvement plan and Urban Water Management Plan that indicate capital assets are upgraded appropriately and there are not significant infrastructure deficiencies.
- d) MWSD water infrastructure, acquired by MWSD through eminent domain, includes one water treatment plant,

three miles of distribution line, 28.6 miles of water mains, three storage tanks and ten producing wells.

- e) The MWSD system was acquired from CalAm with significant deficiencies in the areas of distribution, supply, storage and water quality, including a long-standing moratorium on new connections, which the District identifies in the Water System Master Plan. The Master Plan identified over \$10.4 million in improvements. The District began addressing deficiencies upon acquisition and a summary of District efforts since acquisition is attached to the Municipal Service Review Report.
- f) While there is no projected date for completion of improvements and additional water supply, the Implementation Plan indicates implementation to supply the build-out population may be expected in twenty years.

1.3 Parks & Recreation

- a) In the Unincorporated Area, while the Municipal Service Review identifies existence of regional park facilities, it identifies a lack of active playfields for organized sports, pocket parks or community parks (except for four acres at Quarry Park) and the lack of a community center.
- b) The County has developed and adopted the Midcoast Action Plan for Parks and Recreation that includes identification of priorities for facilities.
- c) In the City of Half Moon Bay, the Municipal Service Review identifies 24 acres of developed park facilities, which falls below both a standardized national average and the City General Plan Standard of 8 acres per 1,000 of population or 98 acres.
- d) In both the City of Half Moon Bay and the Unincorporated Area, the Cabrillo Unified School District facilities provide virtually all playing fields for organized sports and merit inclusion in the broader discussion of park and recreation facilities.

1.4 Streets, Street lighting and Stormwater Drainage

- a) The County of San Mateo and the City of Half Moon Bay are the responsible agencies for street and street lighting within their respective boundaries.
- b) Agencies with enabling legislation or general powers that authorize stormwater activities include the County of San Mateo, City of Half Moon Bay, Granada Sanitary District and Montara Water and Sanitary District.

- c) The County of San Mateo maintains roads in all unincorporated areas including 47 centerline road miles in the study area. The County has an adopted Pavement Management Program and faces a significant backlog of deferred maintenance due to inadequate funding.
- d) The City of Half Moon Bay maintains 28 centerline miles of roads, has an adopted Pavement Management Program and faces a significant backlog of deferred maintenance due to inadequate funding.
- e) The majority of the City of Half Moon Bay has stormwater infrastructure that was constructed as new subdivisions were constructed.
- f) There is a significant lack of stormwater drainage infrastructure on the unincorporated Midcoast resulting in flooding in some areas. The County of San Mateo's Midcoast Stormwater Drainage Committee is identifying priorities for projects to address the most apparent problem areas and is also considering the need for a stormwater master plan for the Midcoast area. There are no existing funding sources for improvements or maintenance.

1.5 Law Enforcement

- a) The City of Half Moon Bay's public facilities fund includes annual appropriations for improvements to the existing Police Station located at 537 Kelly Avenue and the station will be included in upcoming capital improvement planning.
- b) The County of San Mateo provides law enforcement services from the Moss Beach substation and there are no significant infrastructure needs or deficiencies identified.

2. Regarding growth and population projections for the affected area, the Commission determines:

- a) Population estimates for 2007 include 12,308 persons for City of Half Moon Bay and 11,152 persons for the unincorporated Midcoast for a total of 23,460 for the study area.
- b) Based on Association of Bay Area Governments (ABAG) Projections 2007, the study area population is estimated to grow by at least 4,640 person to 28,100 by 2035.
- c) San Mateo County Local Coastal Program estimates indicate that the *unincorporated* midcoast population growth associated with build-out ranges from 18,340 to

19,440, or 5,940 to 7,040 persons greater than ABAG 2035 projections for the unincorporated area.

