



January 10, 2011

TO: Members, Local Agency Formation Commission

FROM: Martha Poyatos, Executive Officer *M. Poyatos*

SUBJECT: Municipal Service Review and Sphere of Influence Update for the City of Redwood City, County Service Area 8 and Related County-governed Districts

Summary:

Attached please find the municipal service and sphere of influence update (Attachment A) and recommended determinations for City of Redwood City, County Service Area 8 and Other Related County-governed Districts. This is the first municipal service review for the City of Redwood City and the County-governed districts in the City's sphere. LAFCo is required by State law to complete municipal service and sphere of influence reviews for all cities and special districts in the County by taking the following actions: adopt Municipal Service Review Determinations pursuant to Government Code Section 56430 (Attachment B); adopt Sphere of Influence Determinations pursuant to Government Code Section 56425 (Attachment C); and reaffirm or amend the sphere of influence.

The attached determinations and recommendation to reaffirm the sphere of influence for the City of Redwood City and County Service Area 8 have been prepared for consideration based on information provided in budgets, audits and other reports and comments received on the report.

Background:

It merits emphasis that while the service review contains fiscal information on district operations and provides discussion of governance alternatives, it is not intended to be a comprehensive analysis of annexation or reorganization of special districts. The municipal service review is an opportunity to identify potential areas of savings and shared

MSR/SOI City of Redwood City and Related County-governed Districts

January 10, 2011

Page 2 of 5

resources, in some cases through annexation or consolidation and in some cases by implementing best practices in fiscal stewardship and operations based on comparison of costs and practices of similar agencies. The service review studies individual agencies in the context of broader state policies and local conditions and expands the discussion of maximizing resources beyond agency boundaries.

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

Key Issues:

1. The City of Redwood City, like all California local government, is in a multi-year process of correcting a structural budget imbalance resulting primarily from the economic downturn and State shifts of local government revenue.
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.
3. Measures to balance the budget include measured use of reserves, program and service reductions, personnel reductions and freezing of salaries, outsourcing, contracting, service sharing and revenue enhancement.
4. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services such as road maintenance, sewer service, police and fire protection and building inspection.
5. In the case of County sewer and sanitation districts, challenges in operating many non-contiguous sewer districts include size of systems and relatively small number of ratepayers and age of infrastructure. In two

MSR/SOI City of Redwood City and Related County-governed Districts

January 10, 2011

Page 3 of 5

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.

6. Sewer rates for some County-governed districts discussed in this report include the cost of maintaining the district system as well as capital costs associated with the district system; and the City's cost of transporting and treating the district's waste which was set by the City as equal to the City residential sewer rate. This results in the district's sewer service charges being greater than a comparable user within the City.
7. Opportunities exist for operation and governance of sewer operations for a more efficient and regional approach to serve communities served by interconnected systems and the same sewage treatment plant.
8. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend \$185 million dollars annually on fire protection and emergency response. A countywide (versus agency-by-agency) study of fire protection and emergency response and potential efficiencies including consolidation is merited because fire agency resources are inherently interdependent as the result of a longstanding automatic aid agreement.
9. Many unincorporated areas have infrastructure deficiencies that negatively impact the quality of life in the community and serve as obstacles to city annexation. Deficiencies include sewer infrastructure for developed areas served by septic systems, lack of storm drain and flood control facilities in many areas, and lack of sufficient park and recreation facilities or suitable land for same in some communities.
10. Financing infrastructure improvements to serve existing development in unincorporated areas is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.

MSR/SOI City of Redwood City and Related County-governed Districts

January 10, 2011

Page 4 of 5

11. Opportunities exist for the County of San Mateo and the City of Redwood City to examine alternatives in road maintenance where small sections of roadway of one jurisdiction are isolated from that agency's road system and may be more efficiently served by the neighboring agency.
12. Small unincorporated pockets wholly surrounded by the City of Redwood City are recommended for annexation to provide for more efficient service delivery and give the City control over land use decisions that impact the City, particularly water supply planning.
13. In County Service Area 8, property tax revenues collected in the zone outside of Menlo Park Fire Protection District exceed the cost of providing contract fire service and are used for other programs and services. Given the identified infrastructure deficiencies such as flood, control, parks and drainage, opportunities may exist to expand the functions of County Service Area 8 to allocate excess revenues to address these deficiencies.
14. Flooding due to lack of adequate storm drain infrastructure occurs in eastern areas of Redwood City on both sides of U. S. 101 as well as in Unincorporated North Fair Oaks. Flooding east of U.S. 101 is further impacted by high tides. Because rainwater runoff that flows to the area originates in areas outside of Redwood City including parts of Atherton, Menlo Park and unincorporated San Mateo County, opportunities exist for these agencies to work with Redwood City to collaboratively plan capital projects that would reduce flooding.
15. Near Edgewood Road and Cordilleras, 18 properties receive water service from the Cordilleras Mutual Water Company, a mutual water company owned by the property owners and directly connected the SFPUC transmission line. Efficiencies and improved operation and safety of the water supply can be achieved by transferring this system and operation to another entity such as City of Redwood City or CalWater.
16. San Francisco Public Utilities Commission lands along

MSR/SOI City of Redwood City and Related County-governed Districts

January 10, 2011

Page 5 of 5

Edgewood Road are recommended for study to be formally included in the City of Redwood City sphere of influence based on dedicated uses for water infrastructure and barriers between these lands and the San Carlos Sphere of Influence.

Recommendation:

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

1. Accept the report and public comment;
2. Adopt the municipal service and sphere of influence report (Attachment A) including the determinations (Attachment B) inventory of services provided by County Service Area No. 8 (page 37 of Attachment A); and
3. Amend the sphere of influence to include lands owned by SFPUC and located along Edgewood Road.

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

**LAFCo Municipal Service Review
and Sphere of Influence Update
City of Redwood City, County Service Area 8
and Other Related County-Governed Districts
January 10, 2011**

Section 1: Overview

This report is a municipal service review and sphere of influence update for the City of Redwood City and County-governed districts serving the City and areas in the City's sphere. Government Code Section 56430 requires that LAFCo complete municipal service and sphere of influence reviews on all cities and special districts. A sphere of influence serves as the plan for boundaries of a city or special district. The City of Redwood City sphere of influence includes unincorporated North Fair Oaks, Emerald Hills, Kensington Square, Oak Knoll, and Mobile Home Parks east of U.S. 101. The municipal service review is not a proposal for reorganization of agencies, rather a State-mandated study of service provision in regard to the following six areas of determination as set forth in Section 56430:

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

Once adopted, the service review determinations are considered in reviewing and updating 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 challenges and opportunities and provides an opportunity for the public and affected agencies to comment on city service, finance and opportunities to share resources prior to LAFCo adoption of required determinations.

San Mateo Local Agency Formation Commission (LAFCo): LAFCo is a State-mandated, independent commission with countywide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, 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-two 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 22 independent special districts.

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

Service Review Process:

This MSR/SOI Update examines the City of Redwood City and special districts providing services in unincorporated areas within the City of Redwood City sphere of influence. It also takes into account joint power and other agreements between the City of Redwood City, County of San Mateo and surrounding agencies including the Cities of San Carlos and Belmont and discusses opportunities for further efficiencies in municipal service delivery that can be examined by these agencies. MSR/SOI updates are also being prepared for Cities of San Carlos and Belmont and Midpeninsula Water District. In addition, the MSR/SOI examines potential consolidation of County-governed sewer and sanitation districts with neighboring cities versus consolidation of the non-contiguous districts into a single county sewer agency.¹

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 include the General

¹ 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.

Plan. Draft Service Reviews and Sphere Updates are then circulated to the agencies under study and interested individuals and groups. This final Municipal Service Review and Sphere update includes 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 Redwood City, unincorporated areas and County-governed special districts include the following:

1. The City of Redwood City, like all California local government, is in a multi-year process of correcting a structural budget imbalance resulting primarily from the economic downturn and State shifts of local government revenue.
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 to achieve efficiencies and economies of scale.
3. Measures to balance the budget include measured use of reserves, program and service reductions, personnel reductions and freezing of salaries, outsourcing, contracting, service sharing and revenue enhancement.
4. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services such as road maintenance, sewer service, police and fire protection and building inspection.
5. In the case of County sewer and sanitation districts, challenges in operating many non-contiguous sewer districts include size of systems and relatively small number of ratepayers and the age of the 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.
6. Sewer rates for some County-governed districts discussed in this report include the cost of maintaining the district system as well as capital costs associated with the district system and the City's cost of transporting and treating the district's waste which was set by the City as equal to the City residential sewer rate. This results in the district's sewer service charges being greater than a comparable user within the City.
7. Opportunities exist for operation and governance of sewer operations for a more efficient and regional approach to serve communities served by interconnected systems and the same sewage treatment plant.
8. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend \$185 million annually on

fire protection and emergency response.² A countywide (versus agency-by-agency) study of fire protection and emergency response and potential efficiencies including consolidation is merited because fire agency resources are inherently interdependent as the result of a longstanding automatic aid agreement.

9. Many unincorporated areas have infrastructure deficiencies that negatively impact the quality of life in the community and serve as obstacles to city annexation. Deficiencies include sewer infrastructure for developed areas served by septic systems, lack of storm drain and flood control facilities in many areas, and lack of sufficient park and recreation facilities or suitable land for same in some communities.
10. Financing infrastructure improvements to serve existing development in unincorporated areas is dependent upon a new funding source such as an assessment, parcel tax or “pay as you go” funding common with new development.
11. Opportunities exist for the County of San Mateo and the City of Redwood City to examine alternatives in road maintenance where small sections of roadway of one jurisdiction are isolated from that agency’s road system and may be more efficiently served by the neighboring agency.
12. Small unincorporated pockets wholly surrounded by the City of Redwood City are recommended for annexation to provide for more efficient service delivery and give the City control over land use decisions that impact the City, particularly water supply planning.
13. Opportunities exist for the City and County to collaboratively plan for the long-term water supply needs of unincorporated areas in the City’s water service area.
14. In County Service Area 8, property tax revenues collected in the zone outside of the Menlo Park Fire Protection District exceed the cost of providing contract fire service and are used for other programs and services. Given the identified infrastructure deficiencies such as flood control, parks and drainage, opportunities may exist to expand the functions of County Service Area 8 to allocate excess revenues to address these deficiencies.
15. Flooding due to lack of adequate storm drain infrastructure occurs in eastern areas of Redwood City on both sides of U. S. 101 as well as in Unincorporated North Fair Oaks. Flooding east of U.S. 101 is further impacted by high tides. Because rainwater runoff that flows to the area originates in areas outside of Redwood City including parts of Atherton, Menlo Park and unincorporated San Mateo County, opportunities exist for these agencies to work with Redwood City to collaboratively plan capital projects that would reduce flooding.
16. Near Edgewood Road and Cordilleras, 18 properties receive water service from the Cordilleras Mutual Water Company, a mutual water company

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

owned by the property owners and directly connected to the SFPUC transmission line. Efficiencies and improved operation and safety of the water supply can be achieved by transferring this system and operation to another entity such as the City of Redwood City or CalWater.

