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# North County Cities & Special Districts

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Municipal Service  
Review and Sphere of  
Influence Study

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San Mateo Local Agency  
Formation Commission

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September 16, 2015

**PREPARED FOR:**

**SAN MATEO LOCAL AGENCY FORMATION COMMISSION**

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## I. EXECUTIVE SUMMARY

The *North County Cities and Special Districts MSR-SOI Study* focuses on the ten agencies (four cities and six special districts) that provide municipal services within North San Mateo County. California State law authorizes Local Agency Formation Commissions within each county to establish boundaries and spheres of influence (SOIs) for cities and special districts under their purview and to authorize the provision of services within the approved service areas.

The four cities and six special districts considered in this Municipal Service Review (MSR) include:

- City of Brisbane
- Guadalupe Valley Municipal Improvement District
- Bayshore Sanitary District
- City of Daly City
- North San Mateo County Sanitation District
- Town of Colma
- Colma Fire Protection District
- Broadmoor Police Protection District
- City of Pacifica
- North Coast County Water District

### **Municipal Service Review Determinations**

The San Mateo Local Agency Formation Commission (LAFCo) is required to conduct periodic reviews of each service provider, and to adopt determinations addressing current service levels and the ability of each agency to continue to provide adequate services into the future. Specifically, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCo review municipal services before updating spheres of influence (SOIs), and to prepare a written determination addressing each of the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

### **Sphere of Influence Determinations**

Based on the analysis included in the Municipal Service Review (MSR), sphere of influence (SOI) boundaries were also reviewed for each of the subject agencies. LAFCo is required to make the following written determinations in accordance with Government Code Sections 56425(i) and (j) when establishing, amending, or updating an SOI for any local agency that address 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.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.

### **MSR Approach and Review Opportunities**

A collaborative approach has been used throughout the preparation of this MSR. Multiple opportunities were provided for input from public agencies. Initially, draft statistical profiles of each agency were developed and provided to each agency and LAFCo for review and comment during December 2014 and January 2015. Throughout April 2015, individual Draft agency reports were completed and distributed to each agency and LAFCo (including proposed MSR and SOI determinations) for additional review and comment.

Distribution of this Final Draft of the MSR-SOI Study incorporates all agency and LAFCo comments received to date. Prior review drafts of the Study provided opportunities for public agencies, LAFCo, and the general public to review and provide comments. In addition, public hearings were conducted by LAFCo to consider the Draft and Final versions of the MSR-SOI Study, allowing additional opportunities for comment before the Commission.

### **City and Special District Summaries**

The following provides an overview of the recommended MSR and SOI determinations on an agency-by-agency basis:

**City of Brisbane:** The City of Brisbane, San Mateo County's second smallest city, has 4,443 residents and is expected to grow by 1,000 residents over the next 25 years. The City has managed to stabilize revenues and expenditures over the past five years and has a reasonable unrestricted reserve of funds. Staffing levels have been adjusted to control personnel costs and future benefit expense liabilities. The City has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. The Bayshore Sanitary District (BSD) serves small portions of both the

City of Brisbane and the City of Daly City. The Cities of Brisbane and Daly City and BSD should consider pursuing a joint study to evaluate the fiscal and operational impacts of dissolving BSD and becoming successor agencies within their respective city boundaries. Reaffirmation of the City's current sphere of influence is recommended at this time.

**Guadalupe Valley Municipal Improvement District:** The Guadalupe Valley Municipal Improvement District (GVMID) water and sewer systems serves an area within the Brisbane city limits comprised of an industrial park (Crocker Park) and a small residential enclave (Northeast Ridge). Currently, the GVMID serves a population of approximately 973. At build-out, expected to be on or before 2035, the service area population will grow to approximately 1,817 persons. The GVMID's revenues are primarily derived from water and sewer service charges (95 percent) and property taxes and interest income (five percent). The District's revenue and expense management over the past five years has improved the financial condition of the agency and set aside adequate reserves for future needs. A full merger of GVMID with the City of Brisbane could result in long-term operational and administrative cost savings to the City and customers. A study of potential efficiencies and savings should be undertaken to determine the feasibility of this government structure alternative. Reaffirmation of GVID's current zero sphere of influence is recommended at this time.

**Bayshore Sanitary District:** The Bayshore Sanitary District (BSD) serves a population of approximately 5,152 with only limited growth projected for the District in the near future. However, increased development in the two cities served by BSD (Daly City and Brisbane) may increase the District's service population in the longer range future. The District has more than adequate financial reserves for operations and currently identified capital replacement needs. Reserves are approximately 300 percent of the annual operating expenses. The District is staffed at minimal levels and contracts out several functions, including District Engineer, Clerk, and Legal Counsel. A joint study should be undertaken by BSD, Daly City, and Brisbane to determine the operational and fiscal feasibility of governance/management structure opportunities for the provision of sewer service in the area. Reaffirmation of the District's current zero sphere of influence (indicating the District should be dissolved and the Cities of Brisbane and Daly City would become "successor agencies") is recommended at this time.

**City of Daly City:** Daly City has 104,739 residents, making it San Mateo's largest city by population. Daly City is projected to add approximately 19,000 more residents between 2010 and 2030. The City appears to be moving forward with improved revenues and controlled expenditures resulting in net positive year-end balances in Fiscal Years 2013-14 and 2014-15. Although Redevelopment Agency payments and other employee benefit obligations are expected to be challenging, the City shows progress in addressing these liabilities. Government structure alternatives worthy of further study include: (1) annexation of the unincorporated islands of Broadmoor and Colma **with concurrent detachment from Broadmoor Police Protection District, Colma Fire Protection District and Colma Highway Lighting District;** (2) City provision of street sweeping, streetlight, and pavement maintenance services to unincorporated Broadmoor and Colma through a contract with the County of San Mateo; and (3) a reorganization which would include the formation of a County Service Area (along with the dissolution

of the Broadmoor Police Protection District and the Colma Fire Protection District and detachment from Colma Highway lighting District) to consolidate service provision by contract with City of Daly City. **The alternative of consolidation with an adjacent city included in previous drafts is no longer recommended for study.** Reaffirmation of the City's current sphere of influence (which includes the unincorporated islands of Colma and Broadmoor) is recommended at this time.

**North San Mateo County Sanitation District:** The North San Mateo County Sanitation District's (NSMCSO) collection, treatment, and disposal systems serve the majority of the residents of Daly City, Broadmoor Village, a portion of the Town of Colma, the Westborough Water District in South San Francisco, and the San Francisco County jail in San Bruno. It currently serves a population of approximately 120,000 in its service area and is expected to grow to 126,074 by 2035. The NSMCSO maintains a positive net position of assets and cash reserves. The facilities are planned and maintained within a 20-year Master Plan and CIP plan that is currently funded. The merger of the NSMCSO within the City of Daly City could result in some efficiencies of administration and a single point of contact for city residents and businesses **but could only be achieved if unincorporated areas served by the District are annexed to the City of Daly City.** Reaffirmation of the District's current coterminous sphere of influence is recommended at this time.

**Town of Colma:** The Town of Colma has 1,492 residents and is expected to continue modest growth over the next 20 years to reach a projected population of 2,151 in 2035. Colma is highly dependent on sales taxes and cardroom taxes. The Town's reserve balance as of June 30, 2014 was \$34,429,833. The Town's leadership continues to look toward improving its financial situation through incorporating economic development as a key component of its Strategic Plan implementation. Deteriorating infrastructure and a delay of major maintenance over the past seven to eight years has built up a backlog of maintenance projects. Public pension and benefit liabilities have been calculated to be about \$8.2 million over the next five years. **The government structure alternative of merging Colma and Daly City identified in previous draft reports is no longer recommended for study. Detaching territory in the Town from the Colma Highway Lighting District may realize operational and fiscal efficiencies and eliminate the obligation for the County to provide service within a city. Property tax could be transferred from the District to the Town as a Town-governed maintenance district separate from the Town's general property tax to fund the cost of service.** Reaffirmation of the Town's coterminous sphere of influence is recommended at this time.

**Colma Fire Protection District:** The Colma Fire Protection District (CFPD) serves a population of approximately 6,925 which is expected to grow to 7,618 by 2035. The District maintains a financial reserve roughly equal to one year of operating costs. **The July 2014 Audit was not complete at the time of preparation of this report and it is recommended that audits be completed in more timely manner. Additionally, based on previous recommendations, the District indicates it intends to upgrade the District website to include agenda, minutes, budgets and audits.** The costs of operation are based upon a primary "volunteer" paid call staffing organization structure, thereby providing services at a relatively low cost. There are not adequate revenue sources to increase the level of service to full-time staffing of the department and the District's Fire Station requires costly seismic retrofit to accommodate full time

staffing. Over time, as additional annexations to Daly City occur, and territory is removed from the District, the District may incur additional fiscal stress which could impact service levels or create additional pressure to increase **the special tax**. Two **additional** government structure options identified for further study include: (1) dissolution of Colma Fire Protection District (CFPD), with the County of San Mateo as the successor agency **and service provided by contract by Daly City**; and, (2) a reorganization which would include the formation of a County Service Area (along with the dissolution of the Broadmoor Police Protection District and the Colma Fire Protection District and detachment from Colma Highway lighting District) to consolidate service provision by contract with City of Daly City. **Development of this arrangement would require consideration of the effect on the Town of Colma also included in Colma Fire Protection District's boundaries. Both alternatives have not been supported by agencies or residents in previous drafts and would require both agency and community support to pursue.** Reaffirmation of the District's current zero sphere of influence (which indicates that the District's public service responsibilities and functions should be reallocated to another unit of government **through annexation** and that, ultimately, the District should be dissolved) is recommended at this time.

**Broadmoor Police Protection District:** The District's current population of approximately 4,633 residents is expected to grow by approximately 10 percent to 5,096 in 2035. The District currently provides a minimum level of service, of two officers on duty, using a combination full-duty officers and reserve officer staffing model. **The District indicates it will soon have a complete June 2013 audit and it is recommended that audits be completed in more timely manner. Additionally, based on previous recommendations, the District indicates it intends to upgrade the District website to include agenda, minutes, budgets, and audits. In addition, the District must complete calculation and establishment of the annual appropriations limit as required by State law.** Funding is adequate for the current level of service but may not be in the long term for the two patrol full-time staffing model. District finances, supported by property taxes and special tax, are generally stable. Over time, as additional annexations to Daly City occur, and territory is removed from the Broadmoor Police Protection District (BPPD), the District may incur additional fiscal stress which could impact service levels or create additional pressure to increase **the special tax**. Merging BPPD with the City of Daly City (with concurrent annexation of BPPD's service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. Although such a merger may be politically infeasible at this time, consideration should be given by both Daly City and the BPPD to jointly studying the long-term benefits of this government structure alternative. Absent annexation to the City of Daly City, a full-service provider, it is also recommended that the Broadmoor community or the County of San Mateo pursue a fiscal analysis study of the benefits of forming a County Service Area and contracting for services currently provided by single-purpose special districts or cities. **Both alternatives have not been supported by agencies or residents in previous drafts and would require both agency and community support to pursue. Reaffirmation of the District's current zero sphere of influence (which indicates that the District's public service responsibilities and functions should be reallocated to another unit of government through annexation and that, ultimately, the District should be dissolved) is recommended at this time.**

**City of Pacifica:** Pacifica has 38,606 residents and is expected to grow to approximately 40,285 residents by 2040. The City's financial condition is not clear due to lack of verified data. **The City indicates it is in the process of verifying and updating financial data.** Unrestricted fund reserves are below levels generally considered acceptable to adequately address emergency or ongoing economic downturn conditions. Several specific funds are in a negative balance and should be corrected. A plan for improving revenues and containing expenditures should be prepared to address future financial needs. Two government structure alternatives have been identified: (1) merging the City of Pacifica and the North Coast County Water District; and (2) consider reducing the City's SOI to remove permanent open space areas south and southeast of the City's boundaries. **At this time is recommended that the City's current sphere of influence be reaffirmed.**

**North Coast County Water District:** The North Coast County Water District (NCCWD) is an enterprise retail water delivery district with a service population estimated at 38,189. By 2035, the service area population is expected to grow to 42,400. The District's revenue sources are primarily service charges and property tax. NCCWD has established an unallocated reserve fund and has been investing in repair and upgrade of its infrastructure. The District appears to be operating in a positive financial manner overall. The District's boundaries are almost identical to the City of Pacifica. Reorganizing NCCWD as a subsidiary district of the City of Pacifica may have long-term operational and fiscal benefits by eliminating the District's Board of Directors expenses and associated administrative overhead. Placing the Pacifica City Council as the legal authority for the District's planning and operations may also benefit the City in aligning the City's long-term land use planning and water supply needs under one agency. The City of Pacifica and NCCWD should consider pursuing a joint study evaluating the long-term merits of this alternative **once the City's audits are complete and the budget is balanced.** NCCWD and the **Shamrock Ranch** landowner **are in the process of negotiating extension of water by the District to the Ranch to abandon inadequate wells. Shamrock Ranch is located in the District's sphere of influence.** Reaffirmation of the District's coterminous sphere of influence is recommended at this time.

## II. INTRODUCTION

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21<sup>st</sup> Century focused their energies on ways to empower the already existing Local Agency Formation Commissions (LAFCos), originally established in 1963. The Commission's final report, *Growth Within Bounds*, recommended various changes to local land use laws and LAFCo statutes. Assembly Speaker Bob Hertzberg incorporated many of the recommendations of the Commission into the Cortese-Knox-Herzberg Local Government Reorganization Act of 2000 (AB 2838). The law provided LAFCos with additional responsibilities and powers.