3. Regarding financing constraints and opportunities and opportunities for rate restructuring, the Commission determines:

3.1 Sewer

- a) The City Council and District boards are rate-setting bodies for their respective enterprise services and opportunities exist for cost recovery through revision of existing fees.
- b) The City of Half Moon Bay current year sewer revenues are less than current year operating and capital expenditures and the City indicates the Finance Committee has begun analysis of appropriate sewer rate revision.
- c) Sewer districts offset sewer rates with property tax and would need to increase rates in the event that property tax revenues are redistributed for other purposes.
- d) Financing of needed improvements and of infrastructure replacement for each agency is constrained by the relatively small size of their customer bases and by very low or no growth rates.

3.2 Water

- a) Principal revenue sources for both CCWD and MWSD include water fees with augmentation by property tax.
- b) Financing of needed improvements and of infrastructure replacement for MWSD and CCWD is constrained by the relatively small size of their customer bases and by very low or no growth rates.
- c) MWSD voters approved \$19 million in general obligation bonds for acquisition and rehabilitation of the water system and the District has successfully obtained grants and loans for individual District projects.
- d) As the rate setting bodies for water service, the Districts have the ability to set rates to reflect the cost of providing service and capital improvements.
- e) Water districts would need to increase rates in the event that property tax revenues are redistributed for other purposes.
- f) There may be opportunities for additional financing, including grant funding for regional projects such as regional water recycling or integrated regional water management planning.

3.3 Park & Recreation

- a) Revenue sources for park and recreation in the City of Half Moon Bay include program fees, development impact fees and City general fund contribution.
- b) The City's program fees include a fee for non-residents and the City has the ability to adjust both resident and non-resident fees for better cost recovery.
- c) The County of San Mateo Parks Department Budget includes approximately \$300,000 annually for services on the Midcoast, including approximately \$30,000 for maintenance at Quarry Park. The County also collects development impact fees on the Midcoast for parks.
- d) While the County has developed and adopted the Midcoast Action Plan for Parks and Recreation that includes identification of priorities for facilities, implementation requires new funding sources.

3.4 Streets, Street lighting and Stormwater Drainage

- a) Revenue sources for streets include primarily intergovernmental (state and federal) revenues distributed to jurisdictions for the purpose of street maintenance.
- b) The City of Half Moon Bay has a development impact fee for traffic mitigation and the County of San Mateo has a development impact fee for road maintenance.
- c) In the unincorporated area, there are no existing funding sources for stormwater improvements or maintenance.

3.5 Law Enforcement

- a) Primary funding sources for law enforcement include County and City General fund revenues such as property tax, sales tax, transient occupancy tax.
- b) The City of Half Moon Bay recently successfully increased the transient occupancy tax to augment general fund revenues to fund programs such as police.

4. Regarding cost avoidance opportunities and shared facilities, the Commission determines:

- 4.1 Sewer Agencies practice cost avoidance and shared facilities through regional participation in the Sewer Authority Mid-Coastside (SAM) for joint operation of the sewage treatment plant and through separate contracts with SAM for system maintenance.
- 4.2 Water:
 - a) The area that includes City of Half Moon Bay and the unincorporated midcoast constitutes a

separate subregion of the County with combined water supplies that are limited.

- b) The area can benefit from regional cost avoidance and shared resource practices to ensure a reliable, safe, sustainable, and fiscally viable water supply for domestic, commercial, agricultural and fire protection for the current and future health, safety and economic well-being of all coastside residents, landowners and businesses.
- c) Such practices include, but are not limited to, an inclusive integrated regional water management plan for the study area, a joint effort that includes Sewer Authority Mid-Coastside Member Agencies and the Coastside County Water District by formal agreement in a regional recycling program, system interties to provide for emergency water exchange between agencies, and mutual assistance agreements.

4.3 Parks & Recreation

- a) Existing cost avoidance and shared facilities practice includes participation of unincorporated residents in existing City of Half Moon Bay Park and Recreation programs and use of school facilities for park and recreation purposes.
- b) Potential opportunities for cost avoidance and shared facilities include coordinated efforts by the City of Half Moon Bay, County of San Mateo and Cabrillo Unified School District to fund and provide for facility improvements on Cabrillo Unified School District facilities for recreation purposes.
- c) Opportunities for partnership between the City of Half Moon Bay, County of San Mateo and other agencies in pooling resources to jointly provide park and recreation that could be explored by the agencies include but are not limited to a contract or agreement with the City of Half Moon Bay in which the City of Half Moon Bay provides expanded active recreation programs within the unincorporated area, with the County focusing on resource management of passive recreational lands.