17. SFPUC lands along Edgewood Road are recommended for study to be formally included in the City of Redwood City sphere of influence based on dedicated uses for water infrastructure and barriers between these lands and the City of San Carlos Sphere of Influence.

Section 3: City of Redwood City

Governance

The City of Redwood City incorporated as San Mateo County's first city in 1867 and is a charter city³ with seven council members elected at-large. The Council selects the Mayor and appoints the City Manager, City Attorney and City Clerk. The City Council meets three Mondays a month at 7:00 p.m. at the City Council Chambers located at 1017 Middlefield Road, Redwood City. 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 a newsletter and separate recreation guide that are also available on the City website. The City has over a dozen advisory committees and commissions addressing city services that include planning, architecture and building review, child care, culture and library, historic resources, seniors and youth, port and parks recreation and community services. Details on each can be found on the City's website.⁴

The State Department of Finance January 2009 estimated population for the City at 77,819 persons (Census 2000 was 75,402). The City encompasses approximately 19 square miles and is bounded by the San Francisco Bay, the Cities of Foster City, Belmont, San Carlos, Woodside, Atherton and Menlo Park, as well as unincorporated county areas. The City is included in the Redwood City Elementary School District, Sequoia High School District and San Mateo County Community College District. The City boundaries and sphere of influence are shown on the following map.

³ The City of Redwood City became a charter city in 1929. Charter cities have legal authority that resides in a voter approved city charter versus general law cities that operate according to laws of the State. In adopting a charter, cities can more specifically determine municipal affairs such as a seven-member council versus the five-member council set in State law. Approximately one-fifth of California's 477 cities are charter cities. Of the 20 cities in San Mateo County, Redwood City and San Mateo are the only charter cities.

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

Circulation Draft Municipal Service Review-City of Redwood City,
County Service Area 8 & Other Related County Governed Districts
January 10, 2011

map

City Operations:

Redwood City is a full service city. City services include: police, fire and emergency response, public works (including roads, traffic signals, street lights, drainage, facility maintenance, sewer, water) planning and building, parks and recreation and general city administration.⁵ Some areas of the City are included in Fair Oaks Sewer Maintenance District. Appendix A includes a profile of the City and the table below summarizes service delivery patterns.

Service	Provider
Police, Fire, Park & Recreation, Library, Street Lights, Streets/ Drainage	City of Redwood City
Sewer	City of Redwood City and County of San Mateo Fair Oaks Sewer Maintenance District (partial)
Water	City of Redwood City California Water Service Company (partial) ⁶
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 Redwood City

City of Redwood City Growth and Population Projections

As noted above, the State Department of Finance January 2009 estimated population for the City was 77,819 persons (Census 2000 was 75,402). The following table summarizes City population data for Census Years 1970 through 2000 and the California Department of Finance estimate for 2010. Growth since 2000 is approximately 2%.

1970	54,800
1980	54,951
1990	66,072
2000	75,447
2010	78,568

⁵ The City operates the Port of Redwood City as an enterprise activity. Under the City Charter the City Council appoints the Board of Port Commissioners which oversees the Port operations as a department of the City. Pursuant to the City charter, the Port is required to contribute to the City any unrestricted surplus funds, under the judgment of the Board of Commissioners, that are not needed for Port purposes. These funds, called subvention, total \$321,138 in the 2009-10 Fiscal Year and show in the General Fund revenues under intergovernmental revenue. Port operations are beyond the scope of this municipal service review.

⁶ Private water utility companies are not special districts and therefore are not subject to LAFCo jurisdiction.

The City's 2009 Housing Element update cites Association of Bay Area Governments (ABAG) Projections 2007 which projected growth of 16,998 or 16% over 2000 Census population by 2030. Since that time, ABAG "Projections 2009" projects population growth of 20,798 or 27.5% over 2000 Census by 2035 for the City of Redwood City.

The following table contains Census 2000 population data for areas in the sphere of influence of the City of Redwood City. In most cases these areas receive city water service and use streets, parks and other facilities.

Redwood City Sphere	Census 2000 Population
North Fair Oaks	15,440
Sequoia Tract	3,671
Kensington Square	180
Bayshore Villa Trailer Park	386
Whipple Tract	See Emerald Hills
Oak Knoll	593
Emerald Hills	3,899

City of Redwood City Infrastructure and Facilities

City infrastructure includes a city hall, police station, library, approximately 149 miles of improved streets, six miles of unimproved roadways, 300 miles of sidewalks, 4,400 streetlights, 5,000 traffic control signs, 60 traffic signal intersections, and 1,410 parking meters.

Water Service

The City's water system covers approximately 10.3 square miles and serves approximately 22,580 customers⁷ in the City of Redwood City and unincorporated areas, including the Emerald Lake Hills area, Oak Knoll, Kensington Square and Mobile Home Parks east of U.S. 101. Service is provided between Highways 280 and 101, Whipple Avenue and Marsh Road east of Highway 101, and in the Redwood Shores development. The system has 208 miles of distribution mains, 12 storage reservoirs with 21 million gallons of capacity, 10 pump stations, 1,812 fire hydrants, 17 pressure zones and 5,376 valves.

Redwood City purchases all potable water from San Francisco Public Utilities Commission (SFPUC). In 2002 the City established a recycled water program to shift away from using high-quality water from the SFPUC/Hetch Hetchy system for non-drinking purposes to using a safe, non-potable, recycled water for landscape irrigation, industrial processes, and for flushing toilets and urinals. Phase 1 of the Recycled Water Project was completed this summer. The recycling program has allowed Redwood City to reduce potable water usage by 1,478 acre-feet during the fiscal year 2009-10, which

⁷ BAWSCA Annual Survey – FY 2007-08

is a 7% reduction from its water usage in 2008-09, or about 482 million gallons of drinking water.

In regard to potable water supply, the Water Group Summary Report for the Saltworks Project⁸ provides current information on the City's SFPUC water supply assurance, noting the following: "The City's current Supply Assurance from the SFPUC is 12,243 AFY. The City's 2005 Urban Water Management Plan (UWMP) projects that in 2030, the City will use 11,724 AFY from the SFPUC, which is 519 AFY less than the Supply Assurance. The 2030 projection of 11,724 AFY does not include the Saltworks project. The 519 AFY may be available for a project like the Saltworks. The UWMP is scheduled to be updated in 2010-2011 to be consistent with a new General Plan (approval anticipated in 2010). The new General Plan may include demands that are not included in the 2005 UWMP and which could exceed City's current SFPUC Supply Assurance of 12,243 AFY."

Water Rates

On April 12, 2010, the City Council approved a two-year increase in water service charges and consumption rates equating to an average of 9%. Rate increases are driven primarily by significant continuing increases in the wholesale cost of water the City purchases from the SFPUC. These increases follow average annual increases of about 8% to 9% over the last few years, in lieu of much higher increases on a more periodic basis.

The monthly basic service charge effective July 1, 2010 is \$18.02, and will be \$19.64 on July 1, 2011. This rate adjustment to the monthly basic service charge is necessary to pay for increasing costs of equipment, supplies, salaries, and services required for the operation and maintenance of the water system, or what might be called "fixed costs."

The monthly consumption rate (the amount per unit – 748 gallons – of water used) is a tiered rate that charges more per unit based on consumption to encourage conservation. Residential consumption rates are as follows:

	Per unit
0-10 Units	\$2.40
11-25 Units	\$3.05
26-50 Units	\$4.98
51+ Units	\$7.03

⁸ In 2009 the City began assessing a significant development proposal for the Cargill Saltworks property – 1,400 acres of land east of U.S. Highway 101 that continues to be used for extracting salt from the San Francisco Bay. The proposal submitted by DMB Associates envisions 50% of the property to be used for a mix of housing, retail, and commercial uses while the remaining 50% would be dedicated to wetlands restoration, open space, and recreation.

The following table provides comparative data for California Water Service Company (Calwater) serving nearby areas and City of Redwood City.

Calwater 53,424 Customers		Redwood City 23,110 Customers	
Service Charge (5/8" Meter)	\$8.75	Service Charge (5/8" Meter)	\$18.02
0-9 units	\$3.3132	0-10 Units	\$2.40
10-22 units	\$3.4876	11-25 Units	\$3.05
Over 22 Units	\$4.1851	26-50 Units	\$4.98
		51+ Units	\$7.03
10 Units	\$42.05		\$42.42
20 Units	\$77.04		\$72.07

Sanitary Sewer and Storm Water

The City's sanitary sewer collection system serves approximately 26,500 customers⁹ and includes 280 miles of sewer main line and 31 sewer lift stations. The Redwood City storm water drainage system consists of 17 Pump Stations, 2,685 storm drain catch basins, inlets and siphons, over 100 miles of storm drain pipe, 150 acres of storm retention basin in Redwood Shores (lagoons), 82 open culverts and over 10 miles of creeks, drain ditches and canals.

Residential Sewer Rates

Residential rates are set at \$48.72 per month per dwelling unit effective July 1, 2010. Charges to commercial users vary (as shown below) and are calculated based on metered water use, with a minimum charge equal to the residential \$48.72 basic service charge.

Commercial Sewer Rate Schedule	
Commercial Type	Charge Per Unit
Institution/Public	\$3.59
Retail/Commercial	\$4.00
Hospitals	\$4.00
Restaurants	\$9.71
Supermarkets	\$9.71

⁹ Equivalent Residential Connections,

Industrial

\$3.19

Sewer & Water Service outside City Boundaries

As noted above, the City of Redwood City is the water provider for unincorporated Emerald Lake Hills and other unincorporated areas. The City also provides sewer service to some residences in unincorporated areas including residences along Edgewood Road. Government Code Section 56133 requires that when a city or district provides new service outside jurisdictional boundaries, the agency must apply to LAFCo for approval to extend service. This section applies to new subdivisions processed by the County in unincorporated areas that will receive water or sewer service from the City or in cases where septic systems serving existing homes fail. Rather than treating these instances on a case by case basis, the County of San Mateo General Plan Update could include information on the number of existing residential homes on septic and information on the potential for subdivision and creation of new homes that would request water service from the City of Redwood City. The City in turn could include this information in the updated Urban Water management Plan and apply to LAFCo for a blanket agreement of service to these areas.

Streets

Bay Area cities use the Pavement Condition Index (PCI)¹⁰ to measure the condition of its roads. The Pavement Management System and PCI were developed by the Metropolitan Transportation Commission. 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. According to the City's Pavement Management Plan and PCI, approximately 67% of Redwood City's 155 miles of roads are considered to be in 'very good' condition, 18% are in 'good' condition, 12% in 'poor,' and 4% in 'very poor' condition. As noted elsewhere in this report, the County of San Mateo comments that there are discrete one-half street roadway sections currently maintained by the City that are adjacent to County-maintained sections of roadway and recommends that the County and the City collaborate to determine optimum delivery of road maintenance services to these sections to ensure consistent maintenance efforts of these sections. Additional advantage may be more cost-effective maintenance by one entity with both entities sharing the cost.