### Municipal Service Reviews

Beginning in 2001, LAFCos in each county in California were required to review and, as necessary, update the sphere of influence (SOI) of each city and special district. SOIs are boundaries, determined by LAFCo, which define the logical, ultimate service area for cities and special districts. No SOI can be updated, however, unless the LAFCo first conducts a Municipal Service Review (MSR). MSRs evaluate how agencies currently provide municipal services within their agency service area and evaluate the impacts on those services from future growth and other changes that may occur over the next 10 to 20 years. The MSR report is also required to identify potential opportunities to address any shortfalls, gaps, and/or impacts on services and governmental structure that may currently exist or are anticipated in the future.

The MSR process does not require LAFCo to initiate changes of organization based on service review findings. California Government Code Section 56430 does require, however, that LAFCos, upon receipt and consideration of an MSR, adopt written findings addressing each of the following areas:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities, for shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

## Spheres of Influence

In 1972, LAFCOs were given the power to establish spheres of influence (SOIs) for all local agencies under their jurisdiction. In response, San Mateo LAFCo proactively conducted sphere of influence studies and adopted spheres of influence for cities and special districts. Spheres of influence were studied again in 1985 and reviewed periodically after that. As defined by the Cortese-Knox-Hertzberg Reorganization Act of 2000 (CKH Act), LAFCo's governing law, "sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission (Government Code Section 56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. The requirement for LAFCOs to conduct MSRs was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that periodic updates of SOIs should be conducted on a five-year basis (Government Code Section 56425(g)) with the benefit of better information and data through MSRs (Government Code Section 56430(a)).

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address 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.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.

## North County Cities and Special Districts MSR-SOI Study

The *North County Cities and Special Districts MSR-SOI Study* focuses on four cities and six special districts which currently provide municipal services to North San Mateo County. A previous MSR study was completed in 2007 for the Town of Colma, the Colma Fire Protection District and the Broadmoor Police Protection District. The subject MSR/SOI study will represent the "second round" MSR for these three agencies. For the other seven agencies considered in this report, this will be their "first round" MSR.

The agencies that are included in this review include:

- City of Brisbane
- Guadalupe Valley Municipal Improvement District
- Bayshore Sanitary District
- City of Daly City
- North San Mateo County Sanitation District

- Town of Colma
- Colma Fire Protection District
- Broadmoor Police Protection District
- City of Pacifica
- North Coast County Water District

### III. BACKGROUND

#### Bay Area Overview

San Mateo County is one of nine counties that comprise the San Francisco Bay Area. Between 2010 and 2040, the Bay Area is projected to add 2.1 million people, increasing the total regional population from 7.2 million to 9.3 million. This represents an increase of 30 percent or roughly one percent per year. This growth means that the Bay Area will continue to be California’s second-largest population and economic center. During this same period, the number of households is expected to increase by 27 percent to 700,000, and the number of housing units is expected to increase by 24 percent to 660,000 (see **Table III-1** below). While robust, this projected rate of growth is actually slower than other metropolitan regions in California and is slower than the Bay Area’s pace of growth in the 1970s and 1980s.<sup>1</sup>

**Table III-1, Bay Area Population, Employment and Housing Projections, 2010-2040**

Category	2010	2040	Growth 2010-2040	Percent Change 2010-2040
Population	7,151,000	9,299,000	2,148,000	+30%
Jobs	3,385,000	4,505,000	1,120,000	+33%
Households	2,608,000	3,308,000	700,000	+27%
Housing Units	2,786,000	3,446,000	660,000	+24%

Source: Association of Bay Area Governments, Jobs-Housing Connection Strategy (2012)

#### San Mateo County

San Mateo County was formed in 1856 after San Francisco County, one of California’s original 18 counties, was split apart. Until 1856, San Francisco County included much of what is now San Mateo County. The State legislature decided to divide San Francisco County, drawing a straight line across the tip of the San Francisco Peninsula just north of San Bruno Mountain. Everything south of the line became the new San Mateo County, and everything north of the line became the consolidated City and County of San Francisco. The name *San Mateo* is Spanish for *Saint Matthew*. In 1868, San Mateo annexed a portion of San Cruz County.

The County is the ninth most populous county in California with its population reaching approximately 747,373 as of July 1, 2013.<sup>2</sup> The County’s land area of 449 square miles ranks the San Mateo County the State’s third smallest in land area. Demographic forecasts prepared by the Association of Bay Area Governments (ABAG) indicate that the County is expected to be the fourth fastest growing county within the Bay Area, with a population growth rate of 26 percent between 2010 and 2040 (see **Table III-2**).

<sup>1</sup> Source: Association of Bay Area Governments, One Bay Area (2012)

<sup>2</sup> U.S. Census, Population Division

**Table III-2, Bay Area Population Growth by County, 2010-2040**

County	2010	2040	Percent
Alameda	1,510,271	1,988,025	32%
Contra Costa	1,049,025	1,334,970	27%
Marin	252,409	285,323	13%
Napa	136,484	163,609	20%
San Francisco	805,235	1,085,641	35%
<b>San Mateo</b>	<b>718,451</b>	<b>906,072</b>	<b>26%</b>
Santa Clara	1,781,642	2,425,648	36%
Solano	413,878	598,382	24%
Sonoma	483,878	598,382	24%
Total	7,150,739	9,299,153	30%

Source: Association of Bay Area Governments, One Bay Area (2012)

**Water Supply Reliability and Policy Issues – San Mateo County and California**

The State of California and the region of San Mateo County have been substantially impacted over the past four years of drought now being recognized as the one of the worst droughts in the State history. Since a majority of the water supply is imported, the continuing drought has an impact upon the current and future livelihood and economic viability of the region. Governor Brown and the State Water Resources Control Board (SWRCB), as the overseer of policy issues of water in the State of California, are taking actions to respond to the current and ongoing drought conditions in the state.

A summary of the actions taken to date include:

- On January 17, 2014, the Governor issued a proclamation of a State of Emergency under the California Emergency Services Act based on drought conditions;
- On April 25, 2014, the Governor issued a proclamation of a continued State of Emergency under the California Emergency Services Act based on continued drought conditions; and
- On April 1, 2015, the Governor issued an Executive Order that, in part, (1) directs the State Water Resources Control Board (SWRCB) to impose restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February 28, 2016; and, (2) requires commercial, industrial, and institutional users to implement water efficiency measures.

On April 17, 2015, the SWRCB issued preliminary conservation standards (targets) for each of the hundreds of water agencies in the state. The SWRCB gave final approval to the drought response plan that includes mandatory water use reductions for retail agencies and prohibits specified uses that are deemed to be water wasting. Based upon prior water use in 2013 and dry month water use data, per capita, the approved targets require implementation by the designated agencies, including the four water suppliers included in the MSR Study: City of Brisbane/Guadalupe Valley Municipal Improvement District, City of Daly City, California Water Service Company (Town of Colma), and the North Coast County Water District. Implementation began June 1, 2015. Each agency has been designated a target reduction of 8 percent, an amount in the lower range of the tiers of between 6 to 36 percent. Under the

approved regulations, each agency is required to report water usage each month and will face the potential of penalties or fines for not achieving the established targets. As a small water supplier, the City of Brisbane (and GVMID) have the ability to meet the 25 percent reduction in consumption through enforcing a twice-weekly schedule for watering outdoor landscaping.

Governor Brown and the Legislature are discussing further actions proposed to deal with the drought and to provide incentives for developing new or alternative water supplies. Funding from prior voter approved water bonds have been appropriated and additional assistance in coordinating efforts with Federal agencies is being considered. At this point, it is expected that water supply and demand management will continue to be very high priority topics within the State and among local government agencies, including LAFCos.

## IV. AGENCY PROFILES/MSR-SOI DETERMINATIONS

This section provides individual profiles for each of the four cities and six special districts that provide services to residents in North San Mateo County. Each profile provides:

- A background/history of the agency
- A profile of agency services, infrastructure and budget
- A boundary map with a sphere of influence boundary overlay
- Growth/population projections
- A discussion of agency operations and finances
- Recommended Municipal Service Review determinations
- Recommended Sphere of Influence determinations

## CITY OF BRISBANE

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### Overview/History

The City of Brisbane is located in northern San Mateo County, bordering the City of San Francisco to the north, the City of Daly City to the northwest, the San Francisco Bay to the east, the City of South San Francisco to the southeast and unincorporated territory to the south and west (*see Exhibit VI-1*). Brisbane was originally part of the *Rancho Canada de Guadalupe la Visitacion y Rodeo Viejo*, a large tract of land that included Guadalupe Valley, the Bayshore District of Daly City, the Visitacion Valley District of San Francisco and San Bruno Mountain. Visitacion City, as Brisbane was originally known, was surveyed in 1908, adjacent to a new Southern Pacific Railroad line that offered a faster and more direct route to San Francisco. The town site remained largely undeveloped for many years, largely due to the “Panic of 1907,” a nationwide financial banking crisis/economic recession. During the 1920s, the area’s name was changed to Brisbane.

Growth occurred slowly – by 1940, the town had grown to a population of just 2,500. The subject of home rule and city formation was a controversial subject among Brisbane residents during the 1940s and 1950s with some residents desiring a stronger voice in local politics, while others were concerned about losing their town’s close-knit charm to another layer of government. Finally, an incorporation committee was formed in 1960, and after six months of study, recommended that the town vote to incorporate a 2.5 square mile area. On September 12, 1961, the residents of Brisbane supported the incorporation committee’s recommendations, with 710 residents voting in favor of incorporation and 296 opposed.

**Table IV-1, City of Brisbane Agency Profile**

General Information			
Agency	City of Brisbane		
Address	50 Park Place, Brisbane, CA 94005		
Principal Act	General Law City		
Date Formed	November 27, 1961		
Service Area	3.44 square miles		
Services Provided	Police, Fire (North County JPA for Administration), Parks & Recreation, Building & Planning, Water (City of Brisbane and Guadalupe Valley Municipal Improvement District <sup>3</sup> ), Sewer (City of Brisbane and Guadalupe Valley Municipal Improvement District), <sup>4</sup> Aquatics, Small Craft Marina		
Contact Person	Caroline Cheung, Senior Management Analyst, <a href="mailto:ccheung@ci.brisbane.ca.us">ccheung@ci.brisbane.ca.us</a> , (415) 508-2157		
Website	<a href="http://www.brisbaneca.org">www.brisbaneca.org</a>		
Governance			
City Council Membership	5 members (elected at large): Raymond Miller (2015); Terry O’Connell (2015); W. Clarke Conway (2017); Clifford Lentz (2017); Lori Liu (2017)		
Compensation Available	\$165/month - meetings; \$300/month - transportation; \$50/month – internet; \$30/month – cell phone; limited health, dental, vision and Employee Assistance Program (EAP) services; Council Members only required to take \$165/month for meetings; other compensation components optional.		
Public Meetings	1 <sup>st</sup> and 3 <sup>rd</sup> Thursdays		
Operations			
Population Served*	4,443 (U.S. Census 2013 Estimates)		
Number of Employees	59 Full Time; 83 Part Time (Source: July 2014 City survey)		
Residents per City Employee	31		
Last SOI Update	1995 (reaffirmed)		
Contract Services	Animal Control (San Mateo County JPA with Peninsula Humane Society); Solid Waste service (City franchise with SSF Scavenger and Recology); Police Dispatch/Records (San Mateo County); Traffic Signal Maintenance/Street Sweeping (City of South San Francisco); Sewage Treatment Services (City and County of San Francisco); IT and Network Support (Endsight); City contracts staff to (C/CAG) for Countywide Water Pollution Prevention Program.		
Budget Information- FY 2012-2013, FY 2013-2014			
Revenues	2012-2013 (Audited)	2013-2014 (Audited)	Net Increase/(Decrease)
General Fund & Taxes	\$9,606,768	\$9,500,710	(\$106,058)
Special Revenues			
Inter-Gov’t	1,120,571	359,644	(760,927)
Licenses/Permits	3,429,190	4,161,606	732,416
Charges for Services	233,024	2,579,462	2,346,438
Use of Money/Property	1,586,945	1,026,627	(560,318)
Other Revenues & Fines	3,981,718	512,272	(3,469,446)
Transfers In	1,808,783	1,671,546	(137,237)
Developer Contributions	1,486,395	1,004,322	(482,073)
Debt Issuance	1,611,000	63,119	(1,547,881)

<sup>3</sup> Guadalupe Valley Municipal Improvement District was formed in 1959.

<sup>4</sup> Bayshore Sanitary District, formed in 1925, is the sanitary sewer agency for a portion of Brisbane and Daly City.

<b>Total Revenues</b> (including others)	\$24,864,394	\$20,879,308	(\$3,985,086)
<b>Expenditures</b>			
<i>General Fund</i>	\$12,063,048	\$12,984,272	\$ 921,224
<i>Capital Outlay</i>	1,498,972	1,083,480	(415,492)
<i>Debt Service</i>	2,567,462	16,135,322	13,567,860
<i>Debt Interest</i>	2,011,725	1,346,782	( 664,943)
<i>Transfers Out</i>	2,856,109	1,946,332	( 909,777)
<b>Total Expenditures*</b>	<b>\$20,997,316</b>	<b>\$33,496,188</b>	<b>\$12,498,872</b>
<b>Net Increase(decrease) in Funds Balance*</b>	<b>\$3,867,078</b>	<b>(\$12,616,880)</b>	<b>(\$16,483,958)</b>
<b>Enterprise Funds</b>			
<i>4020 Water Fund Revenues</i>	\$1,802,548	\$1,751,496	(\$51,052)
<i>Expenses</i>	1,810,780	1,428,251	(\$382,529)
<i>Net Income</i>	(8,232)	323,245	331,477
<i>Transfers In/Out</i>	---	697	697
<i>Change in Net Assets</i>	(\$8,232)	\$323,942	\$332,174
GVMID**			
<i>4030 Sewer Fund Revenues</i>	\$1,208,715	\$1,235,683	\$26,968
<i>Expenses</i>	1,118,912	1,315,804	196,892
<i>Net Income</i>	\$89,803	(\$80,121)	(\$169,924)

\* Fund Balance change in 2013-14 is offset by increase in capital assets of the Successor Agency financing of prior Redevelopment Agency/Housing facilities through a Revenue Bond.