4.4 Streets, Street lighting and Stormwater Drainage

- a) There are no apparent cost avoidance or shared facility opportunities in these areas.

4.5 Law Enforcement

- a) The County of San Mateo and City of Half Moon Bay are encouraged to examine potential savings and economies of scale for both agencies if the City contracts with the County sheriff for law enforcement.

5. Regarding evaluation of management efficiencies, the Commission determines:

- a) Sewer and water provision for a population of 23,460 comprised of approximately 8,600 sewer connections and 7,370 water connections is carried out by one city, one joint powers authority, one sanitary district, one water and sanitary district and one water district, each with separate office space, attorneys, engineers, management and administrative personnel dedicated to the activities of five separate agency operations, meeting agenda preparation, and board meeting attendance by management, clerical and legal counsel.
- b) In addition to potential economies of scale that are indicated by the summary in (a) above, the number of agencies reduces effectiveness of decision making for regional or subregional projects, whether they involve, water, sewer, park and recreation or storm drain improvements.
- c) Specifically, while Sewer Authority Mid-Coastside and the separate contracts for system maintenance minimize costs for member agencies while meeting the service needs of respective ratepayers, the composition and voting structure of SAM requires decision-making by four separate entities which impedes and delays funding and implementation of essential projects.

6. In regard to government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines:

- a) Fragmentation of local government organized around historic agency boundaries and the quantity of agencies has limited ability to plan regionally for the benefit of municipal services essential to the health and economic well-being of the communities in the region and a failure to augment water supplies in a timely manner.
- b) Given the geographic separation of the study area from other areas in the County, the limitations on water resources and the need to provide for regional planning, the area is best governed by a limited number of regional agencies specifically, a regional water and sewer agency, or a regional water district and a regional sewer district, as opposed to the current government structure of multiple individual water and sewer entities.
- c) Governance alternatives that include the provision of regional sewer and water service delivery, could also include a community services district for the unincorporated midcoast to better provide for local

governance and a more focused approach to recreation and community services.

- d) Based on the number of existing agencies and inherent challenges to government reorganization including individual agency rate setting policies, infrastructure condition, fiscal resources and lack of broad consensus or support by elected boards for consolidation, the Commission recognizes that reorganization may best be achieved in phases that would include a combination of the alternatives enumerated in f) below.
- e) In general, advantages of consolidation include efficiencies and economies of scale for operations and rates, streamlined planning for regional infrastructure, maximizing resources including water supply and personnel and efficient and timely decision making by a fewer number of elected boards. In general disadvantages of consolidation identified by the Districts include loss of local control, inadequate evidence of significant savings that would result from economies of scale, and obstacles to achieving consolidation disparate rate structures, infrastructure conditions, reserve and debt levels of individual districts.
- f) Governance Alternatives for the study area include:

- 1) Independent regional sewer district
- 2) Independent regional water district
- 3) Consolidation of Granada Sanitary District and Montara Water and Sanitary District
- 4) Community Services District for Unincorporated Midcoast
- 5) Reorganization of Granada Sanitary District as a community services district and status quo for Montara Water and Sanitary District
- 6) Incorporation of the Midcoast
- 7) Implementation of current sphere of influence involving annexation to City of Half Moon Bay and consolidation of water and sewer operations
- 8) A consolidated, regional water and sanitary district

7. Regarding local accountability and governance, the Commission determines:

- a) Agencies adopt budgets that account for expenditures and revenues and these budgets are accessible to the public.
- b) Agencies publish meeting agenda, financial and other information as required by the Brown Act, and post this information on agency websites.