Fire Department

The Redwood City Fire Department includes five fire stations housing five engines and one truck, and has over 70 staff members including firefighters, firefighter/paramedics,

¹⁰ 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.

captains and battalion chiefs, fire prevention staff, training staff, and administrative staff. As noted in the Adopted Budget, Engine 9 housed at Station 9 is currently not staffed

as a temporary budget reduction measure.¹¹ The City also provides contract service to a portion of unincorporated North Fair Oaks located near Station 11. Please see discussion under County Service Area 8 – North Fair Oaks below.

Stations include the following:

Station	Address	Year Built
#9	755 Marshall Street ¹²	1987 (replaced Middlefield Station, now the City's main library)
#10	2190 Jefferson Avenue	1982
#11	1091 Second Avenue	2001 (replaced the Station at Bay and 2 nd that was built in 1952)
#12	3700 Jefferson Avenue	1969
#20	680 Redwood Shores Parkway	1998

The following table summarizes on-duty staffing and budgeted firefighters (FF) per 1,000 of population as reported to the City Council.

Agency ¹³	2010 Population	Budgeted Field Operations Positions	On-Duty Staffing	FF per 1,000	On-Duty Staffing per 1,000
Redwood City – Proposed	88,500	59	18	0.67	0.20
Belmont-San Carlos	55,000	43	14	0.78	0.25
Mountain View	76,000	66	21	0.87	0.28
Menlo Park Fire District	94,500	90	26	0.95	0.28
City of San Mateo	96,500	76	25	0.79	0.26
Central County Fire	50,000	66	19	1.32	0.38

Police Department

The mission of the Redwood City Police Department is to protect life and property, improve the quality of life, reduce crime and the fear of crime, and to maintain a safe community while doing so with integrity and respect. The Police Department is headquartered at 1301 Maple Street and is separated into three divisions: 1) Administrative Division, 2) Investigations Division, and 3) Patrol Division. Each of the three divisions supports its own initiatives and programs. The Administrative Division

¹¹ See attached comments from Menlo Park Fire Protection District expressing concern that “browning out” of Engine 9 may have impacts on neighboring jurisdictions.

¹² As noted in budget discussion below, 2010-11 budget reductions include reduction in two personnel per day by removing Engine 9 from service most days.

¹³ RWC data based on proposed 2010-11, other agency data based on 2009-10.

manages the training, recruiting, records and communications. The Investigations Division includes Detectives tasked with investigating property crimes, crimes against persons, and the Juvenile Unit, focusing on juvenile-related crime. The Patrol Division, the largest division within the Department manages the Department's canine units, special weapons and tactics, community service officers, marine unit, reserve unit, community policing, and youth services unit. The Police Department sets a standard of responding to emergency calls and arriving on scene within five (5) minutes. 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.¹⁴

The City of Redwood City Police Department recommended 2010-11 staffing level include 113 police personnel, of which 103 are sworn officers. See budget discussion section below. Materials presented to the City Council as part of budget consideration cite City of Redwood City staffing level at 1.22 sworn officers per 1,000 of population prior to budget reductions and 1.15 sworn officers per 1,000 after reductions, compared to 1.29 sworn officers per 1,000 of population in the City of Mountain View, a city of comparable population. The following table summarizes comparative data contained in the recommended amended budget.

Agency	Population	Total Sworn Officers	Total Non-sworn	Total Personnel	Sworn Per 1,000 Population	Non-Sworn Per 1,000 Population
Redwood City (Proposed)	78,568	90	23	113	1.15	0.29
Mountain View	75,787	98	53	151	1.29	0.70
San Mateo	97,535	109	38	147	1.18	0.39
South San Francisco	65,872	79	43	122	1.20	0.65

Parks & Recreation

Redwood City park facilities include 12 mini-parks (8.5 acres total), 11 neighborhood parks (8.5 acres total), 4 community parks (over 94 acres), 9 special use parks (52 acres), and 13 sports fields on public school property (43 acres). These facilities are detailed in the Draft General Plan, Building Community Chapter and on the City's Parks and Recreation page of the City's website. Included in the total above are two pool facilities, a dog park and a skateboard park.

The City's Draft General Plan reports that the City of Redwood City established goals include providing active and passive park space at a ratio of 3.0 acres per 1,000 residents. In 2008, the City prepared a comprehensive *Parks and Facilities Needs Assessment* to identify where the City stands relative to these goals, and to look forward to long-term anticipated needs. The assessment reported that the City provides 2.99 acres of active parkland per 1,000 residents, a figure that includes school parks. Absent the school area contribution, the ratio is 2.42 acres of park per 1,000 persons. With a

¹⁴ A collaborative effort by all San Mateo County law enforcement agencies to prevent and respond to drinking and drugged drivers.

future population projected to increase by approximately 16,000 residents within the City and Sphere of Influence area, an additional 49 acres of park space will be needed toward the goal. The Draft General Plan notes that while the City has nearly met its goal of 3.0 acres of active park space per 1,000 residents at the neighborhood level, some people have easier access to active parks than others.

Recreation Services include recreation and human service programs for seniors, pre-school and school-age childcare, teen programs, sports, special events and enrichment classes. In the area of Human Services, the Fair Oaks Community Center is a multi-service facility offering many services to the broader community including the North Fair Oaks Neighborhood. A combination of City staff and representatives from public and private nonprofit agencies run multi-lingual programs providing childcare and pre-school care, crisis intervention, education, emergency food, shelter, holiday food and toy/book programs, housing assistance, immigration and citizenship, employment and housing legal services, senior services, and translation assistance.

Library

The Redwood City Public Library's mission is to be "the learning center of our community and the place people turn to for the discovery of ideas, the joy of reading and the power of information." Redwood City operates and maintains its own library system within four library sites. The City's library is recognized in the top five of the States 168 library jurisdictions. Seventy thousand library cardholders annually visit the libraries 800,000 times, borrowing 1.5 million items. The City library is a member of the Peninsula Library System (PLS), a consortium of the 34 public and community college libraries in San Mateo County. The libraries have meeting rooms and adjacent outdoor areas that community groups use for activities and events. The libraries function in part like the other community centers, providing places where residents can take classes and hold meetings. Over 3,000 programs, classes, or meetings are held at the libraries annually. Reductions in the 2010-11 budget resulted in decreased hours at the Schaberg Library.

Contract Services

Animal Control Services

The City of Redwood City 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 and 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 Redwood City, along with Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, 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,¹⁵ a private company, provides collection, disposal and recycling services for the 91,000 SBWMA residences and nearly 10,000 businesses.

The City of Redwood City 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, City staff time spent on billing, education and recycling outreach. The City of Redwood City performs billing.

City Budget - Fiscal Condition of Cities and Current Trends

As noted in The Fiscal Condition of Cities 2003¹⁶, a city's fiscal health is at the core of its ability to deliver local services. Challenges cited in the 2003 report include: city reliance on revenues that it cannot control, in particular property tax diversion by the State; declining sales tax and property tax revenues; lack of public support for tax increases; and increasing personnel and public safety costs. Since the 2003 report, the prolonged recession and the State fiscal crisis¹⁷ have further impacted local government revenues in unprecedented ways. And while impacts vary from agency to agency based on each entity's revenue diversity, accrued reserves, public safety costs and the extent to which cost containment measures can be (or have already been) implemented, the obstacles to sustaining service levels cannot be overstated. This municipal service review therefore focuses on the most significant municipal service priorities, challenges and initiatives to close budget gaps while providing essential municipal services.

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

¹⁵ The contract between Recology and 12 local government jurisdictions is set to expire at the end of 2010.

¹⁶ A report prepared by the Institute for Local Self Government, a nonprofit affiliate of the League of California Cities, in which California Cities are surveyed on trends and challenges.

¹⁷ While California voters approved Proposition 1A in November 2004 to prevent future shifts of local government revenues, the measure provided the exception that the State could shift revenues if the Governor proclaimed a severe state financial hardship. July adoption of the 2009-10 State budget included declaration of fiscal hardship, suspension of Proposition 1A and borrowing of up to 8% of each city and county's prior year's total property tax allocation. Subsequently, along with a large majority of counties, cities and special districts, Redwood City participated in a statewide securitization program of the property tax revenue that would otherwise have been repaid by the State in order to receive property tax revenue that would otherwise be deferred up to 2013.

and utility user tax.¹⁸ Cities may also, with voter approval, increase fees and taxes (other than property tax) and assess parcel taxes. Alternatives available to cities to balance budgets include: reducing service levels; deferring projects; sharing service and joint power agreements with other agencies¹⁹; 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.

City of Redwood City Fiscal Year 2010-11 Budget Adoption

The City adopts a two-year budget that includes the resources to fund council adopted priorities, which are established during the budget review process at the beginning of each budget cycle. The budget serves as direction to City staff for delivery of programs and services. The budget process includes frequent reviews and adjustment to the current year budget as needed.

Factors affecting City of Redwood City's financial condition include recession and associated increasing unemployment rate (8.9% in June 2009 from 4.7% in June 2008), downturn in the real estate market and increasing vacancy rates, increased CalPERS employer contribution rates due to portfolio losses, State budget takeaways, general fund subsidy to the Downtown Parking facility, significant decline in sales tax (\$2.6 million from 2007-08 to 2008-09) and decline in property tax revenue growth. In response to these events the City has undertaken a multi-year process to reduce expenditures and work toward efficiencies.

The general fund is the primary operating fund of the City.²⁰ Significant general fund revenue sources for the City of Redwood City include property tax and sales tax and account for over 50% of general fund revenues. Of these key revenue sources, property tax is projected to be \$1.37 million more than actuals for 2007-08 and sales tax is projected to be \$3.56 million less than 2007-08 actuals. Following several years of budget deficits and expenditure reduction²¹, the City Council considered a

¹⁸ 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".

¹⁹ 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.

²⁰ Other funds include enterprise activities such as water utility, sewer utility and parking fund. As enterprise activities these services are funded with fees rather than general fund revenues such as property and sales tax. In the case of the parking fund it was anticipated that it would take approximately five years from the opening of the downtown Century 20 Theatres before the parking operation would be balanced. However, it is reported in the Audit for the Fiscal Year Ended June 2010 that the downtown parking operations are not self-sufficient and required a transfer of \$0.979 million from the General Fund.