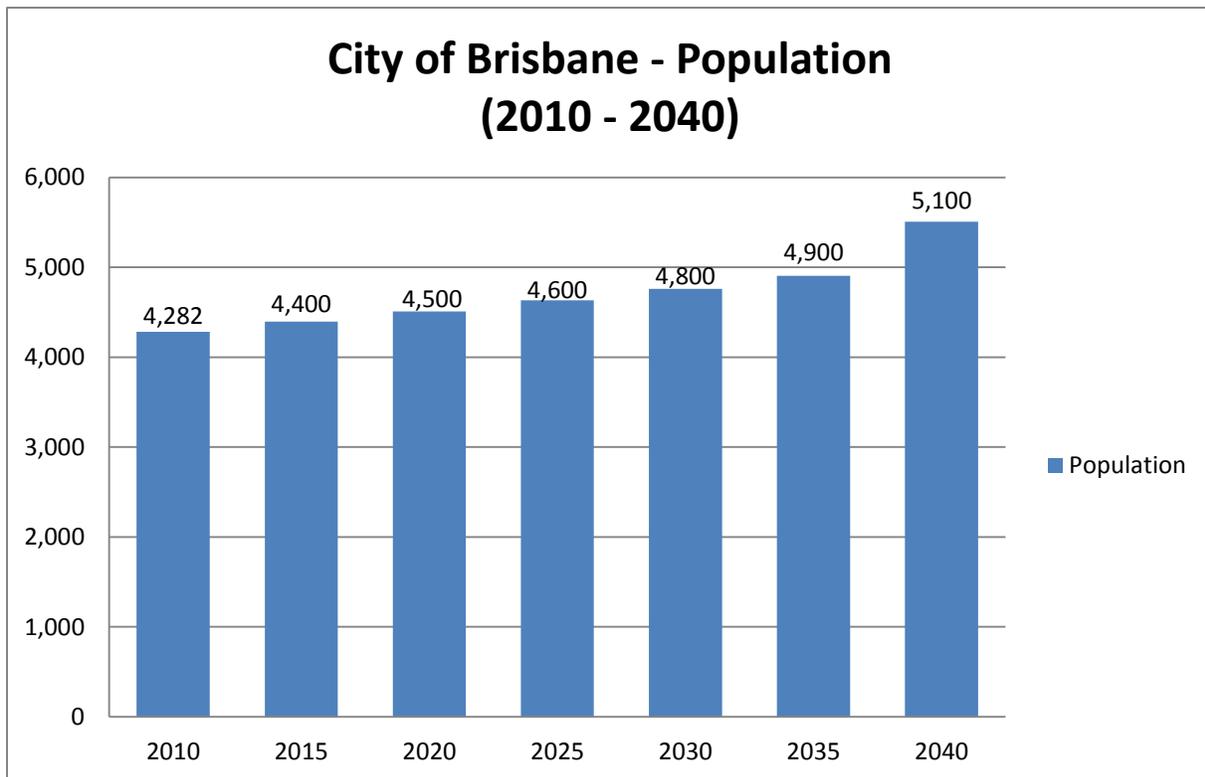
\*\*The Guadalupe Valley Municipal Improvement District is wholly contained within the City of Brisbane and is described in a separate chapter of this report.



## Growth and Population

According to the most recent Census Data, the City of Brisbane has 4,443 residents,<sup>5</sup> making it San Mateo County's second smallest city after the Town of Colma, with 1,492 residents. Brisbane is expected to grow by approximately 1,000 residents over the next 25 years (see **Table VI-2**), according to the Association of Bay Area Governments (ABAG).

**Table IV-2, City of Brisbane Population Trends**



Source: Association of Bay Area Governments, Projections 2013, per City of Brisbane staff research

Brisbane's economy is dominated by office parks at Sierra Point, located at the southern end of the City, which contains a 102-acre office park and a 30-acre municipal marina which were constructed in the 1980s on an engineered sanitary landfill. There are commercial areas in Brisbane Village Shopping Center and along Visitacion and Bayshore Avenues and a large industrial park (Crocker Industrial Park) along Valley Drive. The population of the City approximately doubles during the work day with employees and shoppers, according to City estimates. The Brisbane Baylands project, described below, proposes to more than double the City's existing employment base by providing new office, research and development, retail, hotel and other land uses. Additionally, the applicant's draft plan proposes 4,400 new housing units which, if constructed, would more than double Brisbane's current population.

<sup>5</sup> U.S. Census, 2013 Population Estimates

### **Brisbane Baylands and Priority Development Areas**

Senate Bill 375 (SB 375), the California Sustainable Communities and Climate Protection Act of 2008, requires each of the California's 18 metropolitan areas to prepare a plan (called a "Sustainable Communities Strategy") to reduce greenhouse gases<sup>6</sup> and promote compact, mixed-use commercial and residential development. *Plan Bay Area*, jointly developed by the Association of Bay Area Governments and the Metropolitan Transportation Commission, constitutes the Sustainable Communities Strategy for the Bay Area. To meet the goals of SB 375, Plan Bay Area encourages focused growth in 17 Priority Development Areas (PDAs) across the region. The PDAs represent many types of places, from regional centers to neighborhood commercial nodes. These neighborhoods provide opportunities for the development of pedestrian-friendly communities where transit, jobs, schools, services, and recreation are conveniently located close to residents' homes.

Of the 17 PDAs identified in the Plan Bay Area strategy, the Brisbane Baylands has been identified as part of a Bi-County Priority Development Area (PDA) along with adjacent properties in the City of San Francisco. The Baylands, a former rail yard and landfill, is the largest undeveloped parcel on the San Francisco Peninsula. Universal Paragon Corporation, a real estate design and development firm based in San Francisco, has submitted plans to the City of Brisbane to remediate and regenerate the 680-acre Baylands site into a mixed-use development incorporating open space, commercial/retail uses, and 4,400 new housing units.

Brisbane is processing a *specific plan* (a comprehensive planning and zoning document for a defined geographic area) with a goal of redeveloping the urban site as a model of sustainability for the region. Because this project has not been approved for development at this time, it was not included in long-term population projections prepared by the Association of Bay Area Governments (ABAG), referenced in **Table IV-4**, for the City of Brisbane.

### **Sphere of Influence**

San Mateo Local Agency Formation Commission (LAFCo) reviews and approves spheres of influence (SOIs) for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service plan for an agency. SOIs can be the same ("coterminous"), larger or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a "zero" sphere of influence which means, in the long-term, LAFCo has determined that the agency should be dissolved and an alternative agency take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

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<sup>6</sup> A greenhouse gas is any gaseous compound in the atmosphere that is capable of absorbing infrared radiation, thereby trapping and holding heat in the atmosphere. By increasing heat in the atmosphere, greenhouse gases are responsible for the "greenhouse effect" that ultimately leads to global warming.

Currently, the City of Brisbane's sphere of influence includes the City's present jurisdictional boundary and the unincorporated areas of the Guadalupe Valley Quarry and the California Fish and Wildlife lands in Owl and Buckeye Canyons (see *Exhibit IV-1*).

### **The Guadalupe Valley Quarry**

The Guadalupe Valley Quarry is currently operated by the American Rock and Asphalt Company and has been supplying rock and gravel for the Bay Area construction industry since 1895. Relatively isolated from the rest of Brisbane, the Quarry property contains 144.5 acres - 80 acres are within the active mining area, and 60 acres are open space and habitat lands. The County of San Mateo administers the Quarry's Surface Mining Permit which dictates the permitted activities within the property. Over the years, several development proposals have surfaced proposing redevelopment of the Quarry to residential, business park and/or industrial uses. The Quarry has an active application with San Mateo County Planning to amend their Reclamation Plan. The application is being processed in conjunction with a renewal of the surface mining permit. Amendment of the Reclamation Plan requires a supplemental environmental impact report (EIR). To date preparation of the Supplemental EIR has not commenced.

### **Owl and Buckeye Canyons**

Owl and Buckeye Canyons are located directly west of the Brisbane city limits (between Central Brisbane and the Quarry), climbing up the face of San Bruno Mountain. The canyons comprise areas of ecologically unique natural environment and provide habitat for two federally listed endangered butterfly species and several species of rare plants. Owl and Buckeye Canyons, now owned by the Wildlife Conservation Board, a division of the State Department of Fish and Wildlife, are permanently protected conserved habitat with no apparent need for municipal services. However, future annexation of these areas to the City may help the City in meeting General Plan park and open space goals.

### **Disadvantaged Unincorporated Communities**

Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory (containing 12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual household income (MHI). The MHI data is derived from the U.S. Census Bureau – American Community Survey 2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80% of that figure, or \$48,706.

State law requires identification and analysis of service issues within DUCs as part of the municipal service reviews (MSRs) and sphere of influence (SOI) reviews. State law also places restrictions on annexations to cities if a proposed annexation is adjacent to a DUC. No DUCs have been identified within or adjacent to the City of Brisbane. No additional DUC analysis is required as part of this MSR/SOI update.

## Municipal Services

Brisbane is a full service municipality which provides a wide range of municipal services to its 4,443 residents. These include police, fire (including administration via the North County Fire Authority), parks and recreation, building/planning, water, sewer, aquatics and operation/maintenance of a small craft marina. A description of the key municipal services is summarized, below, in **Table IV-3**, and is discussed in more detail on **Pages 30-37** of this report.

**Table IV-3, City of Brisbane Municipal Services**

Key Brisbane Municipal Services	Description of Services
<b>Police</b>	Police protection, traffic control, community education; member of North San Mateo SWAT (Special Weapons and Tactics).
<b>Fire</b>	<p>Fire service including fire suppression and emergency response provided by the City of Brisbane; the Community Emergency Response Team (CERT) is coordinated through the City's Office of Emergency Services.</p> <p>North County Fire Authority provides administration and supervision of the following for the cities of Daly City, Brisbane and Pacifica:</p> <p>Operations: emergency response, training</p> <p>Fire Prevention: safety inspections, planning and review, public education, fire investigations.</p> <p>Support and Administrative Services: emergency preparedness, wild land fire trainings</p>
<b>Public Works</b>	Engineering and maintenance of the City's infrastructure, including streets, storm drains, buildings and grounds, park maintenance, water and sewer systems; water service is provided through two separate water districts: Brisbane's water system and Guadalupe Valley Municipal Improvement District's water system, both operated by the City; wastewater collection service is provided by the City of Brisbane, including within GVMID and the Bayshore Sanitary District. Wastewater treatment is contracted with the City and County of San Francisco.
<b>Library</b>	Provided through the San Mateo County Library, a Joint Powers Authority; local library located at 250 Visitacion Avenue, Brisbane, CA.
<b>Parks and Recreation Services</b>	City operates and maintains a system of parks and trails, recreation facilities such as a community pool and a 30-acre municipal marina, and manages afterschool programs, youth sports, and youth and adult classes.
<b>Animal Control</b>	Provided by San Mateo County which has a contract with the Peninsula Humane Society.
<b>Solid Waste</b>	Solid waste and recycling services provided by the two different firms (South San Francisco Scavenger Company and Recology) across three Solid Waste Collection Zones.

**Police**

The Brisbane Police Department provides public safety and police services within the City of Brisbane from its headquarters in City Hall. According to the City, the Department is staffed by 16 sworn officers and two civilian personnel. Current patrol staffing consists of a single beat with a minimum of one sergeant or shift supervisor and at least one other officer per shift. The Department maintains 13 vehicles: six patrol cars, two unmarked vehicles, and two full-size SUV patrol vehicles. To provide additional service to the City, several of the officers are assigned specialty positions including: School Resource Officer, Traffic Officer, K-9 officers, and North County Special Weapons and Tactics (SWAT) team member.

The Police Department has made progress over the past seven years in working cooperatively with regional task forces on drug use and high priority Type 1 crime reduction efforts. While overall City revenues from some activities are down, the City has placed a high priority on public safety and contributed added General Fund appropriation to maintain a level of staffing for field services. There are four or more common performance measures that can generally be used to evaluate effectiveness of services in law enforcement: (1) sworn officer personnel per 1,000 population; (2) annual composite crime rate; (3) response time; and, (4) annual budget divided by number of incident calls (for all calls for service).

**Table IV-4, Sworn Officer Personnel per 1,000 Population**

Agency	Population	# Sworn Police Personnel (SPP)	SPP/1,000 Population
City of Daly City	104,739	111	1.06/1,000
<b>City of Brisbane</b>	<b>4,443</b>	<b>16</b>	<b>3.6/1,000</b>
City of Pacifica	38,606	33	0.9/1,000
City of So. San Francisco	66,174	83	1.3/1,000
City of Richmond	107,571	285	2.7/1,000
Town of Colma	1,492	19	12.8/1,000
Broadmoor PPD	4,633	11	2.37/1,000

Source: Agency Budgets/Data Extrapolation

The Composite Crime Rate is determined annually by the California Attorney General for cities as a calculation of all violent crimes (murder, assault, robbery and rape) and property crimes (burglary, theft and auto theft) per 100,000 population. **Table IV-5**, below, indicates that Brisbane’s composite crime rate ranks well below the Statewide composite crime rate. In addition, from 2007 to 2013, the City’s composite crime rate has fallen significantly while the State rate has risen.