Exhibit A

Adopted MSR Determinations-City of Half Moon Bay and Unincorporated Midcoast

- c) While district public meetings are not broadly attended, meetings are televised on local cable television.
- d) While agencies fulfill mandated responsibilities related to public meetings and information, the number and diversity of limited purpose agencies providing service in the study area inhibit regional planning, in particular for water supply and infrastructure including efforts such as recycling which can best be achieved with efforts by both sewer and water agencies, and require that the public stay informed of a multiple agency agenda, budgets, etc. in order to influence and participate decision making.

City of Half Moon Bay



Municipal Government

0' 4000' 8000' 12000'

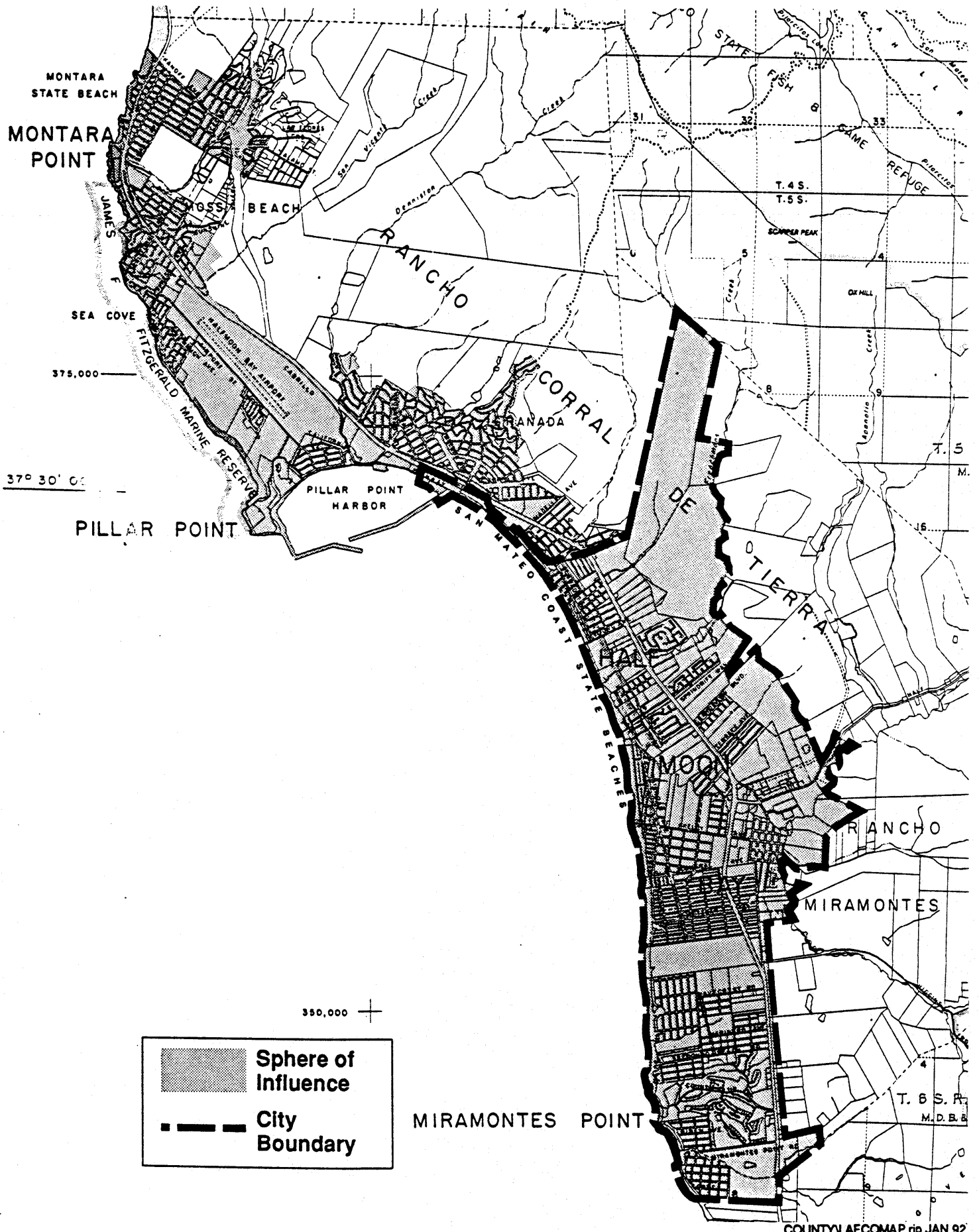
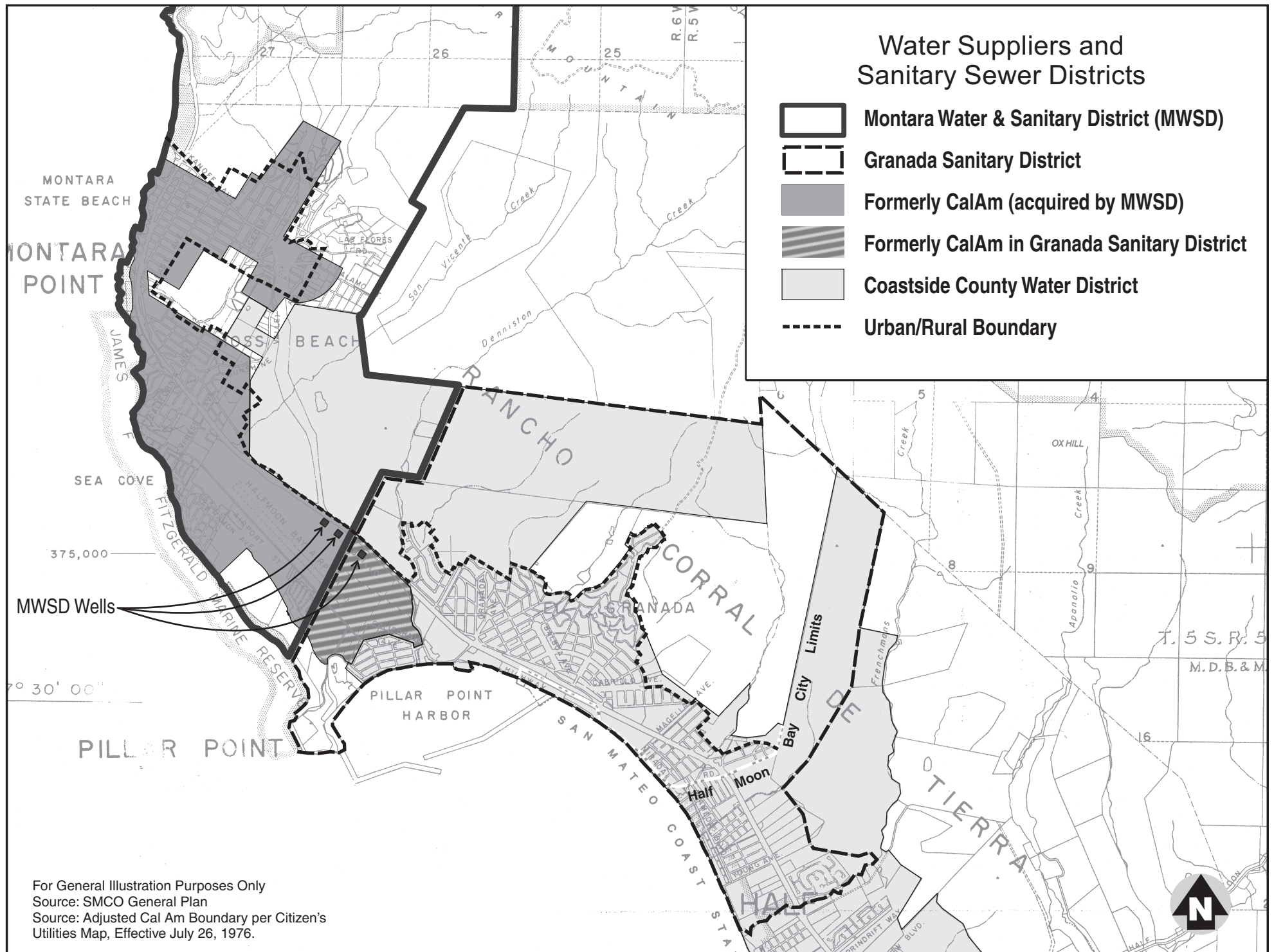