²¹ The City also placed a measure to increase business license tax on the November 2009 ballot. The measure proposed raising business license tax by approximately 16% for three consecutive fiscal years beginning July 1, 2010 and for each year thereafter the business license tax would have been adjusted for inflation. It was estimated the measure would have generated

recommended 2010-11 budget of \$77.522 million that addressed a projected \$6.8 million deficit or approximately 8% of the City's general fund budget. Following Council adjustments to the recommended budget, general fund expenditures were reduced by approximately \$6.12 million and the Council approved fee increases in the areas of parking, fire inspection, non-resident recreation fees, and tree preservation permits, anticipated to result in new revenues of about \$636,000 in the current fiscal year and up to \$1 million in 2011-12. On the expenditure side, fire and police comprise 54% of the \$77.522 million budget.

The 2010-11 Recommended Fire Department Budget totals \$15.40 million or 19.87% of the General Fund Budget. As part of the City's effort to close a \$6.8 million budget deficit, the Fire Department budget was reduced by \$1.4 million. Reductions included the eliminations of a fire prevention officer and a full-time equivalent fire fighter and reductions in overtime. Implementation of reductions includes reduction in daily staffing by two personnel per day at Station 9 (755 Marshall Street) and removing Engine 9 from service most days. Specific impact to response times is not known.

The 2009-2010 Recommended Police Department Operating Budget was approximately \$27.04 million or 34.88% of the General Fund Operating Budget. The adopted 2010-11 budget included reductions in the following areas: traffic unit special enforcement activities, police officer staffing of the PAL program, neighborhood parking enforcement activities, and low priority property crime investigations.

Capital Improvement Program:

The City of Redwood City's Capital Improvement Program (CIP) coordinates the planning, design, and construction of the City's capital improvement and major maintenance projects. The 2010-2011 Capital Improvement Projects listed by funding source are found at the end of the City's 2010-12 budget document. The CIP totals \$14,406,822 for Fiscal Year 2010-11 and includes a variety of projects related to improvements or replacement to facilities, parking, geographic information system development, tree preservation and sidewalk repair, storm drain upgrade and replacement, project administration, streets and traffic improvement, water, and sewer infrastructure. Funding sources include capital fund, gas tax, transportation Measure A funds, water and sewer revenues, improvement district, redevelopment and grant funds.

The following Redwood City Five Year Projection 2010-11 through 2014-15 provides actual budget data for Fiscal Year 2005-06 to 2008-09 and estimated budgets for 2009-10 to 2014-15.

approximately \$650,000 in additional annual revenue to the City's General Fund. Requiring simple majority approval, the measure failed with 45.8% voting in favor.

Table page 1

Table page 2

Budget (continued)

Reductions have included reducing workforce of 565 full-time equivalent positions by 44.47. In addition, savings resulted from reducing overtime funds, operating expenses, supplies and services, restructuring, increased efficiencies, reductions of in-house services such as telecommunications and other technology, and a voluntary one or two year salary freeze by several employee bargaining units.

Service impacts from recent budget reductions are anticipated in the following service areas: building permit processing and building inspection; fire prevention/fire safety, fire investigations activities, reduced daily staffing and the cutback of one engine company, and increased response times (while still within County-wide standard response time); reduced library youth program staffing, local history room staffing (potentially to be replaced with volunteer assistance), reduced hours at the Schaberg Library; reduced parks landscape maintenance and custodial services, and parks management services; traffic unit special enforcement activities, police officer staffing of the PAL program, neighborhood parking enforcement activities, and low priority property crime investigations; and street maintenance, storm drain cleaning and related services.

General Fund Reserve

The City Council's policy on general fund reserves is to maintain reserves of not less than 15% and not more than 20% of anticipated revenues. As noted in the Comprehensive Annual Financial Report (CAFR) for the period ending June 2009, at June 30, 2009, unreserved fund balance of the general fund was \$34.5 million of which \$18.8 million was available for subsequent years' expenditures. The City's general fund balance decreased by \$7.4 million during the 2008-09 fiscal year.

Based on FY 2009-10 projections, the general fund reserves were estimated to be \$15.2 million at the end of the 2009-10 fiscal year and about \$700,000 under the 20% ceiling called for in the Council's reserve policy. In the June 2009 budget report, staff reported that if the Council continued the plan for use of diminishing levels of reserves through the end of FY 2011-12, and no other changes occur, it was estimated that the City's reserves would stand at 16.7% at the end of the 2011-12 fiscal year.

As reported in the June 2010 budget transmittal, based on current FY 2010-11 projections and prior amendments to the recommended budget, the general fund reserve balance is projected to be \$14.6 million as of June 30, 2011, or about \$857,000 under the 20% ceiling called for in the Council's reserve policy.

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 by Redwood City of shared facilities and resources with other agencies include:

- The Police Department has a contract with other entities for use of the Redwood City Firing Range
- School district playing fields are maintained by the City and made available for public use after school hours.
- 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).
- The Fair Oaks Community Center operates in partnership with County of San Mateo and non-profit entities.
- The City is a member along with West Bay Sanitary District, Cities of San Carlos and Belmont, in the South Bayside System Authority which operates a sewage treatment facility.
- Redwood City Library is a member of the Peninsula Library System, a consortium of the 34 public and community college libraries in San Mateo County.
- Redwood City Finance Department provides accounting services to the South Bayside System Authority
- Agreement between the City and Redwood City School District for operation of after school programs
- Agreement between the City and County of San Mateo for Shared Operation of the Fair Oaks Community Center,
- Agreement between the City and County for Information and Referral Services
- Agreement between the City and County for Landscape Services for Garfield School
- Agreement between the City and South Bayside System Authority (SBSA) for Landscape Maintenance Services,
- Agreement between the City and Belmont Redwood Shores School District for the Operation of Sandpiper Community Center

Section 4: Unincorporated Areas in Study Area and County Services

The sphere of influence for the City of Redwood City adopted by LAFCo in 1984 includes North Fair Oaks, Emerald Hills, Sequoia Tract, Oak Knoll, Kensington Square and an unincorporated pocket of mobile homes east of U.S. 101. In addition to the County's role as a subdivision of the State in requiring State mandated systems 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.

North Fair Oaks (Census 2000 Population - 15,440)						
Police	Fire	Water	Sewer	Garbage/ Recycling	Lighting	Other²²
Sheriff	Menlo Park Fire District/ RWC via contract/CSA 8	CalWater RWC-portion	Fair Oaks Sewer Maintenance District WBSD(portion)	CSA 8 via SBWMA	Menlo Park Lighting District	County of San Mateo
Emerald Hills (Census 2000 Population - 3,899)						
Sheriff	County Fire & Woodside Fire District	City of RWC ²³	Emerald Lake Heights Sewer Maintenance District (septic systems)	Direct billing by Recology*	Emerald Lake Heights Highway Lighting District (ELHHLD)	County of San Mateo
Sequoia Tract (Census 2000 Population - 3,671)						
Sheriff	Menlo Park Fire District	CalWater	Fair Oaks Sewer Maintenance District	Direct billing by Recology*	(ELHHLD)	County of San Mateo
Oak Knoll (Census 2000 Population - 593)						
Sheriff	County Fire	City of RWC	Oak Knoll Sewer Maintenance District	Direct billing by Recology*	(ELHHLD)	County of San Mateo
Kensington Square (Census 2000 Population - 180)						
Sheriff	County Fire	City of RWC	Kensington Square Sewer Maintenance District	Direct billing by Recology*	(ELHHLD)	County of San Mateo
Mobile Home Parks (Census 2000 Population - 277)						
Sheriff	County Fire	City of RWC	Fair Oaks Sewer Maintenance	Direct billing by Recology*	N/A	County of San Mateo

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

²² Roads, Drainage, General Government Services

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

²³ Emerald Hills receives water from City of Redwood City with exception of Cordilleras neighborhood served by the Cordilleras Mutual Water Company, which connects directly to SFPUC Transmission line. Property owners are working with SFPUC to comply with direction that the community transfer water service to a local water retailer such as CalWater or City of Redwood City.

map

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 areas²⁴. In regard to sewer and water, unincorporated areas are either included in an independent sewer and water district, the service area of city that has a service area that extends beyond city boundaries (Redwood City 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 following table details pavement management information for these non-contiguous areas and illustrates the challenge of maintaining a non-contiguous road system:

County-maintained roads in the City of Redwood City sphere include the following:

	Pavement Condition Index	Centerline Miles
North Fair Oaks	74.43	25.90
Sequoia Tract	79.65	8.45
Kensington Square	92.09	0.66
Bay Shore Villa Trailer Park	88.22	0.07
Whipple Tract	85.67	0.55
Oak Knoll Manor	79.94	1.84
Emerald Hills	75.32	18.89
Total		56.36

With indexes ranging from 74.43 to 92.09, County-maintained roads in the study area range from very good to excellent. In general, any new roads in the County must be at least 16 feet wide with adjoining roadside drainage facilities. Roads of lesser dimensions have been grandfathered in to the County system but would not be permitted as new construction. The County's Road Services and the County's Engineering Services divisions are responsible for the maintenance and repair of the road system in the unincorporated areas. The County's Pavement Management System is the guiding system for prioritizing road improvements in unincorporated areas.

²⁴ With exceptions of unincorporated Broadmoor and unincorporated Colma which are within the boundaries of the 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.

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).

Comments from the County of San Mateo

The County of San Mateo comments that three unincorporated areas should be carefully evaluated for alternative maintenance responsibilities (contracting with the City) or annexation. These include: Haven Road (Mobile Home Parks east of 101); Kensington Square; Acacia Lane and Don Court (Whipple Tract Area). The County also identifies short roadway sections or half street sections that are maintained by the County but adjacent to or surrounded by City of Redwood City roadway sections and recommends consideration of modifying service so that service is provided by one entity to achieve consistent roadway maintenance and simplify road maintenance. These include: Botany Court; short section of Jefferson adjacent to Botany Court; ½ of the Oak Knoll Drive between Summit and Hillside Drive; and ½ of the Canyon Road, south of Cordilleras. The County notes additional discrete half street roadway sections in the City of Redwood City that are adjacent to County maintained roads and recommends that the City and the County collaborate to determine delivery of road service in these areas. (See attached comment letter with map).

Sheriff Services

The County Sheriff Patrol Bureau²⁵ oversees service in unincorporated areas assigning sheriff patrols organized into Beats consisting of teams of nine personnel per 12-hour shift.²⁶ North Fair Oaks, the Mobile Home Parks east of 101, Harbor Industrial Area and West Menlo Park are included in Beat 10. Call volume for 2009 reported by San Mateo County 911 communications for North Fair Oaks was 14,660 and call volume for the balance of Beat 10 was 1,020. Emerald Lake Hills, Oak Knoll, Kensington Square, Palomar Park and Devonshire are included in Beat 20. Call volume for 2009 for Beat 20 was 8,251.