**Table IV-5, Annual Composite Crime Rate Comparison (per 100,000 population)**

Year	California Average	Brisbane
2008	2,436	3,215
2013	3,061	2,340

Source: Attorney General Report 2013

Law enforcement response times must be quick in order for crimes to be averted and public safety maintained. Response time is generally defined as the amount of time it takes a police officer to reach the scene of a reported crime or incident after the officer has received the dispatch call from the 911 operator. Police calls for service receive priority rankings, with “Priority 1” calls considered the most serious. Priority 1 calls require immediate response and occur when there is reason to believe that an immediate threat to life exists.

According to information received from the City of Brisbane, police responses to Priority 1 calls average under 5 minutes (4 minutes, 22 seconds in 2008 and 4 minutes, 12 seconds in 2013). Response time for police calls is defined as from the time the call is received to the time police units arrive at the location of the incident.

**Table IV-6, Police Response Time Comparison – Priority 1 Calls**

Year	National Average	Brisbane Average
2008	8-9 minutes	Under 5 minutes
2013	8-9 minutes	Under 5 minutes

Source: City of Brisbane CAFRs

Incident Rates

The most current California Attorney General Annual Report available on the State website (2013) indicates that all major crime categories (murders, rapes, robberies, auto thefts, and thefts) in Brisbane are down from 2008 to 2013. Of note is that the Composite Crime Rate and Larceny Thefts are down by about 25 percent and are now below the statewide average level.

The “cost per call for service” is another comparative statistic commonly used to evaluate performance. In 2013, the Brisbane Police Department budget was \$2,914,040, and the Department handled 3,219 calls for service, or \$905 per call. In 2014, the Department budget totaled \$2,904,471 and responded to 3,423 calls. The cost per call in 2014 dropped to \$849 per call.

Based upon the review of the above performance criteria, the Brisbane Police Department appears to be performing at acceptable or higher levels based upon available statistics and allocated funding levels.

**Fire**

Fire protection services for the City of Brisbane are provided by the North County Fire Authority (NCFA). The City entered into an agreement along with other neighboring cities to form the NCFA, a Joint Powers Authority, that provides fire protection, emergency medical, and other hazardous assistance and public services to the communities of Brisbane, Daly City and Pacifica. The NCFA Joint Powers Authority has a somewhat unique staffing arrangement. Overall administrative services are provided by the NCFA for the three cities within the Joint Powers Authority. Actual department staffing, station maintenance, equipment and infrastructure costs are provided to individual cities by each member city.

The NCFA oversees and manages the delivery of these services through three bureaus: Operations Bureau, Support Services Bureau, and the Fire Prevention and Administrative Services Bureau. The JPA is overseen by an appointed Board of Directors consisting of two members of each of the three City Councils and an Administrative Committee of the three City Managers. The JPA calls for a meeting of each oversight group at least once per year or more often as may be needed.

The NCFA operates nine fire stations throughout its 60-square mile service area serving a population of over 185,000 residents. There are eight engines and one aerial ladder. Brisbane funds one fire company (personnel and apparatus) and one fire station located within the City. According to the NCFA, there are a minimum of three firefighters, including at least one paramedic, assigned to each engine and aerial ladder truck. In addition, two battalion chiefs and one deputy fire chief are on-duty daily. Overall, the NCFA maintains 30 personnel on duty on a daily basis.

Fire departments are typically assigned both field services and code compliance inspections for property and building safety. These services can be measured in the following four areas: (1) emergency medical service response times; (2) structure fire response times; (3) cost per call for service; and, (4) site/facility inspections for code compliance completed within an established response time. Statistics for these measures are summarized in the Tables below.

Response time is generally defined as the amount of time it takes staff to reach the scene of a reported incident after the fire/emergency personnel have received the dispatch call from the 911 operator. As shown in **Tables IV-7** and **IV-8**, below, the average Brisbane response time for emergency medical services is better than the national standard in both FY 2011-12 and FY 2012-13, and structure fire response (responding to home, commercial, and industrial fires) is consistent or better than the national standard in both FY 2011-12 and FY 2012-13.<sup>7</sup>

**Table IV-7, Emergency Medical Service Response Times**

Year	National Standard (minutes/% of times)	Brisbane (minutes/% of times)
2011-12	5 minutes/90%	4 minutes/93%
2012-13	5 minutes/90%	4 minutes/90%

Source: North County Fire JPA Statistics

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<sup>7</sup> Advanced life support, paramedic, and ambulance medical emergency transport services in San Mateo County are being provided via a Joint Powers Authority including the County, cities and fire districts that contracts with American Medical Response (AMR). AMR and member agencies must maintain response times at a compliance level of at least 90% in each of the five zones for both paramedic first response vehicles and emergency ambulances. The paramedic first response time is 6:59 minutes in urban/suburban areas.

**Table IV-8, Fire Incident Response (Minutes/% of times)**

Year	National Standard (minutes/% of times)	Brisbane (minutes/% of times)
2011-12	4 minutes/90%	4 minutes/92%
2012-13	4 minutes/90%	4 minutes/92%

Source: North County Fire JPA Statistics

**Table VI-9**, below, compares the cost per call of service among the Cities of Brisbane, Pacifica, Daly City, and the Colma Fire Protection District. The cost per call is a cost calculation based on the amount each agency budgets for fire department expenses, the number of reported calls, and the service population. Of the four agencies surveyed, Brisbane has the highest cost per call for service, followed by Pacifica, Daly City, and the Colma Fire Protection District.

**Table IV-9, Cost of Service, Fire and Emergency Response\***

Agency (Population)	Brisbane (4,443)	Pacifica (38,606)	Daly City (104,739)	Colma FPD (6,925)
Budget (Fire)	\$2,247,447	\$5,451,486	\$15,334,632	\$1,361,500
Service Population	4,443	38,606	104,739	5,668
Per Capita	\$505.84	\$141.21	\$146.41	\$240.21
# of Calls for Service for FY 2012-13	706	1,873	7,179	728
Cost per Call	\$3,183	\$2,911	\$2,136	\$1,870

\* Calls do not include scheduled calls for safety inspections or non-emergency contacts.

Source: Agency Budgets and CAFR Documents

In addition to responsibilities for fire suppression and emergency medical response, fire departments are also responsible for ensuring that buildings and property comply with the latest fire codes and standards. This is usually accomplished through a building inspection process as new buildings are constructed or existing buildings remodeled. As shown in **Table IV-10**, in both FYs 2011-12 and 2012-13, Brisbane inspections were completed 98 percent of the time for all site/facility inspections within five days. This exceeds the national standard for cities of a similar size, which is 90 percent of inspections within established timelines.

**Table IV-10, Site/Facility Inspections (Property/Building Inspections Completed within established timelines)**

Year	National Standard	Brisbane
2011-12	90%	98%
2012-13	90%	98%

Source: North County Fire JPA Statistics

## **Public Works**

Brisbane’s Public Works Department is organized within two major divisions: Engineering (engineers, inspectors, and administrative support) and Operations and Maintenance (field crews). According to the City, the Department maintains approximately 25 miles of water main, five water reservoirs, four water pump stations, 19 miles of sewer main, three lift stations, 23 miles of roadway, 44 landscaped areas and

over 350 trees. Within the two Public Works divisions, specific departments are assigned the following responsibilities:

- Administration: overall management of the City's Public Works Department
- Streets/Storms Drains/Lighting: engineering and maintenance resources for the City's streets, right-of-way, and storm drain system
- Buildings and Grounds: engineering and maintenance for the City's buildings, turf, and landscaped areas
- Park Maintenance: engineering and maintenance for the City's recreational areas (community pool, park, marina, etc.)
- Development: engineering and inspection services related to grading permits, encroachment permits and development review
- Water and Sewer: engineering and maintenance for the City water and sewer systems

### Street Pavement Condition

The Bay Area's local streets and roads form the foundation of the regional transportation system, providing access to jobs, homes, schools, shopping and recreation for motorists, bicyclists and pedestrians. The Bay Area's street network includes almost 42,500 lane miles of roadway in addition to curbs and gutters, sidewalks, storm drains, traffic signs, signals and lights. The Pavement Condition Index (PCI), developed by the United States Army Corps of Engineers, is widely used to indicate the general condition of a pavement. PCI is a statistical measure that requires a visual survey of the pavement. The result of the survey is a numerical value between 0 and 100, with 100 representing the best possible condition and 0 representing the worst possible condition.

According to the Bay Area Metropolitan Transportation Commission, in 2013, pavement on Bay Area streets and roads remained in "fair" condition with an overall condition of 66. This is the fifth consecutive year with the same regional PCI for the Bay Area. This is indicative of stagnation in performance gains over the past few years. While local governments continue to work to improve their pavement conditions, aging infrastructure remains a challenge for the region. The main source of funding for road repair, gas tax revenues, has remained stagnant for many years. The increased use of higher efficiency vehicles and a change in the formula for calculating the gas tax have actually resulted in a decrease in gas tax revenues in some years.

The City of Brisbane road system includes 23 miles of roadway. The City of Brisbane's PCI of 76 places the City within the "good" PCI range and ranks significantly higher than the regional PCI for the Bay Area.

### Water

The City of Brisbane is the water retailer for Brisbane residents with a service population of approximately 4,443 (1,920 service connections). The City operates two water operation systems (Brisbane Water Department and Guadalupe Valley Municipal Improvement District (GVMID) that are

managed as a single system. The Brisbane Water District serves Central Brisbane, Sierra Point, and the Brisbane Baylands areas. The Guadalupe Valley Municipal Improvement District, addressed separately in this report, serves the Crocker Park and the North East Ridge residential areas. Both districts are interconnected, giving the City the capability of moving water at no cost between the two districts.

Brisbane does not have its own groundwater or surface water supplies and purchases potable water from the San Francisco Public Utilities Commission (SFPUC), which operates a regional water system in San Francisco. The primary sources of SFPUC's water currently being delivered to Brisbane are primarily from Tuolumne River diversions stored in the Hetch Hetchy Reservoir. A capital projects charge was approved by the City Council on November 20, 2014 to fund the following projects: improved water pressure for fire protection in the Annis Rd. area, upgrades to the Glen Park pump station, and replacement of our Supervisory Control and Data Acquisition (SCADA) system. At their June 19, 2014 meeting, the Brisbane City Council approved funding for an updated Water and Sewer Master Plan to be completed in late 2015. A comparison of typical residential charges for water by agency is included in **Table IV-15** on **Page 43** of this report.

Water Supply Availability

The City of Brisbane has a long-term contract for water supply via the Bay Area Water Supply and Conservation Agency, which represents 24 Bay Area water agencies and purchases treated imported water for distribution. **Table IV-11**, below, outlines: (1) the contracted amount of supply available in hundred cubic feet (CCF) units and million gallons per day equivalents; and, (2) the supply purchased by water agencies in the MSR study area over FYs 2009-10 through 2012-13. As indicated in the Table, Brisbane has been purchasing less than its allocation for the immediate past three fiscal years.

**Table IV-11, Past/Current Water Purchases from San Francisco Public Utilities Commission**

Agency	Supply Guarantee (HCF*)	Supply Guarantee (MGD**)	Actual FY 2009-10 (HCF*)	Actual FY 2010-11 (HCF*)	Actual FY 2011-12 (HCF*)	Actual FY 2012-13 (HCF*)	Actual FY 2012-13 (MGD Equiv.)
City of Brisbane and Guadalupe Valley MID	478,871	0.98	276,601	275,934	280,650	287,290	0.59
City of Daly City	2,094,386	4.29	1,542,719	1,405,660	1,811,358	1,955,442	4.01
North Coast County Water District	1,872,928	3.84	1,471,838	1,585,572	1,380,360	1,192,485	2.44

\* HCF = Hundred Cubic Feet

\*\* MGD = Million Gallons per Day

Wastewater

The City of Brisbane provides sanitary sewer services to its residents and businesses. The sewer collection system consists of more than 80,000 feet of laterals, mains, trunks and 20,000 feet of force

mains. Additionally, there are approximately 4,350 feet of private sewers. A series of gravity collection system mains and smaller pumping stations convey most of the wastewater flow to the Valley Drive Pump Station. The wastewater is then delivered to a 78-inch diameter City of San Francisco interceptor and ultimately conveyed to the Southeast Water Quality Control Treatment Facility. The Bayshore Sanitary District does not provide any residential service within Brisbane.

Sewer maintenance personnel are responsible for maintaining the collection system (pipelines and manholes), responding to service calls for backups/blockages, and maintaining and operating the City's three pump stations. In 2003, the City completed construction of a \$2 million upgrade to the Valley Drive Lift Station, the largest of the four pump stations within Brisbane.

As part of the 2003 Sewer Master Plan, the City identified and prioritized structural deficiencies for about 50 percent of its collection system and implemented a Capital Improvement Program of short-term and long-term projects. The assessment of structural deficiencies was based on video surveys of approximately 42,000 linear feet of sewer line and inspections of all manholes. Flow modeling was performed to evaluate hydraulic deficiencies. Two sewer segments totaling 700 linear feet were found to be hydraulically deficient. The City has corrected all of these deficiencies through two sewer rehabilitation projects (Project 9407 – Sewer and Manhole Rehabilitation Project, and Project 9505 – Glen Parkway Sewer Rehabilitation Project).

The 2003 Master Plan also identified other Capital Improvement Projects with a total recommended cost of \$3.93 million. In March 2013, the City approved an updated Sewer System Master Plan (SSMP). According to the 2013 SSMP, the City has completed \$1.54 million of the planned improvement projects. The Public Works Director requests funding from the City Council annually; however, the amount the Council allocates in any given year for sewer projects depends on the City's overall capital improvement priorities for water, sewer, storm drains, streets, buildings, and grounds. The remaining sewer projects will be completed after funding is approved by the City Council. The capital projects charge approved by the City Council on November 20, 2014 also includes undergrounding the sewer line on Bayshore Blvd. While all water and sewer capital projects are funded from service charges and fees, the remaining sewer projects will be completed after funding is available and approved by the City Council.