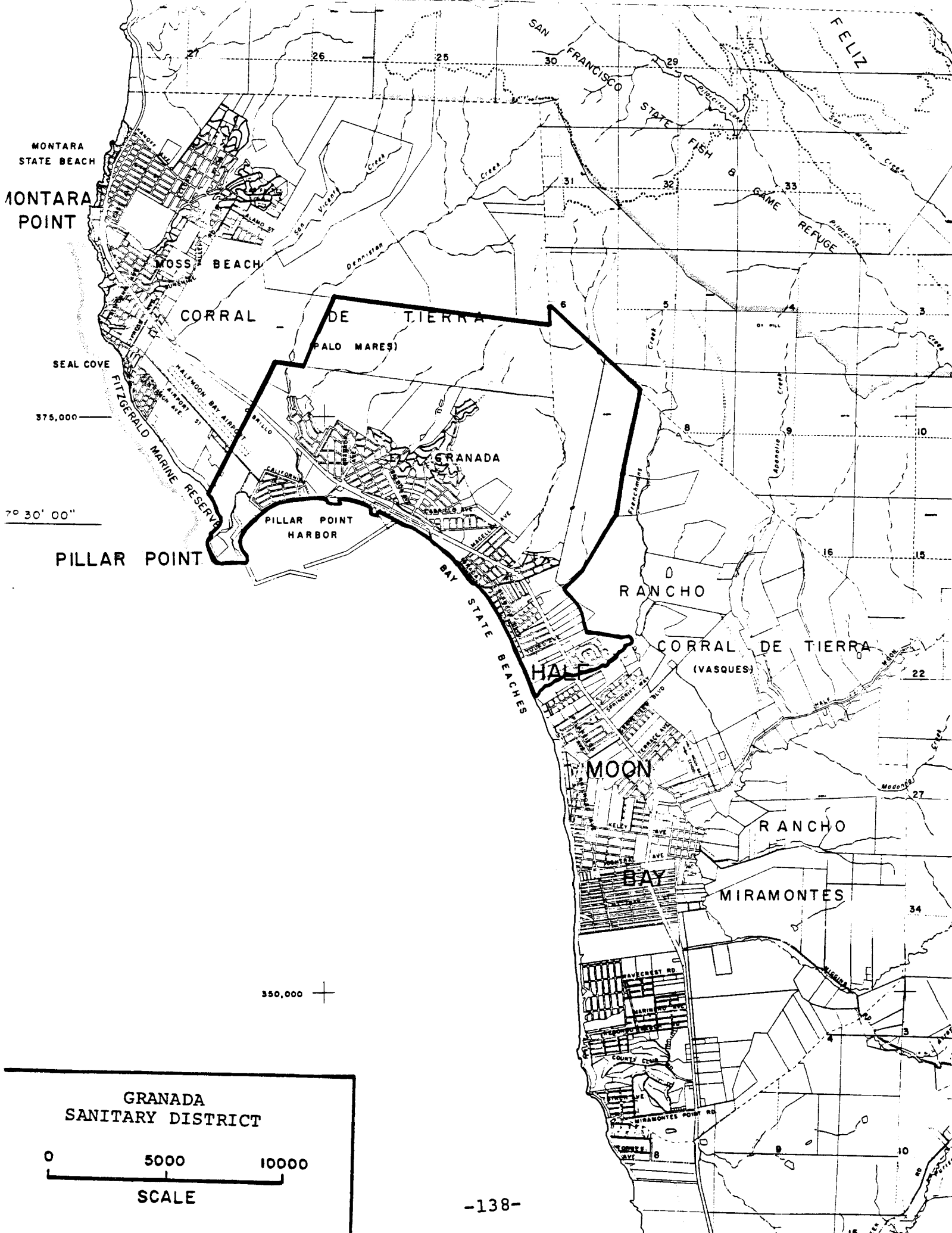


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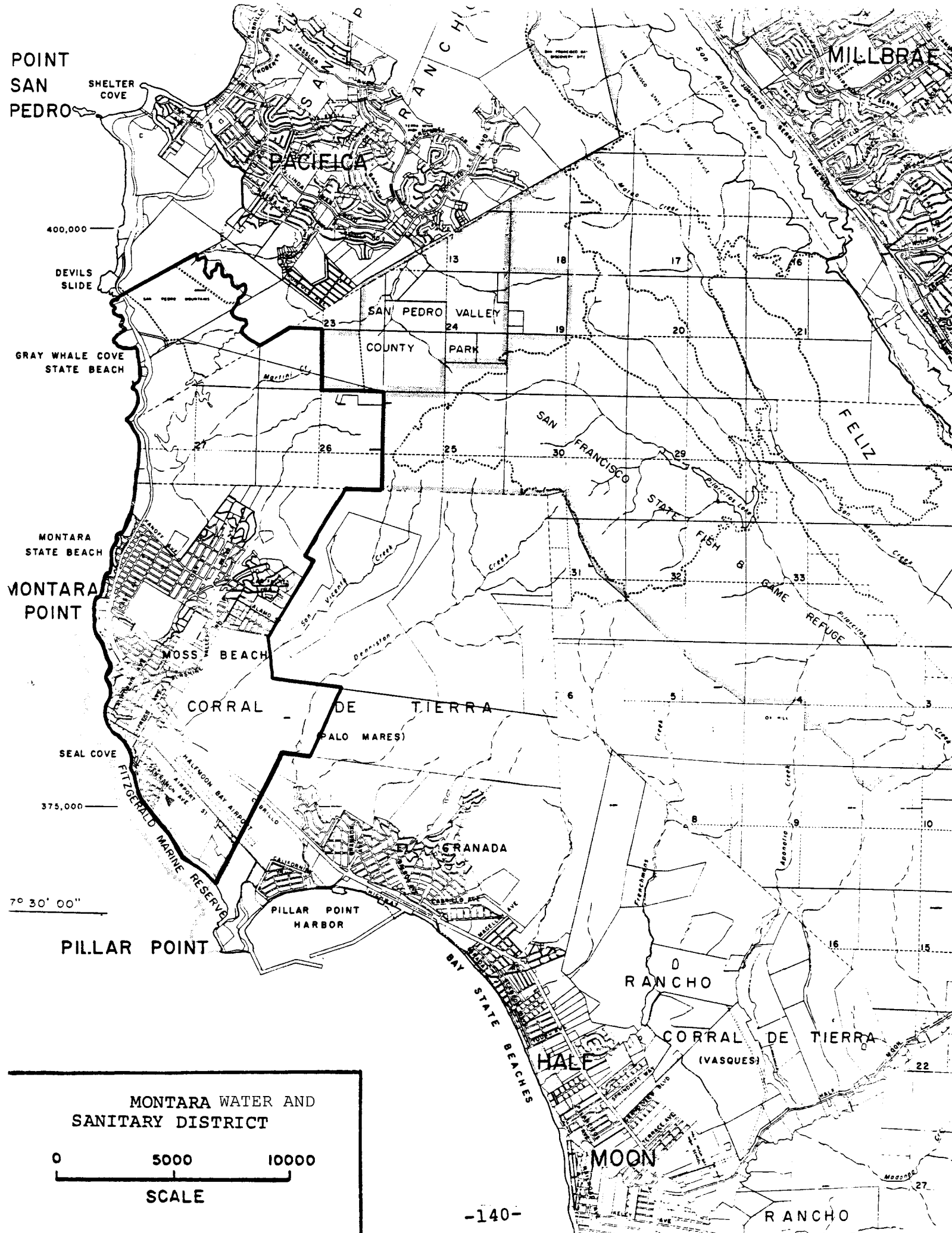


For General Illustration Purposes Only
 Source: SMCO General Plan
 Source: Adjusted Cal Am Boundary per Citizen's
 Utilities Map, Effective July 26, 1976.