The San Mateo County Sheriff's Department 2010-12 Recommended Budget includes budget and response time data for the entire Patrol Division and not individual beats. The Adopted 2011-12 Patrol Bureau appropriations budget (including transit police) is \$28,140,794 with a net county cost of \$15,661,099. Average actual response time in

²⁵ The California Highway Patrol is responsible for enforcing the California Vehicle Code in unincorporated areas.

²⁶ 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.

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

An opportunity may exist to provide more efficient response to the remote and small unincorporated pocket east of 101 by contracting with Redwood City to provide service.

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 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 south county unincorporated areas under study, the nearest County fire station is Cordilleras (Station 18).

In the portion of North Fair Oaks that is not in Menlo Park Fire District (see Map on page 23, County Service Area 8 (CSA 8) receives approximately 16% of the 1% property tax revenue and contracts with City of Redwood City. Service is provided out of nearby Station 11 on 2nd Avenue.²⁷ CSA 8 received \$738,437 in property tax in 2009-10. The agreement for service (administered by the County Department of Public Works) provides that County Service Area 8 shall pay the City of Redwood City the equivalent of 32% of the property tax revenue received by CSA 8, which translates to \$236,299. The budgeted amount for 2009-10 is \$236,009.

Elsewhere²⁸ 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 San Mateo County, fire agencies participate in the San Mateo County Pre-hospital Emergency Services Joint Powers Authority (ALS-JPA), the San Mateo Operational Area Emergency Services JPA and the Fire Net Six providing centralized dispatch and a move-up-and-cover plan to ensure that systematic fire station coverage is provided during periods of increased service demand. Under this arrangement, in-kind service is provided by all participating fire agencies. American Medical Response (AMR) and two

²⁷ County Service Area 8 was formed in 1972 upon dissolution of the Dumbarton Fire Protection District that served the portion of North Fair Oaks northeast of the Southern Pacific tracks and not in the Menlo Park Fire Protection District.

²⁸ This excludes County Service Area 1 in the Unincorporated Highlands which also receives property tax for enhanced fire, emergency response and sheriff services. The County in operating County Service Area 1 contracts with CalFire for service to the Highlands Community, service is funded by CSA 1 revenues that include a share of property tax and a voter approved parcel tax. The CSA 1 contract with CalFire is administered by the County Manager's Office.

local fire agencies²⁹ provide emergency advanced life support transport. The standard staffing level in San Mateo County is three firefighters per shift including one firefighter/paramedic.

Comments from the County of San Mateo:

The County comments that although fire protection is the responsibility of County Fire, the practical application of fire protection response is from the adjacent fire departments/districts (City of Redwood City and Menlo Park Fire District) and notes that it is not practical to associate response with County Fire. The County notes that Sheriff services are also being provided to this small area, which could likely be more efficiently provided by the adjacent cities' police departments. The County recommends that this area be evaluated in terms of appropriate fire protection and emergency response service.

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. In recent years, county initiatives regarding park and recreation in the study area recognize the lack of facilities for active park and recreation and included assessment of park infrastructure in North Fair Oaks. The County Parks Department has also partnered with SFPUC on rehabilitating a small pocket park on SFPUC lands in North Fair Oaks near Middlefield Road. The park was subsequently closed due to lack of maintenance. See discussion on below under North Fair Oaks Parks. New or enhanced level of park and recreation service would be dependent upon the 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)

²⁹ Woodside Fire District as part of the JPA. South San Francisco Fire Department, which is not party to the JPA, also provides emergency advanced life support transport.

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 focuses on the County-governed sewer and sanitation districts serving unincorporated areas in the Redwood City Sphere of Influence as well as areas within City of Redwood City, as well as Atherton and Woodside. The table below identifies county-governed districts that serve the City of Redwood City sphere of Influence.

County-governed sewer/sanitation districts							
District (year formed)	Age of Facilities	Pipeline Miles	RUE	2010-11 Rate	city designated sphere /transport agency	city rates	system size (RUE)
Fair Oaks SMD (1930)	80	81	11,270	\$420	RWC	\$585	26,500
Emerald Lake Heights SMD Zone 2	27	16	1,477	\$770	RWC	\$585	26,500
Emerald Lake Heights SMD (1947)	63	2	212	\$1,100	RWC/San Carlos	\$585	26,500
Oak Knoll SMD (1957)	53	2	125	\$800	RWC San	\$585	26,500
Edgewood SMD (2004)	6	0.3	6	\$900	Carlos/RWC	\$562	11,050
Kensington Square SMD (1956)	54	0.8	74	\$900	RWC	\$585	26,500

The following map illustrates the service areas of County-governed sewer and sanitation districts.

MAP

County-Governed Sewer and Sanitation Districts (continued)

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 the age and size of the systems, 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 or averaging out rates for service in non-contiguous areas. In essence this practice would result in rate payers of one district subsidizing service in another district.

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, which is wholly surrounded by the City and developed consistent with surrounding areas in the City would place sewer operation under City authority. 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 near by cities for sewer maintenance and operation. The fourth, a model in practice on the Coastside, 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. However, some areas in the study area, in particular Kensington Square, merit analysis of annexation. Through the annexation process, negotiations take place between the County and the City regarding transfer of property tax to fund transfer of service responsibility. Potential advantages to annexation include increased property tax and other revenues, creating service efficiencies and economies of scale by broadening the customer base served by City departments.

2. Subsidiary District

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

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

Analysis of land area and registered voters in the study area indicates that the 70% criteria required to establish a subsidiary district would consist of the City of Redwood City system and the systems operated by the County. In the alternative, a subsidiary district could also be formed to include some but not all of the county governed districts. This would allow expansion of service by the City of Redwood City in phases, starting with smaller systems.

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 Redwood City.

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

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

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

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

County of San Mateo Comments

The County notes that the County governed sewer and sanitation districts contract with cities for transport and treatment of effluent and that with the exception of Fair Oaks Sewer Maintenance District, the districts pay to the City of Redwood City the cost per residential unit that a customer in the City would pay for sewer service. This means the rates for the County-governed districts must be set to pay the City these charges and an additional amount for District capital improvement projects and County provided operation and maintenance. The County notes that there are elements of the costs paid to the City that County district customers do not benefit from (emergency response, administrative support, and costs of City vehicles, equipment and customer service). The County recommends that this service be provided by the City or that the County-governed districts and the City renegotiate agreements for more equitable costs for provision of service.

In regard to alternatives for sewer services to unincorporated areas, the County comments support annexation of several areas served by County-governed sewer districts. These include Kensington Square; Mobile Home Parks east of 101; Don Court and Acacia Lane (Whipple Tract); Oak Knoll and Sequoia Tract. The County notes that other areas merit studying the feasibility of annexation but the four listed appear to be the most feasible.

Overall comments from the County indicate support for working with the City of Redwood City to evaluate annexation and explore opportunities to more efficiently provide municipal type services.

Section 5: Unincorporated Area Profiles and County-Governed Districts

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

North Fair Oaks

North Fair Oaks is San Mateo County's largest urbanized unincorporated community with a Census 2000 population of 15,440.³⁰ As shown in the Map in the following page, North Fair Oaks is bounded by Redwood City on the northwest, north and east and Atherton on the southwest and south and shares a short common boundary with the City of Menlo Park on the south east. The area consists of 798 acres or 1.25 square miles and is divided into distinct areas by Caltrain and Southern Pacific tracks. The San Francisco Public Utilities water transmission line also runs through North Fair Oaks entering near Bay Road on the southeast and exiting at the northwest near El Camino Real and Northumberland. Boundaries of North Fair Oaks are irregular with the western boundary fronting El Camino Real, the eastern fronting Bay Road and the southern most boundary fronting Marsh Road. The County General Plan designates North Fair Oaks as an Urban Community.³¹ Land use is approximately 50% residential including single- and multi-family and the balance industrial, commercial and neighborhood commercial. Three institutional uses include St. Anthony's Church, Garfield School and Fair Oaks School.

The following map shows the North Fair Oaks Community and the boundaries of County Service Area 8.

³⁰ North Fair Oaks was named to distinguish it from the Community of Fair Oaks that would become the Town of Atherton. Development began following the 1906 Earthquake, followed by the arrival of Dust Bowl Farmers in the 1930's with substantial buildout taking place following World War II (North Fair Oaks Community Plan, 1985)

³¹ Define Urban Communities as those large, populated unincorporated areas which contain a wide range of residential land use densities and a mix of land uses which provide services to surrounding areas and meet, in part, the internal shopping, employment and recreational needs of the community residents. (General Plan 8.5 Definitions)

map

North Fair Oaks (Continued)

The County of San Mateo provides basic municipal services including sheriff, roads, street lighting, planning, building and code enforcement. As discussed above, fire protection and emergency response is provided by the Menlo Park Fire Protection District in District territory that includes the portion of North Fair Oaks south of the Southern Pacific tracks and the County through County Service Area 8 contracts with City of Redwood City for the portion north of the Southern Pacific Tracks. Water service is provided primarily by California Water Service Company, partially by City of Redwood City and County-governed Fair Oaks Sewer Maintenance District provides sewer service to the majority of the area.

The County's nearest park facility is Flood Park located on Bay Road in Menlo Park, approximately one mile south of the southern end of North Fair Oaks. Formal parks located in North Fair Oaks include a community playground (0.39 acre) at 9th Avenue and Edison and Friendship Park (0.11 acre) located on SFPUC land at Huntington near Dumbarton. In 2009, County Parks collaborated with SFPUC to install a neighborhood garden and repaired the damaged playground equipment with the intent that the SFPUC would organize volunteers to maintain the park. This park is currently closed due to a lack of ongoing maintenance and more recently due to the SFPUC transmission line upgrade. Neither of these parks are operated or maintained by San Mateo County or the City of Redwood. The Fair Oaks Beautification Association (FOBA) voluntarily oversees the care and maintenance of the community playground. Redwood City School District operates two schools within the North Fair Oaks area. Fair Oaks Elementary School is located on Fair Oaks between Hampshire and Oakside Streets. Garfield Charter School is located within the North Fair Oaks area between Semicircular and Glendale. Each school has playfields, but there are currently no joint use agreements in place to make these facilities accessible to community members outside of school hours.

The County of San Mateo Community Development Department is in the process of updating the North Fair Oaks Community Plan originally adopted in 1985. The Draft Existing Conditions Analysis contains the following findings that are relevant to a municipal service review.

1. The current potable water system contains older conveyance pipes and lacks emergency storage.
2. Recycled water is not available in the study area.
3. The current storm drain system lacks sufficient conveyance facilities.
4. Portions of the area experience regular flooding.
5. The majority of the area lacks storm water facilities.
6. The sanitary sewer system contains conveyance and treatment limitations.
7. In regard to parks and recreation, the area is significantly deficient in neighborhood and community parks, even when compared to adjacent jurisdictions.

8. Existing park facilities are not being adequately maintained to serve community needs.
9. Many North Fair Oaks residents do not have convenient access to existing parks and playgrounds due to physical barriers³².
10. Although many recreational opportunities and services are available in North Fair Oaks, programming is still not adequate to meet the high need in the community, particularly for youth.