Since May 2009, Brisbane has had eight Sanitary Sewer Overflows from its public system, with less than 200 gallons of overflow not being fully recovered and reaching surface waters. According to the City, Brisbane has not been issued any violations or assessed fines for any SSO incidents during the period of this review. This reflects the City's ongoing commitment to the maintenance and condition of the sanitary sewer system.

A comparison of typical residential charges for sewer by agency is included in **Table IV- 16** in this report.

### **Library Services**

The City of Brisbane is a member of the San Mateo County Library system, a JPA that also includes the cities of Atherton, Belmont, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Pacifica, Portola Valley,

San Carlos, Woodside, and the unincorporated portions of the County. The Brisbane Library is located in downtown Brisbane at 250 Visitacion Avenue. In addition to extensive book and periodical offerings made possible by membership in the JPA, Brisbane library offers patrons computer access, copy services, and an extensive Brisbane local history collection.

### **Park and Recreation Services**

Brisbane is surrounded by vast open space for recreation use. Brisbane owns the following facilities for active recreation: a playground at the Community Park, the Community Center, Mission Blue Center and its adjacent softball field, tennis courts located at Lipman Middle School and Mission Blue Center, the Brisbane Marina, Firth Park, and Old Quarry Road. Under a joint use agreement with the Brisbane School District, the City uses the District's youth baseball and multipurpose playing fields and middle school gymnasium.

Brisbane Marina, a 30-acre facility completed in 1983, has docks for 580 boats ranging in size from ten feet to 120 feet. The Marina is the closest marina to San Francisco and is seven nautical miles from the Bay Bridge and other Bay Area boating opportunities. The marina is operated as an enterprise operation and does not receive a subsidy from the General Fund. Brisbane Marina is also home to the Sierra Point Yacht Club, a portion of the San Francisco Bay Trail, and a 300-foot public fishing pier.

### **Animal Control**

Brisbane is one of 20 cities within San Mateo County that contracts with the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society (PHS), a private non-profit organization, to enforce all animal control laws, shelter homeless animals, and provide a variety of other services.

PHS has been in operation for over 50 years and is one of the largest humane organizations in the United States. It operates out of two locations in San Mateo County: 12 Airport Road in San Mateo, and 1450 Rollins Road in Burlingame.

### **Solid Waste**

The South San Francisco Scavenger Company and Recology provide solid waste collection and recycling services under two franchise agreements with the City. Recology is a new franchise provider for the City as of December 2014. Waste received from South San Francisco Scavenger Company is transported to the Blue Line Transfer Incorporated Public Disposal and Recycling Facility for sorting and processing.

In 2014, the City executed a franchise agreement with Recology to provide solid waste and recycling collection services, abandoned waste clean-up service, and litter clean-up on specified streets within Solid Waste Collection Zone 3 in the City of Brisbane, similar to services San Francisco Scavenger Company is providing under its agreement for solid waste collection in zones 1 and 2. Recology's offices are located at the northern portion of Solid Waste Collection Zone 3.

Solid waste from Brisbane is sent to a variety of landfills in San Mateo, San Joaquin, Santa Clara, and Solano Counties, including Forward Landfill, Inc. (San Joaquin County), Guadalupe Sanitary Landfill (Santa Clara County), Newby Island Sanitary Landfill (Santa Clara County), Ox Mountain Sanitary Landfill (San Mateo County), Recology Hay Road (Solano County), Anker Material Processing Facility (Santa Clara County), and Zanker Road Class III Landfill (Santa Clara County).

### Financing Constraints and Opportunities

The City of Brisbane operates as a General Law city and prepares an Operating Budget each year. The City also prepares a Comprehensive Annual Financial Report (CAFR) each year and has been recognized by the Association of Finance Professionals for completing the CAFR to its standards. According to the most recent 2013-14 CAFR and approved 2014-15 FY Budget, the City has successfully navigated through the struggles of the 2007-13 economic downturn and the dissolution of the Redevelopment Agency (RDA) in 2013. According to the FY 2013-2014 CAFR, some financial highlights of the recent years include:

- The assets of the City of Brisbane exceed its liabilities by \$100.9 million (net position). This is accepted by CPA/Auditors as an indicator of the City's financial position and strength. Of this amount, \$13.9 million represents the unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase of about \$20 million over the prior year.
- The total net position for the City increased by \$9.3 million because of lower expenses and the transfer of public purpose assets from the RDA's Successor Agency to the City. The City sold revenue bonds to pay off the prior debt of the dissolved RDA and will use substitute funds distributed by the County to Successor Agencies to pay the debt service over the next 20 years.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$24 million. Approximately 34 percent of this amount (\$8,171,597) is available for spending at the City's discretion (unassigned fund balance). This represents about a six-month operating reserve or for emergency situations. This amount is at the lower end range of typical reserve targets but is within the approved City policy of maintaining operating reserves.
- The City's total outstanding long-term debt decreased by \$19.7 million. Of this amount, \$17.9 million was eliminated through the refinancing of the Brisbane Public Financing Authority 2001 Series A bonds (originally financed by the 2001 Tax Allocation Bonds of the former RDA). The City will use redirected property taxes from the Successor Agency to pay toward the outstanding debt. The City currently has \$17.5 million in long-term debt and about \$9.2 million in short-term debt or interest payable accounts.

- The City's Capital Assets increased with the transfer of the public purpose assets of the former RDA to the City when the Long-Range Property Management Plan was completed and accepted in 2013.

**Table IV-12** presents the changes in assets and liabilities of the City from 2013 to 2014 and the net position or resources available to the City. An annual increase in net position is considered positive by managers and auditors. From June 2013 to June 2014, the City's net position improved by almost \$9.3 million.

**Table IV-12, City's Statement of Net Position as of June 30, 2014 (in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$19,416	\$15,484	\$4,062	\$4,164	\$23,478	\$19,648
Capital Assets	56,263	49,116	29,843	35,467	86,106	84,583
Other non-current assets	14,608	31,936	2,505	501	17,113	32,437
<b>Total Assets</b>	<b>\$90,287</b>	<b>\$96,536</b>	<b>\$36,410</b>	<b>\$40,132</b>	<b>\$126,697</b>	<b>\$136,668</b>
Current Liabilities	\$3,992	\$4,820	\$769	\$793	\$4,691	\$5,613
Non-current liabilities	17,165	35,319	3,984	4,151	21,150	39,470
<b>Total liabilities</b>	<b>\$21,088</b>	<b>\$40,139</b>	<b>\$4,753</b>	<b>\$4,944</b>	<b>\$25,840</b>	<b>\$45,083</b>
<b>Net position</b>						
Net investment in capital assets	\$46,027	\$37,751	\$26,368	\$31,832	\$72,395	\$69,583
Restricted	12,292	26,255	2,251	2,251	14,543	28,506
Unrestricted	10,882	(7,609)	3,037	1,105	13,919	(6,504)
<b>Total net position</b>	<b>\$69,200</b>	<b>\$56,397</b>	<b>\$31,657</b>	<b>\$35,188</b>	<b>\$100,857</b>	<b>\$91,585</b>

Source: 2014 City of Brisbane CAFR

### **General Fund Summary**

A city's General Fund is the main fund of an agency providing revenues and tracking expenditures for core services including administration, accounting, non-enterprise, or business services. Revenue sources that are typically allocated to the General Fund are property taxes, sales taxes, general taxes and fees, and interest income on invested funds.

Since FY 2011-12, the three major revenue sources in Brisbane's General Fund have stabilized. Property tax, sales tax, and transient occupancy tax (discussed below) had all declined during the recession, but some small amount of growth occurred in the past two years, allowing for a balanced budget. While costs continue to rise in some areas, City staff believes sufficient revenue growth is expected so that additional use of reserves can be avoided.

### Property Tax

The third-largest revenue source in the General Fund is property tax. Property tax is collected by the County and distributed to the City based upon a formula determined by State law. With the imposition in 1978 of property tax limits through State Proposition 13, taxes were limited to \$1 per \$100 of assessed valuation. Brisbane receives an average of 20 cents of each \$1 collected. Property tax revenues increase when: (1) property is transferred to a new owner and is revalued at the current sales price; (2) valuations are adjusted on existing properties (up to two percent annually) and, (3) when property is improved.

FY 2009-10 saw an overall adjustment in assessed values for certain residential properties in San Mateo County. The Assessor's Office compared all residential property sales that took place from 2002 to 2008. If the sales price of a property was greater than the current sales price for a similar property in January 2009, the assessed value was adjusted downward to match. This resulted in an overall decrease in total assessed value in Brisbane. The assessment adjustment is having a long-term impact on the City's primary General Fund revenue source. Property values are projected to increase over time but at a slower rate than recent historical trends.

### Sales Tax

Sales tax is the largest revenue source for general operations and is a challenging revenue to budget. This has been further complicated by the State's so called "Triple Flip" which, beginning in FY 2006-07, gave sales tax monies to the State instead of to California's cities. The State was then required to "back-fill" local revenues to the level cities would have received prior to the swap. Unfortunately, the State's revenue estimates were significantly flawed for FY 2007-08, resulting in too much back-fill funding.

In FY 2009-10, the State corrected that situation, causing total sales tax revenues to decline at a much greater rate than the amount of tax actually generated. Then, in FY 2010-11, sales tax revenue appeared to rise unusually fast, but this was due to the corrected calculations. The actual sales revenues are expected to rise at a moderate rate of 2-3 percent unless the economy rebounds faster than forecasted.

### Transient Occupancy Tax

The Transient Occupancy Tax (TOT) is levied on income-generating uses, primarily hotels, where fees are collected for temporary occupancy. The TOT is collected through submittal of regular reports and deposits to the City and is subject to audit if deemed necessary. The TOT has been an integral component of revenues to assist in providing essential services of police and fire for the commercial uses in the City.

### Improvements to City's Financial Position and Stability

On review of the two most recent financial audits, it appears that the City of Brisbane has taken steps to improve its financial position and stability in the last four to five years as a result of refinancing long-term liabilities, including dissolution of the previous RDA and reducing discretionary spending. At the

end of FY 2013-14, the City was able to report positive balances in all reported categories of net position, both for the government as a whole and for its separate governmental and business-type activities. The total assets have been decreased by \$9,971,000 (7%) and total liabilities decreased by \$19,243,000 (42%), resulting in an unrestricted fund balance of \$13,919,000.

Long Term Challenges

While both years of the General Fund budget for FYs 2012-13 and 2013-14 were balanced without the use of reserves, there remain significant unfunded needs going forward. Although the City properly accounts for these benefits in its annual financial report, according to GASB 54 - Other Post-Employment Benefits (OPEB), it is not financially able to fully fund the annual required contributions. The City has taken steps to reduce covered payroll and to increase the contribution by 5% (\$14,000) in 2014. The required actuarial calculation reflects the start of a positive trend of paying down OPEB over the next 20-25 years. In 2015, the City created a trust to begin setting aside funds to pay down the unfunded liability.

Another substantial challenge is the funding of long-term capital needs to properly maintain the City's aging infrastructure. The 20-year capital plan indicates that substantial investment each year is needed to provide adequate maintenance and replacement of the City's facilities. The City has financed replacement of a water tank by issuing bonds for a ten-year period.

General Fund Sources and Expenditures

Revenue sources and expenditure categories for FY 2013-14 of the General Fund are summarized below in **Table IV-13**. It is interesting to note that 35 percent of the General Fund budget goes toward police and fire services, which is a little more than half of the combined property tax and sales tax portions of the General Fund that comprise 60 percent of those revenues. This relationship is not atypical for California cities since the adoption of Proposition 13, which capped property tax rates at 1 percent of current valuation. A requirement for calculation and establishment of an expenditure maximum amount was approved by voters as the Gann Appropriation Limit. This must be adopted by resolution annually by each city and special district. The City of Brisbane adopted the Gann Appropriation Limit of \$17,023,657 on June 19, 2014.

**Table IV-13, City of Brisbane, General Fund Revenues and Expenditures**

General Revenue Sources	Revenues	Government Activities	Expenditures
Property Taxes	\$2,846,269	General Government	\$4,484,974
Sales Taxes	\$2,529,222	Public Safety - Police	\$3,324,109
Transient Occupancy Tax	\$2,037,809	Public Safety - Fire	\$2,528,063
Other Taxes	\$648,855	Public Works	\$3,378,015
Investment Earnings	\$1,001,737	Parks & Recreation	\$1,801,978
Miscellaneous	\$334,814	Interest Debt	\$1,245,180
Contribution from Successor Agency	\$2,512,194		
Special Item-Early Retirement	\$3,491,029		

General Revenue Sources	Revenues	Government Activities	Expenditures
of Debt			
Transfers in from Other Funds	\$4,913,146		
<b>Total General Revenues</b>	<b>\$20,231,101</b>	<b>Total Expenditures (Gov't Activities)</b>	<b>\$16,752,319</b>

Source: City of Brisbane 2014 CAFR

It has been necessary for the City to find other revenue sources to fund basic services like police, fire, and public works since the traditional method of funding by adjusting the property tax rate is not available to California cities. Greater reliance is placed on user fees and local taxes, such as the transient occupancy tax, which can be controlled at a local level by action of the City Council. In order to put Brisbane's financial status in perspective, it is helpful to compare what the State of California defines as "General Revenue" per capita for a number of San Francisco Bay Area cities. Historically, Brisbane has remained at the higher end of General Revenue per Capita in relationship to neighboring cities in part due to the City's comparatively small population. The comparison between FYs 2009-10 and 2010-11 shows Brisbane near the top of the list.