GRANADA
SANITARY DISTRICT

0 5000 10000
SCALE



POINT
SAN
PEDRO

MILLBRAE

PACIFICA

SAN PEDRO VALLEY
COUNTY PARK

FELIZ

MONTARA
STATE BEACH

MONTARA
POINT

CORRAL DE TIERRA

(PALO MARES)

SEAL COVE

FITZGERALD MARINE RESERVE

GRANADA

PILLAR POINT
HARBOR

PILLAR POINT

RANCHO

CORRAL DE TIERRA

(VASQUES)

HALF

MOON


RANCHO


MONTARA WATER AND
SANITARY DISTRICT


0 5000 10000
SCALE


Midcoast
LCP Update Project


Legend


- 


General Plan: VERY LOW DENSITY RESIDENTIAL Zoning: RM-CZ Maximum Density: One parcel per 40-160 acres/ One house per parcel
- 


General Plan: LOW DENSITY RESIDENTIAL Zoning: R-1/S-105 Minimum parcel size: 20,000 sq. ft. Maximum Density: One house per parcel.
- 


General Plan: MEDIUM-LOW DENSITY RESIDENTIAL Zoning: R-1/S-94 Minimum Parcel Size: 10,000 sq. ft. Maximum Density: One house per parcel.
- 


General Plan: MEDIUM DENSITY RESIDENTIAL Zoning: R-1/S-17 Minimum Parcel Size: 5,000 sq. f Maximum Density: One house per parcel.
- 


General Plan: MEDIUM-HIGH DENSITY RESIDENTIAL Zoning: R-3-A (Affordable/ market housing mix) Minimum Parcel Size: None Maximum Density: One unit per 2,500 sq. ft. parcel area
- 


General Plan: HIGH DENSITY RESIDENTIAL Zoning: R-3 Minimum Parcel Size: 5,000 sq. ft.v Maximum Density: One unit per 1,250 sq. ft. parcel area
- 


General Plan: INSTITUTIONAL Zoning: R-1 or RM-CZ Permitted Uses: Pubic/ civic facilities, e.g. schools, hospitals, community centers; Residential
- 


General Plan: NEIGHBORHOOD COMMERCIAL Zoning: C-1 Permitted Uses: Neighborhood serving trades and services; Residential (with use permit)
- 


General Plan: COASTSIDE COMMERCIAL RECREATION Zoning: CCR Permitted Uses: Visitor serving facilities; e.g. restaurants and lodging; Residential (mixed use only)
- 


General Plan: AIRPORT Zoning: M-1 Permitted Uses: Airport, light industrial
- 


General Plan: INDUSTRIAL Zoning M-1 Permitted Uses: Light industrial, manufacturing and R&D Minimum parcel size: 5,000 sq.ft.
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General Plan: INDUSTRIAL Zoning: W Permitted Uses: Waterfront/ marine industrial and light industrial Minimum parcel size: 5,000 sq.ft.
- 

General Plan: PUBLIC RECREATION Zoning: RM-CZ Permitted Uses: Parks, recreation facilities, open space; Residential
- 

General Plan: OPEN SPACE Zoning: COSC Permitted Uses: Community open space, public recreation and commercial recreation; Residential Minimum parcel size: 2 acres
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General Plan: OPEN SPACE Zoning: RM-CZ Permitted Uses: Open space uses, recreation facilities; Residential Maximum Density: One parcel per 40-160 acres/One house per parcel
- 

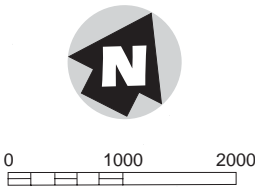
General Plan: AGRICULTURE Zoning: PAD Permitted Uses: Agriculture, open space compatible uses; Residential Maximum Density: One parcel per 40-160 acres/One house per parcel
- 

AIRPORT OVERLAY (AO) DISTRICT




----- Urban/Rural Boundary

----- Project Area Boundary

Note: In some areas the zoning may vary from what is stated on the legend.





-  County Service Area # 6 - Formation 12/28/1965
-  Montara Lighting District - Formation 9/23/1913
-  Granada Lighting District - Formation 8/3/1931