County Service Area 8 (North Fair Oaks)

County Service Area Number 8 (North Fair Oaks)

County Service Area No. 8 is a County-governed special district that provides contract fire protection and emergency response to a portion of North Fair Oaks and solid waste disposal by contract to the entire area. North Fair Oaks is a densely populated unincorporated community with a Census 2000 population of 15,440 and described in more detail beginning on page 34. The North Fair Oaks neighborhood is traversed by the Southern Pacific Railroad tracks with the portion south west of the tracks included in the Menlo Park Fire District (formed in 1916).

County Service Area 8 was formed in 1972 upon dissolution of the Dumbarton Fire Protection District that served the portion of North Fair Oaks northeast of the Southern Pacific tracks. At the time, formation of CSA 8 was pursued in order to contract for fire protection from nearby Redwood City Station 11 because the railroad tracks operated as an active freight line creating access problems for fire response from Menlo Park Fire Protection District Station 5 located southwest of the tracks.

In 1984, the balance of North Fair Oaks was annexed to CSA No. 8 in order to provide coordinated garbage collection service for the entire North Fair Oaks Community following the closure of the South County Garbage and Refuse District land fill at the end of Marsh Road. Regular garbage collection service is provided by the CSA 8 and garbage collection fees are assessed on tax bills. CSA 8 does not receive property tax revenue in the area annexed in 1984.

Enabling legislation for county service areas (Gov. Code Section 25213)³³ authorizes county service areas to provide a broad set of municipal services, in essence all services a city may provide (except land use). In 1997, the Board of Supervisors, as governing body of the District adopted a resolution expanding the powers of CSA 8 to include the broad set of services permitted under County Service Area law.³⁴ Since that

³² Barriers include Southern Pacific and Caltrain Tracks, lack of sidewalks and adequate paving near train tracks.

³³ Prior to re-write of County Service Area law in (), authorized services were enumerated in Section 25210.4.

³⁴ County Service Areas are permitted to provide the general set of municipal services provided by cities. These include but are not limited to fire and police protection, parks and recreation, road maintenance, flood control, sewer and water.

time District revenues have funded graffiti abatement, joint operation with Redwood City of the Fair Oaks Community Center, community policing by the Sheriff in the entire area of the District and funding of a Sheriff substation on Middlefield Road and contribution to Garfield School Playground Maintenance.

Since that time, provisions of the Cortese Knox Hertzberg Act were amended to require that LAFCo identify which of the services of a multi-purpose district are actively provided and which are inactive. Pursuant to Government Code Section 56425(i), in preparing a municipal service review and sphere update, LAFCo is required to prepare a statement of the nature and location of functions and services provided by the districts. If a district proposes to add a new service permitted under district enabling legislation, the District must apply to LAFCo for approval. County Service Area 8 provides the following services in the areas as specified and any other services authorized by the enabling legislation are inactive:

Garbage Collection	District-wide
Community policing	District-wide
Fire & Emergency Service by Contract	Area east of So. Pacific Tracks (fire zone)
Graffiti Abatement	District-wide
Playground maintenance	Garfield School
Community Center	Fair Oaks Center (Joint Operation w/RWC)

If in the future the Board of Supervisors as governing body of the District determines that other services permitted in CSA enabling legislation should be provided and funded by CSA 8, the County Board of Supervisors as governing body of the District could apply to LAFCo. The application would include a plan for providing services and a proposed budget including revenues to fund service. Based on infrastructure deficiencies identified above, future consideration may be given to expanding CSA 8 powers to address these deficiencies.

County Service Area 8 Budget

As noted above, District formation boundaries included the portion of North Fair Oaks not included in Menlo Park Fire District and the District levied a tax to fund fire protection. When Proposition 13 was enacted in 1978, the District therefore received a share of the 1% property tax. When the District boundaries were expanded to include the balance of North Fair Oaks so that the entire area could receive coordinated garbage collection service, no property tax share was transferred to the District for the annexation area because as an enterprise activity, garbage collection was funded with user fees collected on the property tax. The following illustrates sample tax rate areas and property tax distribution in the two zones of County Service Area Number 8. In the formation area (formerly Dumbarton Fire District), the District receives approximately 16% of the 1% property tax and in the portion annexed to expand garbage collection service to all of North Fair Oaks Menlo Park Fire District receives approximately 16% of the 1% property tax.

County Service Area No. 8 - North Fair Oaks - Fire Tax Zones
 Sample Tax Rate Area

(Contract with RWC for Fire Protection)		(Portion in MPFPD)	
Agency	Share	Agency	Share
General County Tax	0.241107	General County Tax	0.242538
Free Library	0.035147	Free Library	0.035355
Redwood City Elem Genl Pur	0.240446	Redwood City Elem Genl Pur	0.241873
Sequoia High Genrl Purpose	0.158872	Sequoia High Genrl Purpose	0.159815
Sm Jr College Gen Pur	0.06899	Sm Jr College Gen Pur	0.069399
		County Service Area No 8	0
County Service Area No 8	0.166187	Menlo Park Fire District	0.161238
Fair Oaks Sewer District	0.012114	Fair Oaks Sewer District	0.012186
Midpeninsula Reg. Open Space	0.018681	Midpeninsula Reg. Open Space	0.018792
Bay Area Air Quality Management	0.002126	Bay Area Air Quality Management	0.002138
County Harbor District	0.003586	County Harbor District	0.003608
Mosquito Abatement	0.001952	Mosquito Abatement	0.001964
Sequoia Hospital District	0.01489	Sequoia Hospital District	0.014978
County Education Tax	0.035903	County Education Tax	0.036116

The District's adopted 2009-10 budget includes a fund balance of \$3,105,458, property tax revenues of approximately \$819,594, service fee (garbage collection) revenue of \$1,024,070 and other revenues including interest and franchise fees of \$125,149. As shown in the County's 09-10 budget schedule, District expenditures include contract fire protection of \$290,547 and garbage collection service of \$1,036,695. Because the property tax received in the original formation boundaries exceeds the cost of contract fire protection for this area and because garbage rates cover the cost of service, the District maintains a fund balance while using some excess revenues to fund other programs in North Fair Oaks consistent with the Board of Supervisor's resolution expanding district powers.

County of San Mateo Comments:

The County of San Mateo comments that given the fact that CSA 8 collects property tax for the eastern portion it may be appropriate for the County to considering activating powers of a CSA to include construction and maintenance of drainage facilities within the specific area or collaborate through financial participation with the City of Redwood City as the downstream agency on storm drain improvement projects to benefit the area.

Menlo Park Fire Protection District (MPFPD) Comments

The Menlo Park Fire Protection District comments are attached. In summary, MPFPD comments that the District is a partnering agency with San Mateo County, City of Redwood City and specifically the Redwood City Fire Department as it pertains to providing Fire, Emergency Medical and Emergency Response services under County

wide agreements for Paramedic First Response, Automatic Aid including a robust expanded fire alarm plan and move and cover station backfill agreement as well as Countywide consolidated Fire Dispatch services. MPFPD expresses several concerns regarding the funding formula and length of the contract between CSA 8 and City of Redwood City; potential redundancy of MPFPD Station 5 and Redwood City Station 11; concern that the property tax revenues in the portion of CSA 8 served by Redwood City are in excess of the contract for Fire Services which is a negotiated percentage and results in a fund balance of over 3 million dollars; and the strategy of taking the property tax revenue for what once was a Fire Protection District and reducing it to a lower percentage appears to be flawed as it applies to the County paying its “fair share” for Fire and Emergency Services for CSA-8.

Comments also cite that CSA 8 is the only instance in San Mateo County in which a fire agency is reimbursed for providing fire service to an unincorporated area and that “Browning Out” or of Fire Engine 9 has potential impacts to maintaining its basic obligations under the County Fire Agreements and current and future options and solutions. It is noted that as a neighboring fire agencies, MPFPD and Redwood City have begun to analyze response data associated with cost saving measures and service reductions to determine their impact on the City and the Fire District.

Comments indicate that MPFPD has no desire to subsidize fire and emergency services to Redwood City, San Mateo County or any other agency, but does plan to maintain its strong working relationship with the City Fire Department and County by honoring the spirit and joint benefit of the County Automatic Aid Fire Agreement. Comments suggest that the County and Redwood City determine the actual cost of fire services to the Sub-Zone in CSA 8 and potentially re-negotiate the agreement to recover those costs and partially or fully restore fire services elsewhere in the City of Redwood City. Lastly he recommends a more global look at fire protection services as it applies to all of the areas and determine what is in the collective interests of all of the parties as it applies to adequate fire protection services through shared efficiencies and potential consolidation within the region.

Fair Oaks Sewer Maintenance District:

The Fair Oaks Sewer Maintenance District is the largest of the ten County-governed sewer districts. Operated by the San Mateo County Department of Public Works, the District was formed in 1939 and includes territory located in portions of Woodside and Atherton, Redwood City and unincorporated areas including North Fair Oaks. The district has 81 miles of pipelines and 7,345 connections. Effluent flows to the South Bayside System Authority under an agreement between the District and the City of Redwood City. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218. The following table provides rate and other information for the County governed sewer and sanitation districts and comparison with nearby cities.

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

District (year formed)	Age of Facilities	Pipeline Miles	RUE	2010-11 Rate ³⁵	(city sphere)	city rates	system size (RUE)
Harbor Industrial SMD (1951)	59	1	227	\$310	Belmont	\$885	8,272
Fair Oaks SMD (1930)	80	81	11,270	\$420	RWC	\$585	26,500
Emerald Lake Heights SMD Zone 2	27	16	1,477	\$770	RWC	\$585	26,500
Oak Knoll SMD (1957)	53	2	125	\$800	RWC	\$585	26,500
Edgewood SMD (2004)	6	0.3	6	\$900	San Carlos	\$562	11,050
Kensington Square SMD (1956)	54	0.8	74	\$900	RWC	\$585	26,500
Devonshire CSD (1956)	54	4	305	\$900	San Carlos	\$562	11,050
Scenic Heights CSD (1949)	61	2	58	\$950	San Carlos	\$562	11,050
Emerald Lake Heights SMD (1947)	63	2	212	\$1,100	RWC	\$585	26,500
Burlingame Hills SMD (1935)*	75	7	432	\$1,150	Burlingame	\$588	9,000
Crystal Springs CSD (1947)**	63	19	1,534	\$1,200	San Mateo	\$509***	

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

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

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

District Budget

The Actual 2009-10 budget for Fair Oaks Sewer Maintenance District includes a fund balance of \$5,659,594, property tax revenue of \$528,423, interest and other income of \$56,814 and sewer service charges of \$4,407,000, other charges of \$82,341 for a total of \$10,734,042. Expenditures include repairs, engineering services, maintenance and sewage treatment of \$4,086,506 (of which \$2,593,140 was sewage treatment), fixed assets of \$ 240,450, and contingencies of \$6,236,931 for total requirements of \$10,734,042.