**Table IV-14, General Revenue Per Capita – Bay Area Cities**

City/Population	FY 2009-10	FY 2010-11	% Change +/-
Town of Colma (1,492)	\$3,635	\$3,669	.1%
<b>Brisbane (4,443)</b>	<b>\$2,978</b>	<b>\$2,656</b>	<b>-10.8%</b>
Richmond (107,571)	\$992	\$1,065	7.4%
So. San Francisco (66,174)	\$681	\$736	8.1%
Daly City (104,739)	\$479	\$544	13.6%
Pacifica (38,606)	\$470	\$508	8.1%

Source: City Budget/Audit Documents/US Census

### Enterprise Revenues

The City of Brisbane also receives funding from enterprise, or "Business" funds, primarily water and wastewater utility revenues. These funds are operated and accounted for separately from the General Fund and are the basis of accounting for costs of service to establish user fees and charges for the services delivered. Each enterprise fund has its own assets, revenues, expenditures, and net position of assets and funds. Enterprise funds are not offset by property tax or other revenues.

### Water and Wastewater Utility Revenues

Both of the City's Enterprise Fund utilities' revenues are derived from water usage measured in units of one hundred cubic feet (CCF) or 748 gallons. Water consumption multiplied by a per-unit rate determines user charges and utility revenues. As a result, the revenues for both utilities are impacted by population and conservation efforts, especially in reaction to ongoing drought conditions within California. The economic recession of 2008 also caused a population decline from housing foreclosures while motivating remaining residents to conserve. The 2011 water usage is nearly equal to the end of the 1987-92 drought period. Even while residents continue active conservation efforts in response to

the drought, the City projects an overall increase in water usage in FY 2014-15 as previously vacant housing become re-occupied.

Water Rates

Brisbane purchases all of its drinking water from the San Francisco Public Utility Commission (SFPUC) Regional Wholesale Water System. In order to perform \$4.4 billion in seismic upgrades to that system, rates for purchased water have risen dramatically. As a result of both the decline in usage and dramatic increases in cost for purchased water, water rates have been increased for both the City area and for the area served by the GVMID. A comparison of area agency water and sewer rates is provided below:

**Table IV-15, Agency Water Rate Comparison (monthly)**

Agency	City of Brisbane/GVMID	Town of Colma (CA Water Service Co.)	City of Daly City	North Coast County Water District (Pacifica)
Residential Fixed Service Charge (*)	\$11.34	\$10.50	\$13.04	\$13.36
Commodity Charge (7 CCF**)	\$31.90***	\$34.13	\$27.91	\$25.66
Typical Total Residential Cost (1 month)	\$43.24	\$44.63	\$40.95	\$39.02

\* Monthly for 5/8-inch Meter

\*\* CCF = 100 Cubic Feet

\*\*\* Brisbane adopted a Capital Projects Fee in 2014 that is Included in the Commodity Rate

Sewer Rates

The costs of providing sewer collection and treatment have increased substantially over the past five to 10 years. The City and Guadalupe Valley Municipal Utility District utilize the City of San Francisco for wastewater treatment. Typical sewer charges for sanitary districts within the County of San Mateo are included in **Table VI-16**, below:

**Table IV-16, Sewer Rate Comparison by Agency**

	City of Brisbane/GVMID	City of Pacifica	Daly City/Town of Colma/North San Mateo Co. San Dist.	Bayshore Sanitary District
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDUs Av. Dry Weather Flow: 2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
<b>Residential</b>				
Fixed Charge (3/4")	\$68.87	\$91.13	\$5.74/HCF	\$125/Year per EDU

	<b>City of Brisbane/GVMID</b>	<b>City of Pacifica</b>	<b>Daly City/Town of Colma/North San Mateo Co. San Dist.</b>	<b>Bayshore Sanitary District</b>
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDU's Av. Dry Weather Flow: 2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
Meter EDU				
Flows up to 8 CCF				\$5/CCF
Total Bi-Monthly Cost (Typical at 15 CCF)	144.97	\$182.27	\$86.10	\$75.00
Annual Cost	\$869.82	\$1,093.62	\$516.60	\$575.00
<b>Commercial</b>				
Fixed Charge	\$68.87	---	Same as above	\$125.00
Flows to 15 CCF	84.34	\$91.13x.90*	Same as above	\$5/CCFx.90*
Total Bi-Monthly Cost	\$153.21			\$67.50*
Annual	\$919.26	\$984.20	Same as above	\$530.00
Sewer Connection Charge per EDU	\$2,532/EDU	\$2,835.28/EDU	\$2,600/EDU	Residential - \$3,414/EDU; Commercial \$17.01 per GPD Est.

EDU = Equivalent Dwelling Unit -

CCF = Hundred Cubic Feet

GPD = Gallons per Day

\* This example reflects a strength factor of 0.9; the strength factor may vary from 0.90 to 2.41 affecting the strength change accordingly.

### **Dissolution of the Redevelopment Agency (RDA)**

As a part of the State's attempt to balance its budget for FY 2011-2012, all redevelopment agencies (RDAs) were dissolved effective February 1, 2012. The Brisbane RDA owed significant debt to the City's General Fund; the repayment of interest was used for operating costs. Because the property taxes that once were allocated to the RDA are now distributed to all taxing entities, there is some offset to the loss of revenue to the General Fund.

The City elected to become the Successor Agency for purposes of assets and liabilities of the RDA of approximately \$51.4 million and established a Recognized Obligation Payment Schedule (ROPS) as required by law. The City will continue to receive property tax from the former RDA when the property tax is greater than the amount needed to pay recognized obligations and pass-through payments. The net cost to the City in FY 2013-2014 was approximately \$1.8 million, and costs are expected to be ongoing until loans and debt balances are paid off. The annual amount is calculated each six months by

the Successor Agency and processed by the City. Ongoing reporting to the State is required and copies of these reports are available through the City website.

#### State Approval of Enforceable Obligations

The Successor Agency is required to prepare a Recognized Obligation Payment Schedule (ROPS) semiannually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

#### State Asset Transfer Review

The activities of the former RDA and the Successor Agency are also subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former RDA or the Successor Agency and any public agency that occurred on or after January 1, 2011. The amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. In July 2014, the State Controller's Office issued the Asset Transfer Review Report. The report required the City to return \$137,099 of disallowed transfers. As a result, the City recorded \$137,099 of liability in the entity-wide statements as of June 30, 2014.

### **Overall Financial Status**

Over the past period of 2007-2014, the City of Brisbane has experienced a difficult financial period including the financial downturn, economic recession, housing and financing depression and the dissolution of the City's RDA in 2012. The financial condition of the City has stabilized and core services are being delivered. Reorganization of the City staff and some services has resulted in controlling personnel and administrative costs while revenues are beginning to stabilize and show potential growth. The City's budget and plans reflect commitment to continuing these efforts and the results should be monitored for progress in the coming two to three years.

### **Shared Services & Opportunities**

The City has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. These include, but are not limited to, the following:

- Along with the Cities of Daly City and Pacifica, Brisbane participates in the North County Fire Authority Joint Powers Authority (JPA) to enhance the quality of fire protection services and better utilize available resources.

- The City is a member of the San Mateo County Pre-Hospital Emergency Medical Services Group JPA, which provides countywide paramedic first responder services.
- Brisbane, along with 19 other cities and the County of San Mateo, is a member of the San Mateo County Emergency Services Council JPA, which provides emergency training and a hazardous response team for its member agencies.
- The Brisbane Police Department currently contracts for dispatch and records services with San Mateo County.
- The City has a contract with the City of South San Francisco to provide traffic signal maintenance and street sweeping services; Brisbane also contracts with the City and County of San Francisco for purchase of wholesale water and sewage treatment services.
- Brisbane has outsourced information technology (IT) and network support services.
- The City is a member of a JPA that provides liability and Workers' Compensation management oversight.

### Accountability & Alternative Governance Options

Brisbane is governed by a five-member City Council, elected at large. The Council meets the first and third Thursdays of each month. Meeting agendas and staff reports are posted at least 72 hours in advance of the meetings. All meetings are held at 7:30 PM in the Community Meeting Room located at City Hall. Meetings are televised through a live video stream that can also be viewed on most mobile devices.

Brisbane has a comprehensive, user-friendly website that provides the public with Internet access to City Council agendas and minutes, public notices, announcements, budgets, audits, and capital improvement programs. The City's website also provides contact information for key City personnel.

Two governance options have been identified for the City of Brisbane:

#### ***Status Quo:***

Brisbane, with a population of 4,443 residents, is the second-smallest city in San Mateo County. The City is an employment magnet with employees at office parks and commercial areas nearly doubling the City's population during working hours. While the City has successfully navigated through the 2007-2013 recession and dissolution of the redevelopment agency, the long-term fiscal challenges of other post-employment benefits and capital improvement projects remain ongoing fiscal challenges. The City appears to be moving in a positive financial direction of increasing revenues and managing expenditures.

#### ***Dissolution of Bayshore Sanitary District with Cities of Brisbane and Daly City Becoming Successor Agencies for Sanitary Service:***

The Bayshore Sanitary District serves small portions of both the City of Brisbane and the City of Daly City. The City of Brisbane provides its own sewer service to its residents, and the City of Daly City

provides sewer service to its service population through the North San Mateo County Sanitation District, a subsidiary district of Daly City. Dissolution of the Bayshore Sanitary District, with the Cities of Brisbane and Daly City becoming successor agencies within their respective city boundaries, may offer administrative and operational benefits. The Cities of Brisbane and Daly City and the Bayshore Sanitary District should consider pursuing a joint study to evaluate the fiscal and operational impacts of this governance alternative.

**Recommended Municipal Service Review Determinations**

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<i>Growth and population for affected area</i>	According to the most recent US Census Data, the City of Brisbane has 4,443 residents, making it San Mateo County’s second-smallest city. Only the Town of Colma, with 1,403 residents, has a smaller population. According to the Association of Bay Area Governments (ABAG), Brisbane is expected to grow by 1,000 residents over the next 25 years.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities within or contiguous to Brisbane’s sphere of influence.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities within or contiguous to Brisbane’s sphere of influence.
<i>Financial ability of agencies to provide services.</i>	The City has managed to stabilize revenues and expenditures over the past five years and has a reasonable unrestricted reserve of funds. Staffing levels have been adjusted to control personnel costs and future benefit expense liabilities.
<i>Status of, and opportunities for, shared facilities.</i>	The City has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. These include, but are not limited to, the following: <ul style="list-style-type: none"> <li>• Along with the Cities of Daly City and Pacifica, Brisbane participates in the North County Fire Authority Joint Powers Authority (JPA) to enhance the quality of fire protection services and better utilize available resources.</li> </ul>

	<ul style="list-style-type: none"> <li>• The City is a member of the San Mateo County Pre-Hospital Emergency Medical Services Group JPA, which provides countywide paramedic first-responder services.</li> <li>• Brisbane, along with 20 incorporated cities and the County of San Mateo, is a member of the San Mateo County Emergency Services Council JPA, which provides emergency training and a hazardous response team for its member agencies.</li> <li>• The Brisbane Police Department currently contracts for dispatch and records services with San Mateo County.</li> <li>• The City has a contract with the City of South San Francisco to provided traffic signal maintenance and street sweeping services; Brisbane also contracts with the City and County of San Francisco for purchase of wholesale water sewage treatment services.</li> <li>• Brisbane has outsourced Information Technology (IT) and network support services.</li> <li>• The City is a member of a JPA which provides liability and Workers Compensation management oversight.</li> </ul>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>Brisbane is governed by a five-member City Council, elected at large. The Council meets on the first and third Thursdays of each month. Meeting agendas and staff reports are posted at least 72 hours in advance of the meetings. All meetings are held at 7:30 PM in the Community Meeting Room located at City Hall. Meetings are televised through a live video stream that can also be viewed on most mobile devices. Brisbane has a comprehensive, user-friendly website that provides the public with Internet access to City Council agendas and minutes, archived meeting videos, public notices, announcements, budgets, audits, and capital improvement programs. The City’s website also provides contact information for key City personnel.</p> <p>Two governance options have been identified for the City of Brisbane:</p>

	<p><b>Status Quo:</b></p> <p>Brisbane, with a population of 4,443 residents, is the second-smallest city in San Mateo County. The City is an employment magnet with employees at office parks and commercial areas nearly doubling the City’s population during working hours. While the City has successfully navigated through the 2007-2013 recession and dissolution of the redevelopment agency, the long-term fiscal challenges of other post-employment benefits and capital improvement projects remain ongoing challenges.</p> <p><b>Dissolution of Bayshore Sanitary District with Cities of Brisbane and Daly City Becoming Successor Agencies for Sanitary Service:</b></p> <p>The Bayshore Sanitary District serves small portions of both the City of Brisbane and the City of Daly City. The City of Brisbane provides its own sewer service to its residents, and the City of Daly City provides sewer service to its service population through the North San Mateo County Sanitation District, a subsidiary district of Daly City. Dissolution of the Bayshore Sanitary District, with the Cities of Brisbane and Daly City becoming successor agencies within their respective city boundaries, may offer administrative and operational benefits. The Cities of Brisbane and Daly City and the Bayshore Sanitary District should consider pursuing a joint study to evaluate the fiscal and operational impacts of this or other governance alternatives.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

**Recommended Sphere of Influence Update/Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<p><i>Present and planned land uses in the area, including agricultural and open-space lands.</i></p>	<p>Brisbane includes a mix of land uses, including residential, a significant concentration of office parks, a municipal marina, and commercial areas in Brisbane Village Shopping Center and along Visitacion and Bayshore Avenues. A developer has submitted plans to the City of Brisbane to remediate and regenerate the 680-acre Baylands site into a mixed-use development incorporating open space, commercial/retail uses, and 4,400 new housing units. This project is still undergoing environmental review and has not been considered by the City Council.</p>
<p><i>Present and probable need for public services and services in the area.</i></p>	<p>Based on a review of ABAG population projections, growth within the City of Brisbane is expected to be 1,000 persons over the next 25 years. The City has adequate capacity to serve the projected population increase.</p>
<p><i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i></p>	<p>The City is providing an acceptable level of service through in-house operations for most services and some contract services. Water and sewer facilities are being maintained and an updated Master Plan is being developed.</p>
<p><i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i></p>	<p>None have been identified.</p>
<p><i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City of Brisbane sphere of influence.</p>

***Recommended Sphere of Influence:*** Reaffirm the current City’s sphere of influence which includes the City’s present jurisdictional boundary, the unincorporated areas of the Guadalupe Valley Quarry, and the California Fish and Wildlife lands in Owl and Buckeye Canyons.

## GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT

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### Overview/History

The City of Brisbane operates two separate water divisions which provide water to local residents and businesses. The Brisbane water system includes Central Brisbane, Sierra Point, and the Baylands. The Guadalupe Valley Municipal Improvement District (GVMID) water system serves an area within the Brisbane city limits comprised of an industrial park (Crocker Park) and a small residential enclave (Northeast Ridge). The District has an estimated population of 973.

The GVMID was formed in 1959 (*Statutes of 1959, Chapter 2037, page 4703*). GVMID's enabling legislation permits the following authorized powers: water, sewer, police, fire, parks, street lighting, bridges, viaducts, and the establishment of assessment districts. The District's active powers are water, wastewater, and street lighting which GVMID provides to its 0.5 square mile service area. Divestiture (termination) of an active power, or activation of an inactive power, requires application to LAFCo and LAFCo approval. The District has an estimated service population of 973. In 1989, GVMID was established as a "subsidiary district"<sup>8</sup> of the City of Brisbane and is governed and funded by the Brisbane City Council.

Largely developed in the 1960s, Crocker Park includes nearly 3.7 million square feet of industrial space. Designed with the assistance of noted landscape architect Lawrence Halprin, it is one of the nation's first garden-style industrial parks and offers a park-like environment at the base of San Bruno Mountain.

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<sup>8</sup> As a subsidiary district, the City Council is the governing body and the District is administered by the Public Works Department. Subsidiary districts must have at least 70 percent of their land area and population within the City's boundary.

Crocker Park historically has served as an important jobs base and revenue source for the City of Brisbane. The City has identified the southeasterly edge of Crocker Park as a future mixed-use (residential and commercial) site.

The Northeast Ridge residential development comprises approximately 250 acres and includes 422 multi-family dwelling units constructed in the late 1990s/early 2000s. Of the total 250 acres, 14 acres remain for development. Build-out of Northeast Ridge is expected in 2015. The balance consists of open space/marshlands, City parks and facilities, and roads.

**Table IV-17, District Profile – Guadalupe Valley Municipal Improvement District**

General Information			
<i>Agency</i>	Guadalupe Valley Municipal Improvement District (City of Brisbane)		
<i>Address</i>	50 Park Place, Brisbane, CA 94005		
<i>Principal Act</i>	Statutes of 1959, Chapter 2037, Page 4703		
<i>Powers</i>	<i>Active:</i> water, wastewater, street lighting <i>Authorized:</i> water, sewer, police, fire parks, street lighting, bridges, viaducts and establishment of assessment districts		
<i>Date Formed</i>	July 17, 1959		
<i>Area Served</i>	0.5 square miles (Source: San Mateo LAFCo)		
<i>Services Provided</i>	Sewage collection, storm drainage, street lighting, street sweeping, water distribution		
<i>Contact Person</i>	Caroline Cheung, Senior Management Analyst, <a href="mailto:ccheung@ci.brisbane.ca.us">ccheung@ci.brisbane.ca.us</a> , (415) 508-2157		
<i>Website</i>	<a href="http://www.brisbaneca.org">www.brisbaneca.org</a>		
Governance			
<i>Council Membership</i>	Guadalupe Valley Municipal Improvement District is a subsidiary district of the City of Brisbane and is governed by the Brisbane City Council consisting of 5 members (elected at large): Raymond Miller (2015); Terry O’Connell (2015); W. Clarke Conway (2017); Clifford Lentz (2017); Lori Liu (2017)		
<i>Compensation</i>	See City of Brisbane section of the MSR (Page 24 for Brisbane City Council member compensation.		
<i>Public Meetings</i>	1 <sup>st</sup> and 3 <sup>rd</sup> Thursdays		
Operations			
<i>Population Served*</i>	973		
<i>Number of Employees</i>	N/A		
<i>Last SOI Update</i>	1995 (reaffirmed)		
<i>Contract Services</i>	Wholesale water and sewage treatment services provided through a contract with the City and County of San Francisco Public Utilities Commission; traffic signal maintenance and street-sweeping services provided through a contract with the City of South San Francisco.		
Budget Information- FY 2012-2013, FY 2013-2014			
Revenues	2012-2013 (Actuals)*	2013-2014 (Actuals)*	Net Increase/(Decrease)
Property Taxes	\$ 32,108	\$ 28,928	\$ (3,180)
Water Charges & Fees	1,326,444	1,384,495	58,051
Water Connection Fees	460,794	324,613	(136,181)
Sewer Charges & Fees	717,103	690,725	(26,387)
Other	123,354	95,103	(28,251)
<i>Total Revenues</i>	<i>\$ 2,659,807</i>	<i>\$ 2,524,064</i>	<i>( \$135,743)</i>
Expenditures			
Water Services	\$ 700,902	\$ 744,171	\$ 43,269
Purchase of Water	101,987	140,677	38,690
Sewer Services	329,440	361,969	32,529
Sewage Treatment Contract	432,178	295,670	(136,508)
Other	79,015	40,614	(38,401)
<i>Total Expenditures</i>	<i>\$ 1,643,722</i>	<i>\$ 1,583,101</i>	<i>\$ (60,621)</i>

\*The Guadalupe Valley Municipal Improvement District is wholly contained within the City of Brisbane.



## Growth and Population

According to the City of Brisbane staff, the final phase of Northeast Ridge residential development within the Guadalupe Valley Municipal Improvement District (GVMID) service area is currently under construction. In addition, the GVMID service area includes areas at the eastern edge of Crocker Park designated in the City's draft 2015-2022 General Plan Housing Element for rezoning to allow new residential and mixed-used development along Park Place and Park Lane.

Currently, the GVMID serves a population of approximately 973. At build-out, expected to be in or before 2035, the service area population will grow to approximately 1,817 persons, according to City staff, an increase of 87 percent.

## Sphere of Influence

San Mateo Local Agency Formation Commission (LAFCo) reviews and approves spheres of influence for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service plan for an agency. SOIs can be the same ("coterminous"), larger or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a "zero" sphere of influence, which means, in the long term, LAFCo has determined that the agency should be dissolved and an alternative agency take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

Currently, the Guadalupe Valley Municipal Improvement District has a zero sphere of influence. LAFCo has determined, after due consideration of all factors, that the GVMID operations should be merged with the City of Brisbane's public works function. This may reduce staffing levels slightly and eliminate the need for the City Council to segregate budgets and hold separate meetings for GVMID actions.

## District Operations

The Guadalupe Valley Municipal Improvement District (GVMID), operates as a public works function of the City, provides engineering and maintenance for the water, sewer, storm drain, streets, landscaping and lighting in the Crocker Park and Northeast Ridge residential area.

The GVMID and the City of Brisbane receive 100 percent of its water from the San Francisco Public Utilities Commission through five turnouts along the Crystal Springs Pipeline. Under normal conditions, the City's water comes from the Hetch Hetchy Reservoir in Yosemite National Park. Occasionally, water supplies may be supplemented from the East Bay or Peninsula Reservoirs.

The City of Brisbane water system is comprised of four pressure zones and is operated as a combined system with the GVMID water system. The water systems are interconnected and operated together to maximize circulation and flow within the system. The interconnection allows the City to move water freely across the districts to supplement higher-than-normal demands.

**Infrastructure Needs**

The Guadalupe Valley Municipal Improvement District (GVMID) infrastructure was developed in the 1960s. The water and sewer systems, approximately 45 to 50 years of age, are beginning to reach the point of major facility rehabilitation and replacement. The City has previously used a Master Plan of Water and of Wastewater that identified critical system needs and repairs. A new Wastewater Master Plan is budgeted to be completed in 2015 for the sewer collection system at a budgeted cost of \$100,000.

The City/GVMID contracts for water supply (purchased from the City and County of San Francisco Public Utilities Commission) and sewage treatment (also provided by SFPUC), but the GVMID has internal utility infrastructure that is their responsibility to own, operate and maintain. The GVMID does have an ongoing program for sidewalk replacement and roadway/streetscape tree replacements for the next two to three years.

**Cooperative Programs**

Wholesale water supply and sewage treatment services for the GMVID are provided by contract with the San Francisco Public Utilities Commission. Traffic signal maintenance and street-sweeping services are provided through a contract with the City of South San Francisco.

**Cost Avoidance Opportunities**

The GVMID, through the City of Brisbane, has implemented an aggressive cost reduction program over the past five to six years to address city-wide revenue reductions in sales tax and property taxes since 2010. The City reduced total staffing by approximately 25 percent. To further reduce costs, the City contracted with public and private vendors for street sweeping, street parkway landscape and tree maintenance, water quality testing, and streetlight replacement. While costs for operating utilities and services have increased, the City has passed many of those costs on to sewer customers with recent rate increases in 2013.

**District Financial Overview**

GVMID’s revenues are primarily derived from water and sewer service charges (80 percent), property taxes and interest income (two percent). The District’s revenue and expense management over the past five years has improved the financial condition of the agency and set aside adequate reserves for future needs. The District’s most recent three-year revenue/expenditure budget trends are illustrated in **Table IV-18**, below:

**Table IV-18, GVMID 3-Year Budget Trends**

Fiscal Year	2011-12	2012-13	2013-14
Total Revenues	\$1,685,209	\$2,659,807	\$2,524,064
Total Expenditures	\$1,398,842	\$1,643,722	\$1,583,101
Balance	\$286,367	\$1,016,085	\$940,963

### Ratios of Revenue Sources

With the exception of connection fees (which are minimal due to the service area's largely built-out condition), revenues for sewer and water service charges and fees are very consistent. Property tax revenues comprise about two percent of the revenue and have been impacted by the economic downturn. They are expected to rebound to an average amount of \$32,000 per year.

### Ratio of Reserves or Fund Balance to Annual Expenditures

GVMID's unrestricted reserve has been increasing since 2012 when there was a negative balance due to operating costs exceeding revenues. At the end of FY 2013-14, the District's Unrestricted Fund Balance was \$1,451,554. This is equivalent to slightly less than one year of operating expenses and also allows for funds for emergency system failures or if an economic emergency occurs.

### Annual Debt Service Expenditures to Total Annual Expenditures

The City audit reports that GVMID has long-term debt as a portion of the 2005 Revenue Bonds, Series B Issue, in the amounts of \$1,103,667 and \$285,951. Bond proceeds were used to pay for construction of a new water tank in 2006. Funds for the annual payment on the debt are included in the annual budget and are paid for by service charges, property taxes, and assessment revenues.

### Capital Improvement Program

The City and District budget provide funds annually for major repairs and equipment replacement.

### Water Supply Availability

The City of Brisbane (and GVMID) has a long-term contract for water supply (via the Bay Area Water Supply and Conservation Agency) from the San Francisco Public Utilities Commission (SFPUC) as a result of a court settlement. The SFPUC represents 24 Bay Area water agencies and purchases treated imported water for distribution. **Table IV-19**, below, outlines: (1) the contracted amount of supply available in hundred cubic feet (HCF) units and million gallons per day (MGD) equivalents; and (2) the supply purchased by water agencies in the MSR study area over FYs 2009-10 through 2012-13. As indicated in the table, Brisbane/GVMID has been purchasing less than its contract base amount for the past three fiscal years.

**Table IV-19, Past/Current Water Purchases from San Francisco Public Utilities Commission**

Agency	Supply Guarantee (HCF*)	Supply Guarantee (MGD**)	Actual FY 2009-10 (HCF*)	Actual FY 2010-11 (HCF*)	Actual FY 2011-12 (HCF*)	Actual FY 2012-13 (HCF*)	Actual FY 2012-13 (MGD Equiv.)
City of Brisbane and Guadalupe Valley MID	478,871	0.98	276,601	275,934	280,650	287,290	0.59
City of Daly City	2,094,386	4.29	1,542,719	1,405,660	1,811,358	1,955,442	4.01
North Coast County Water District	1,872,928	3.84	1,471,838	1,585,572	1,380,360	1,192,485	2.44

\* HCF = Hundred Cubic Feet

\*\* MGD = Million Gallons per Day

### Water Rates

A comparison of area agency water rates for residential users in the North San Mateo County area is provided in **Table IV-20**, below:

**Table IV-20, Agency Water Rate Comparison (monthly)**

Agency	City of Brisbane/GVMID	Town of Colma (CA Water Service Co.)	City of Daly City	North Coast County Water District (Pacifica)
Residential Fixed Service Charge (*)	\$11.34	\$10.50	\$13.04	\$13.36
Commodity Charge (7 CCF**)	\$31.90***	\$34.13	\$27.91	\$25.66
Typical Total Residential Cost (1 month)	\$43.24	\$44.63	\$40.95	\$39.02

\* Monthly for 5/8-inch Meter

\*\* CCF = 100 Cubic Feet

\*\*\* Brisbane adopted a Capital Projects Fee in 2014 that is Included in the Commodity Rate

### Sewer Rates

The District sewer rates are based upon the cost to treat sewage at the SFPUD facilities and operation of the sewer collection and pumping systems. **Table IV-21**, below, shows a comparison of typical equivalent dwelling unit (EDU) charges for residential sewer users in the North San Mateo County area.