Emerald Lake Hills, Oak Knoll and Kensington Square Neighborhoods

Emerald Lake Hills, Oak Knoll and Kensington Square with a combined Census 2000 population of 4,672, consist of three separate areas, the primary area being bordered on the south by the Town of Woodside, on the east by Redwood City, on the north by Edgewood Road/unincorporated Palomar Park and on the east by Edgewood Park and the City of Redwood City boundary. The more substantially developed Oak Knoll,

³⁵ Service rates are designed to cover "in-district" costs such as sewer main operations, maintenance, engineering, regulatory requirements and capital improvements and "out-of-district" costs such as transport and sewage treatment facility capital costs determined by downstream agencies. Failure to increase rates by individual districts results in inability of that District to fund all obligations, including capital improvements and necessary maintenance to minimize sewage overflows

Whipple Tract and Kensington Square areas are located to the west near Alameda de las Pulgas and bordered entirely by City of Redwood City.³⁶

The Emerald Lake Hills Area was initially subdivided in the 1920's as a vacation community for San Franciscans. Due to inexpensive purchase price, lots were purchased as investments, with development being limited by use of septic systems and inadequate water infrastructure.

The Emerald Hills Area is residentially zoned and subject to design review. Oak Knoll, Whipple Tract and Kensington Square are residential zoned, substantially developed and connected to public sewers. Oak Knoll is also subject to design review. These areas are defined in the County General Plan as Urban Neighborhoods.³⁷

With the exception of Cordilleras Mutual Water Company, water service is provided by the City of Redwood City and sewer service is provided by the County-governed Emerald Lake Hills Sewer Maintenance District and Oak Knoll Sewer Maintenance District. In addition a relatively small number of existing homes are served by septic systems. Solid waste disposal is currently provided directly by Recology.

The nearest County Park is Edgewood County Park. The nearest Redwood City parks include Garrett Park, Stulsaft and Dove Beeger Park. The nearest Redwood City Elementary School is Roy Cloud.

Cordilleras Neighborhood and Water Service:

Within the Emerald Lake Hills area, a small area consisting of 18 properties receives water service from the Cordilleras Mutual Water Company. This system is directly connected to the SFPUC transmission line. As a mutual water company, Cordilleras is billed by SFPUC and in turn bills customers based on usage. In addition Cordilleras collects \$100 per residence on a quarterly basis to fund maintenance. Nearby several other properties are individually served by SFPUC. Absent willingness by City of Redwood City to include these two small systems in the City's service, Cordilleras Mutual Water Company, SFPUC and CalWater are in ongoing discussions of CalWater assuming service. Assumption of service by Calwater would require an agreement between SFPUC and Calwater to transfer water supply assurance to CalWater, California Public Utility Commission approval for CalWater to include these customers in the CalWater rate base and California Department of Public Health approval of CalWater's acquisition of the systems. If the City of Redwood City determines that these customers can be included in the City's water system, the same agreements

³⁶ County of San Mateo Comments (attached) identify Kensington Square and Don Court and Acacia Lane in Whipple Tract as candidates for annexation.

³⁷ Define Urban Neighborhoods as those unincorporated areas which are primarily devoted to residential land uses and are generally functionally integrated with adjacent incorporated areas. (General Plan Definitions 8.6)

Circulation Draft Municipal Service Review-City of Redwood City,
County Service Area 8 & Other Related County Governed Districts
January 10, 2011

would be necessary. Please see the map on the following page for the Cordilleras
Mutual Water Company Service Area.

MAP

Emerald Lake Heights Sewer Maintenance District:

The Emerald Lake Heights Sewer Maintenance District was formed in 1947 and consists of two zones. Emerald Lake Heights Sewer Maintenance District (ELHSMD) was formed in 1947 to include what is now Zone 1 consisting of several non-contiguous parcels along Edgewood Road and a larger area in the vicinity of Hillside and Lakeview. Zone 1 of the ELHSMD is included in an agreement between the County of San Mateo and City of San Carlos for sewage transport, treatment and disposal. Over time, on-going residential development on a lot-by-lot basis was served by septic systems and sewers were not constructed as part of the subdivision improvements. In 1975-76, due to failing septic systems and the lack of space on individual subdivision lots to build replacement systems there were a high number of septic failures, and the Regional Water Quality Control Board, on the recommendation of the County's Health Department issued a cease and desist order, prohibiting construction of new septic systems. This was in essence a moratorium on new homes as well as requiring that homes on septic systems convert to public sewer³⁸. This qualified the area for Clean Water Grant funds to help finance a wastewater collection system for the area.

Concurrently, the County in compliance with an adopted area plan, merged contiguous lots under the same ownership in order to memorialize lots that could then receive sewer service and be assessed through an assessment district to fund a wastewater collection system as required by the Regional Water Control Board's order. This area and subsequent annexations are included in Zone 2 (formed in 1983) of the ELHSMD. ELHSMD has an agreement for Zone 2 with the City of Redwood City for sewage transport, treatment and disposal.

ELHSMD has 18 miles of pipelines and 1,689 connections. Effluent flows to the South Bayside System Authority under an agreement between the ELHSMD and the City of Redwood City and City of San Carlos. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218. The following table provides rate and other information for the County governed sewer and sanitation districts and comparison with nearby cities.

As noted above, Zone 1 was formed in 1947 and flows to the SBSA plant through the San Carlos System and Zone 2 was formed in 1980 and flows through the Redwood City system. Each city charges the District for transport and treatment. Because Zone 2 was formed after Proposition 13 was implemented, the District receives no share of property tax in this zone. Zone 1 receives a small share of property tax (\$13,000). The difference in rates between Zone 1 and 2 results from the number of connections over which maintenance is performed by County Public Works and transport and treatment under contract with San Carlos and Redwood City are apportioned and the difference in costs of transport and treatment charged by the two cities.

³⁸ Some homes received exemptions from the requirement to connect to sewer.

ELHSMD Budget:

The Actual 2009-10 budget for Emerald Lake Heights Sewer Maintenance District includes a fund balance of \$1,351,741, property tax revenue of \$20,658, interest and other income of \$11,782 and sewer service charges of \$1,311,005, other charges of \$5,000 for a total of \$2,701,616. Expenditures include repairs and maintenance and sewage treatment costs³⁹ totaling \$1,110,609 (of which 772,243 is treatment), fixed assets of \$80,231 and contingencies of \$1,251,464 for total requirements of \$2,701,616.

Oak Knoll Sewer Maintenance District

The Oak Knoll Sewer Maintenance District (OKSMD) was formed in 1957 and includes two (2) miles of pipeline and 125 connections. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218. The table above provides rate and other information for the County governed sewer and sanitation districts and comparison with nearby cities.

OKSMD Budget

The Actual 2009-10 budget includes a fund balance of \$169,539, property tax revenue of \$2,409, interest and other income of \$4,848 and charges for service \$89,339 of which \$86,339 is sewage treatment for a total of \$265,537. Expenditures include repairs and maintenance and sewage treatment costs of \$84,734 of which \$64,842 was sewage treatment, depreciation of \$401 and appropriation for contingencies \$180,401 for a total of \$265,537.

Emerald Lake Heights Lighting District

Formed in 1927, Emerald Lake Heights Lighting District is one of 12 county-governed lighting districts. The district territory includes Emerald Hills, Oak Knoll and Sequoia Tract unincorporated areas. District infrastructure includes 322 street lights. As a non-enterprise, the primary funding for the district is property tax to fund repair and maintenance, energy costs and capital improvement (replacement or addition of light poles).⁴⁰

³⁹ Sewage treatment costs for all County-governed sewer districts except Fair Oaks are set by the City of Redwood City and equal the rate paid by residential customers in the City of Redwood City.

⁴⁰ Upon annexation, areas would be detached from the lighting district and the City would assume responsibility for street lights.

Emerald Lake Heights Lighting District Budget

The Adopted 2009-10 budget includes a fund balance of \$2,222,804, property tax revenue of \$151,495, interest and other income of \$71,066 for a total of \$2,445,365. Financing requirements include repairs and maintenance of \$66,000 and an appropriation for contingencies of \$2,379,365.

Sequoia Tract

The Sequoia Tract, with a Census 2000 population of 3,671, is bounded by Redwood City on the North (Woodside Road), Town of Atherton (Stockbridge) on the south, Town of Woodside (Alameda de las Pulgas) on the west and Redwood City and Atherton (Selby Lane) on the east. The area is in Menlo Park Fire Protection District boundaries, receives water service from CalWater, sewer service from Fair Oaks Sewer Maintenance District (see discussion of Fair Oaks Sewer Maintenance District and Emerald Lake Hills Lighting District above). Other services from the County of San Mateo include Sheriff and road. Solid waste disposal is currently provided directly by Recology. The nearest County Park is Edgewood County Park and the nearest school facilities are Selby Lane School and Woodside High School. The nearest Redwood City parks include Maddux Park, Palm and Red Morton Park.

Kensington Square

Kensington Square is wholly surrounded by City of Redwood City and includes properties fronting the Alameda de las Pulgas and Upton bounded by Harding and Jefferson. The area consists of 74 homes with a Census 2000 population of 180. The San Mateo County General Plan designates the area as an urban neighborhood and the zoning designation is single family residential, 5,000 square foot minimum building site. This unincorporated island is wholly surrounded by the City of Redwood City and identified by LAFCo and the County as a candidate for annexation.

The nearest County Park is Edgewood County Park. Nearby Redwood City parks include Maddux, Stulsaft and Westwood. The nearest Redwood City Elementary School is Roosevelt.

Circulation Draft Municipal Service Review-City of Redwood City,
County Service Area 8 & Other Related County Governed Districts
January 10, 2011

map

Kensington Square Sewer Maintenance District

The Kensington Square Sewer Maintenance District was formed in 1956, includes two (2) miles of pipeline and 74 connections. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218. The table above provides rate and other information for the County governed sewer and sanitation districts and comparison with nearby cities. Annual sewer service fees are \$900, compared to \$562 in the City of Redwood City.

Kensington Square Sewer Maintenance District Budget

The Actual 2009-10 budget includes a fund balance of \$203,726, property tax revenue of \$14,524, interest and other income of \$2,213 and sewer service charges of \$62,800 for a total of \$283,262. Expenditures include repairs and maintenance and sewage treatment costs of \$49,189 of which \$36,694 is sewage treatment, and appropriation for contingencies of \$234,073 for a total of \$283,262.

Mobile Home Parks East of U.S. 101

Also included in the City of Redwood City sphere of influence since 1968 is an unincorporated pocket consisting of two mobile home parks east of Bayshore Freeway. With a Census 2000 population of 277, the area also includes a small portion of an adjoining industrial complex. The area is designated as a "special urban area" in the County General Plan, defined as an area devoted primarily, but not exclusively, to non-residential uses or special uses. Current zoning for this area is C-2 (General Commercial) and M-1 (Light Industrial). The area is in County Fire jurisdiction, receives water from City of Redwood City, sewer from the Fair Oaks Sewer Maintenance District (Please see discussion of Fair Oaks Sewer Maintenance District above) and all other services from the County of San Mateo. Solid waste disposal is currently provided directly by Recology. In regard to fire and emergency, medical response is provided by City of Redwood city or Menlo Park Fire District via automatic aid. This is because the nearest County fire station (staffed by contract by Calfire) is located at Station 18 at 300 Edmonds Road off Edgewood Road (approximately 7 miles).

As written elsewhere, the County of San Mateo acknowledges that fire protection and emergency response service should be evaluated for this area due to the distance of the nearest County station. This area is identified as a candidate for annexation by LAFCo and the County.

Section 6: Municipal Service Review Areas of Determinations (Please see cover memo accompanying this report)

Section 7: Sphere of Influence Review and Update

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

- 1. The present and planned land uses in the area, including agricultural and open-space lands.*
- 2. The present and probable need for public facilities and services in the area.*
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- 4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

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

City of Redwood City Sphere of Influence:

The sphere of influence designation for the City of Redwood City is detailed above. Since the sphere was adopted in 1985, seven boundary change proposals have been processed, the most recent of which include annexation of Pacific Shores, annexation of a portion of Canada College (a boundary amendment involving City of Redwood City and Town of Woodside), and annexation of residential properties along Alameda de las Pulgas near Brewster.

Edgewood Road and San Francisco Public Utility Commission (SFPUC) Lands in relationship to Emerald Lake Hills (See Map on following page):

The 1985 LAFCo adopted Sphere of influence for Redwood City cited inclusion of Emerald Lake Hills in the City's sphere and the map attached to the resolution included Emerald Lake Hills bounded by Edgewood Road. Subsequent sphere maps include SFPUC lands across Edgewood Road, which share rear lot lines with properties in unincorporated Palomar Park. The SFPUC property includes the SFPUC transmission line and undeveloped lands zoned very low density residential in spite of the fact that the location of the SFPUC transmission line prohibits development and serves as a barrier between unincorporated Palomar Park and Edgewood Road. This territory is under the jurisdiction of County Fire and Sheriff and otherwise is not in the boundaries of any service districts.

map

Inclusion of these lands formally in the City of Redwood City sphere is logical for two reasons. It places all of Edgewood Road and fronting Edgewood Road in a single city's sphere of influence and ultimately in one city jurisdiction. In addition, road access from unincorporated Palomar Park (San Carlos sphere of influence) is limited to El Vanada, which serves limited number of properties in the San Carlos sphere and South Palomar Drive, which is only accessed via a locked gate located on the SFPUC property.

With the exception of the SFPUC lands along Edgewood Road, it is recommended that the Commission reaffirm the sphere of influence of the City to include areas discussed above. These areas are substantially surrounded by the City, or the City and the boundary of another city, are zoned residential and are substantially developed.

Sphere of Influence Determinations:

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

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

Land use designations in unincorporated areas in the City's sphere are substantially compatible with land use in City boundaries. In some cases such as the mobile home parks east of 101 and Kensington Square, there is little in the way of land use or infrastructure that distinguishes these unincorporated areas from the surrounding areas in City boundaries. There are no agricultural lands in the study area.

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

The study area consists of six non-contiguous areas developed primarily residential land in use with a Census 2000 population ranging from 180 to 15,440 for total Census 2000 population of approximately 24,060 persons that are in need of basic municipal services. It is anticipated that the level of demand may increase modestly as a result of limited subdivision potential in some areas. The County of San Mateo provides most municipal service to these unincorporated areas from the County Government Center and Corporation Yard in Redwood City. Emergency/fire protection 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 these areas is provided by surrounding agencies as part of automatic aid.

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

Services provided to the study area are outlined above.

The City's public facilities, including parks and roads, are adequate to serve the existing population and in many cases already serve residents of unincorporated areas in the City's sphere. Likewise, the County of San Mateo operates regional parks that serve residents of Redwood City. 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, land use patterns, access and school district boundaries and inherently share social and economic communities of interest.

In the case of SFPUC lands fronting Edgewood Road, these lands are dedicated to the SFPUC transmission line and are undeveloped lands zoned very low density residential in spite of the fact that the location of the SFPUC transmission line prohibits development. The lands face lands already in the sphere of influence of the City of Redwood City and the transmission line serves as a physical barrier between unincorporated Palomar Park and Edgewood Road. This territory is under the jurisdiction of County Fire and Sheriff and otherwise is not in the boundaries of any service districts.

City of Redwood City

1017 Middlefield Road
Redwood City, CA 94063

Bob Bell
Interim City Manager
650/780-7300 650/780-7225/fax
www.ci.redwoodcity.ca.us

Date of Incorporation:

- a. City Council: Seven-member council elected to four-year terms
Membership and Term Expiration Date: Jiff Ira, Mayor (11/2013), Alicia C. Aguirre, Vice Mayor, (11/2011),
Ian Bain (11/2011), Rosanne Foust, (11/2011), Jeffrey Gee (11/2013), Barbara Pierce 11/2011), John D.
Seybert (11/2013)
- b. Compensation: \$750 per month plus benefits
- c. Public Meetings: three Mondays per month at 7:00 p.m.
City Council Chambers, 1017 Middlefield Road, Redwood City, CA

Services Provided: Administration, police, fire, community development, redevelopment, recreational services,
water, sewer, port, street maintenance, streetlights and drainage

Area Served: 34 sq. miles

Estimated Population: 78,568 (DOF, 2009)

Number of Personnel (city-wide) 570.04 (Full-time equivalent): 129.32 Police, 70 Fire, 84.20 Public Works, 24.92
Administrative/Human Resources, 35.49 Finance, 73.43 Community Development, 104.79 Community Services,
43.71 Library, 4.18 City Attorney

School Districts: Redwood City Elementary School Districts, Sequoia Union High School District, San Mateo County
Community College District

Sphere of Influence: Boundaries of 1984, plus North Fair Oaks, Emerald Hills, Sequoia Tract, Oak Knoll, Kensington
Square and mobile homes east of Highway 101

Budget: See City of Redwood City Website or Ten Year Financial Plan Contained in this report

**Attachment B****Recommended Municipal Service Review Determinations
City of Redwood City, County Service Area 8 and Related County
Governed Districts****1. Growth and Population Projections**

- a. Growth projections for the City of Redwood City range from 16,998 or 16% over 2000 Census population by 2030 and growth of 20,798 or 27.5% over 2000 by 2035. Projections are not available for individual unincorporated areas.

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

- a. The City of Redwood City Adopted Budgets contain information concerning the City's Capital Improvement Plan, which provides for the construction, maintenance, and repair of City streets, traffic and transportation systems, public buildings, parks, water, storm drain and sewer systems, and other City facilities.
- b. Many unincorporated areas have infrastructure deficiencies that negatively impact the quality of life in the community and serve as obstacles to city annexation. Deficiencies include sewer infrastructure for developed areas served by septic systems, lack of storm drain and flood control facilities in many areas, and lack of sufficient park and recreation facilities or suitable land for same in some communities.
- c. Financing infrastructure improvements to serve existing development in unincorporated areas is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.
- d. Flooding due to lack of adequate storm drain infrastructure occurs in eastern areas of Redwood City on both sides of U. S. 101 as well as in Unincorporated North Fair Oaks. Flooding east of U.S. 101 is further impacted by high tides. Because rainwater runoff that flows to the area originates in areas outside of Redwood City including parts of Atherton, Menlo Park and unincorporated San Mateo

County, opportunities exist for these agencies to work with Redwood City to collaboratively plan capital projects to reduce flooding.

- e. Near Edgewood Road and Cordilleras, 18 properties receive water service from the Cordilleras Mutual Water Company, a mutual water company owned by the property owners and directly connected the SFPUC transmission line. Efficiencies and improved operation and safety of the water supply can be achieved by transferring this system and operation to another entity such as City of Redwood City or CalWater.

3. Financial Ability of City to Provide Services

- a. The City of Redwood City, like all California local government, is in a multi-year process of correcting a structural budget imbalance resulting primarily from the economic downturn and State shifts of local government revenue.
- b. Measures to balance the budget include measured use of reserves, program and service reductions, personnel reductions and freezing of salaries, outsourcing, contracting, service sharing and revenue enhancement.
- c. The City Council has an adopted policy on general fund reserves to maintain reserves of not less than 15% and not more than 20% of anticipated revenues.

4. Status of, and opportunities for, shared facilities

- a. By necessity and best practice, the City of Redwood City practices resource sharing and shared facilities with the County, cities and other agencies as detailed in the Municipal Service Review.
- b. At the writing of this report, the County, cities and special districts are considering various resource sharing and cost-cutting measures including but not limited to contracting and sharing services in the areas of police, fire and public works services to achieve efficiencies and economies of scale.

5. Governance, accountability for community service needs, including governmental structure and operational efficiencies

- a. The City of Redwood City maintains a robust website that provides access to City programs, documents and other information in a timely manner.

- b. The Council adopted boards, committees and commissions provide for public input and participation in a variety of city programs and services.
- c. Opportunities exist to collaborate with the County of San Mateo to annex areas in the City's sphere of influence that are surrounded by the City, that could benefit from City services and contribute to city property tax and other revenues.
- d. Opportunities exist to collaborate with the County of San Mateo to explore governance alternatives of sewer and sanitation districts that serve areas in the City's sphere of influence and flow through the City's sewer system to a shared sewage treatment plant and result in more cost effective and efficient service and equitable rates.
- e. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend \$185 million dollars annually on fire protection and emergency response.¹ A countywide (versus agency-by-agency) study of fire protection and emergency response and potential efficiencies including consolidation is merited because fire agency resources and budgets are inherently interdependent as the result of a longstanding automatic aid agreement.
- f. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services such as road maintenance, sewer service, police and fire protection and building inspection.
- g. Opportunities exist for the County of San Mateo and the City of Redwood City to examine alternatives in road maintenance where small sections of roadway of one jurisdiction are isolated from that agency's road system and may be more efficiently served by the neighboring agency.
- h. Opportunities exist for the City and County to collaboratively plan for the long-term water supply needs of unincorporated areas in the City's water service area extending water to County-approved development on a case-by-case basis.
- i. In County Service Area 8, property tax revenues collected in the zone outside of Menlo Park Fire Protection District exceed the cost of providing contract fire service and are used for other programs and services. Given the identified infrastructure deficiencies such as flood, control, parks

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

Municipal Service Review -City of Redwood City
& Related County-governed districts
January 10, 2011

and drainage, opportunities may exist to expand the functions of County Service Area 8 to allocate excess revenues to address these deficiencies.