**Table IV-21, Sewer Rate Comparison by Agency**

	<b>City of Brisbane/GVMID</b>	<b>City of Pacifica</b>	<b>Daly City/Town of Colma/North San Mateo Co. San Dist.</b>	<b>Bayshore Sanitary District</b>
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDU's Av. Dry Weather Flow:2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
<b>Residential</b>				
Fixed Charge (3/4")	\$68.87	\$91.13	\$5.74/HCF	\$125/Year per EDU
Meter EDU				
Flows up to 8 CCF				\$5/CCF
Total Bi-Monthly Cost (Typical at 15 CCF)	144.97	\$182.27	\$86.10	\$75.00
Annual Cost	\$869.82	\$1,093.62	\$516.60	\$575.00
<b>Commercial</b>				
Fixed Charge	\$68.87	---	Same as above	\$125.00
Flows to 15 CCF	84.34	\$91.13x90*	Same as above	\$5/CCFx.90*
Total Bi-Monthly Cost	\$153.21			\$67.50*
Annual	\$919.26	\$984.20	Same as above	\$530.00
Sewer Connection Charge per EDU	\$2,532/EDU	\$2,835.28/EDU	\$2,600/EDU	Residential - \$3,414/EDU; Commercial \$17.01 per GPD Est.

EDU = Equivalent Dwelling Unit

CCF = Hundred Cubic Feet

GPD = Gallons per Day

\* This example reflects a strength factor of 0.9; the strength factor may vary from 0.90 to 2.41 affecting the strength change accordingly.

### Disadvantaged Unincorporated Communities

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the Guadalupe Valley Municipal Improvement District (GBMID) service boundary or sphere of influence.

### Government Structure Alternatives/Accountability

GVMID is a subsidiary district of the City of Brisbane and is governed by the Brisbane City Council. The City Council meets the first and third Thursdays of the month. Meeting agendas and staff reports are

posted at least 72 hours in advance of the meetings. All meetings are held at 7:30 PM in the Community Meeting Room located at City Hall. Meetings are televised through a live video stream that can also be viewed on most mobile devices. Brisbane has a comprehensive, user-friendly website that provides the public with Internet access to City Council agendas and minutes, public notices, announcements, budgets, audits and capital improvement programs. The City's website also provides contact information for key City personnel.

As a subsidiary district of the City, the City Council is the Board of Directors of the Guadalupe Valley Municipal Improvement District (GVMID). As such the Council should meet under a separate noticed agenda for the specific purpose of transacting the business of the GVMID. A review of the City Council agendas for 2014 reveals that most meeting actions for the GVMID are placed within the Brisbane City Council agenda and not separately noticed for the GVMID. This includes the adoption of the 2014-15 FY Budget and Gann Appropriations Limit Resolution on June 19, 2014.

Two government structure alternatives have been identified for the Guadalupe Valley Municipal Improvement District (GVMID):

- **Maintain the status quo**

GVMID was formed in 1959 to serve a concentration of new office/industrial development ("Crocker Park") that was geographically distant from the community's core and prior to incorporation of the City in 1961. The District was established as a subsidiary of the City in 1989. The District's revenue and expense management over the past five years has improved the financial condition of the agency and set aside adequate reserves for future needs. As a subsidiary district of the City, it is governed by the Brisbane City Council. No significant service issues have been identified.

- **Dissolve GVMID and merge with City of Brisbane**

According to the City, the draft 2015-2022 Brisbane General Plan Housing Element designates the eastern edge of Crocker Park for rezoning to allow new residential and mixed-used development along Park Place and Park Lane. Under this development scenario, the District's service area population will grow to approximately 1,817 persons at build-out, which is expected by 2035. This represents an increase of 87 percent over the current service population. A full merger of GVMID with the City could result in long-term operational and administrative cost savings to the City and customers. A study of potential efficiencies and savings should be undertaken to determine the feasibility of this government structure alternative.

**Recommended Municipal Service Review Determinations**

Based on the information, issues and analysis presented in this report, proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<i>Growth and population for affected area.</i>	Currently, the GVMID serves a population of approximately 973. At build-out, expected to be in or before 2035, the service area population will grow to approximately 1,817 persons, according to City staff. This represents an increase of approximately 87 percent.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the GVMID.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCS) located within, or contiguous to, the GVMID.
<i>Financial ability of agencies to provide services.</i>	The GVMID’s revenues are primarily derived from water and sewer service charges (95 percent) and property taxes and interest income (5 percent). The District’s revenue and expense management over the past five years has improved the financial condition of the agency and set aside adequate reserves for future needs.
<i>Status of, and opportunities for, shared facilities.</i>	Wholesale water supply and sewage treatment services for the Guadalupe Valley Municipal Improvement District are provided by contract with the City and County of San Francisco Public Utilities Commission (SFPUD). Traffic signal maintenance and street-sweeping services are provided through a contract with the City of South San Francisco.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	GVMID is a subsidiary district of the City of Brisbane and is governed by the Brisbane City Council. The City Council meets the first and third Thursdays of the month. Meeting agendas and staff reports are posted at least 72 hours in advance of the meetings. All meetings are held at 7:30 PM in the Community Meeting Room located at City Hall. Meetings are televised through a live video stream that can also be viewed on most mobile devices. Brisbane has a comprehensive, user-friendly website provides

	<p>the public with Internet access to City Council agendas and minutes, public notices, announcements, budgets, audits, and capital improvement programs. The City’s website also provides contact information for key City personnel.</p> <p>As a subsidiary district of the City, the City Council is the Board of Directors of the District. They should meet under a separate noticed agenda for the specific purpose of transacting the business of the GVMID. A review of the City Council agendas for 2014 reveals that most meeting actions for the GVMID are placed within the Brisbane City Council agenda and not separately noticed as for the GVMID. This includes the adoption of the 2014-15 FY Budget and Gann Appropriations Limit Resolution on June 19, 2014.</p> <p>Two government structure alternatives have been identified for the Guadalupe Valley Municipal Improvement District (GVMID):</p> <p><b><i>Maintain the status quo:</i></b> GVMID was formed in 1959 to serve a concentration of new office/industrial development (“Crocker Park”) that was geographically distant from the community’s core and prior to the City’s incorporation in 1961. The District’s revenue and expense management over the past five years has improved the financial condition of the agency and set aside adequate reserves for future needs. As a subsidiary district of the City, it is governed by the Brisbane City Council. No significant service issues have been identified.</p> <p><b><i>Dissolve GVMID and merge with City of Brisbane:</i></b> According to the City, the draft 2015-2022 Brisbane General Plan Housing Element designates the eastern edge of Crocker Park for rezoning to allow new residential and mixed used development along Park Place and Park Lane. Under this development scenario, the District’s</p>
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	<p>service area population will grow to approximately 1,817 persons at build-out, which is expected by 2035. This represents an increase of 87 percent over the current service population. A full merger of GVMID with the City could result in long-term operational and administrative cost savings to the City and customers. A study of potential efficiencies and savings should be undertaken to determine the feasibility of this government structure alternative.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>None have been identified.</p>

**Recommended Sphere of Influence Update/Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<p><i>Present and planned land uses in the area, including agricultural and open-space lands.</i></p>	<p>The District includes a concentration of industrial parks (“Crocker Park”) and residential development (“Northeast Ridge”). The City has identified the southeasterly edge of Crocker Park as a future mixed-use (residential and commercial) site. The Northeast Ridge residential development comprises approximately 250 acres and includes 422 multi-family dwelling units constructed in the late 1990s/early 2000s. Of the total 250 acres, 14 acres remain for development.</p>
<p><i>Present and probable need for public services and services in the area.</i></p>	<p>According to the City, potential rezoning of the southeastern edge of Crocker Park (referenced in the City’s current Draft Housing Element), could double the District’s service area to approximately 1,888 persons at build-out (which is expected in or before 2035). This population increase would significantly increase the District’s service responsibilities.</p>

<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The GVMID facilities are sized and constructed to handle build-out of the developed district area. Both water and wastewater treatment is provided off site by master-planned facilities. Pipelines and pump stations are properly maintained.
<i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the GVMID.

***Recommended Sphere of Influence:*** Reaffirm the current zero sphere of influence for the Guadalupe Valley Municipal Improvement District (GVMID), which means that the public service responsibilities and functions of GVMID should be reallocated to the City of Brisbane at some point in the future.

## BAYSHORE SANITARY DISTRICT

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### Overview/History

Bayshore Sanitary District (BSD) is an independent special district located in northern San Mateo County. The District was formed on May 18, 1925 under Section 6400 et seq. of the California Health and Safety Code. BSD's enabling legislation permits the following authorized powers: acquisition, planning, construction, reconstruction, alteration, enlargement, laying renewing, placing, maintenance and operation of garbage dump sites, garbage collection and disposal systems, sewers, drains, septic tanks and sewerage collection and disposal systems, outfall treatment works and other sanitary disposal systems, storm water drains and storm water collection, outfall and disposal systems, water reclamation and distribution systems, and water recycling and distribution systems.

The District's active powers are sewer collection and disposal service which it provides to portions of the Cities of Brisbane and Daly City, including Daly City's Bayshore neighborhood south of the San Francisco County line (see **Exhibit IV-3**). Divestiture (termination) of an active power, or activation of an inactive power, requires application to LAFCo and LAFCo approval.

Upon incorporation of the City of Brisbane in 1961, BSD continued in existence resulting in the City of Brisbane and the City-governed Guadalupe Municipal Improvement District providing sewer service in City territory not included in BSD boundaries. In 2000, a court ruling confirmed BSD's authority to serve the area within the City of Brisbane known as "Baylands," which is within the territory of BSD. The Court

concluded that the City could seek to resolve its concerns regarding service to future development at the Baylands by initiating LAFCo proceedings to detach the area from BSD.<sup>9</sup>

**Table IV-22, Bayshore Sanitary District Agency Profile**

General Information			
<i>Agency</i>	Bayshore Sanitary District		
<i>Address</i>	36 Industrial Way, Brisbane 94005		
<i>Principal Act</i>	Section 6400 et seq. of the California Health and Safety Code		
<i>Powers</i>	<p><i>Active:</i> acquisition, planning, construction, reconstruction, alteration, enlargement, laying, renewing, placing, maintenance and operation of sewers, drains, septic tanks, sewerage collection and disposal systems, outfall treatment works, and other sanitary disposal systems.</p> <p><i>Authorized:</i> acquisition, planning, construction, reconstruction, alteration, enlargement, laying renewing, placing, maintenance and operation of garbage dump sites, garbage collection and disposal systems, sewers, drains, septic tanks and sewerage collection and disposal systems, outfall treatment works and other sanitary disposal systems, storm water drains and storm water collection, outfall and disposal systems, water reclamation and distribution systems, and water recycling and distribution systems.</p>		
<i>Date Formed</i>	May 18, 1925		
<i>Service Area</i>	1.6 square miles		
<i>Services Provided</i>	Wastewater collection and transport		
<i>Contact Person</i>	Joann Landi, District Clerk (415) 467-1144		
<i>Website</i>	<a href="http://www.bayshoresanitary.org">www.bayshoresanitary.org</a>		
Governance			
<i>Board Membership</i>	5 members (elected at large): Iris Gallagher (2017); Kenneth Tonna (2017); Walter Quinteros (2015); Norman Rizzi (2015); Mae Swanbeck (2015);		
<i>Compensation</i>	\$190 per meeting plus monthly benefits premium (ranges from \$179.61 to \$196.60 per Director) for dental/life insurance for Director and dependents		
<i>Public Meetings</i>	Monthly (4 <sup>th</sup> Thursday)		
Operations			
<i>Population Served</i>	5,152 (2010 Census)		
<i>Number of Employees</i>	5 (Board of Directors are considered employees per IRS regulations)		
<i>Last SOI Update</i>	1995 (reaffirmed)		
<i>Contract Services</i>	Engineering, legal, operations and maintenance and administration are provided by contract		
Budget Information - FY 2012-2013, FY 2013-2014			
Revenues	2012-2013 (Audited)	2013-2014 (Audited)	Net Increase/(Decrease)
Total Operating Revenues	\$1,030,118*	\$974,932**	(\$55,186)
Non-Operating Revenues			
<i>Connection Fees &amp; Interest</i>	\$21,798	\$11,108	(\$10,690)
<i>Property Taxes</i>	\$344,163	\$248,956	(\$95,207)

<sup>9</sup> A former rail yard and landfill, Baylands is the largest undeveloped parcel on the San Francisco Peninsula. Universal Paragon Corporation, a real estate design and development firm based in San Francisco, has submitted plans to the City of Brisbane to remediate and regenerate the 680-acre Baylands site into a mixed-use development incorporating open space, commercial/retail uses and 4,400 new housing units. Brisbane is processing a Specific Plan (a comprehensive planning and zoning document for a defined geographic area) with a goal of redeveloping the urban site as a model of sustainability for the region.

North County Cities and Special Districts MSR-SOI Study  
San Mateo LAFCo

Total Non-Operating Revenues	\$365,961	\$260,064	(\$105,897)
Total Revenues	\$1,395,879	\$1,234,996	(\$160,883)
<b>Expenditures</b>			
Operating Expenses			
<i>Collection System (contract)</i>	---	---	
<i>Treatment &amp; Disposal (contract)</i>	---	---	
Sub-Total Contract Expenses	---	---	
Admin & General Expenses	---	---	
Total Operating Expenses	---	---	
Non-Operating Expenses			
<i>Capital Projects</i>	---	---	
<i>Contingency Funds</i>	---	---	
Total Operating Expenses	\$1,105,447	\$1,024,464	(\$80,983)
Increase in Fund Net Position	\$290,432	\$210,532	(\$79,900)
<b>Notes:</b>			
* Data from June 2013 Audit			
** Data from June 2014 Audit			



## Population/Growth

The Bayshore Sanitary District (BSD) serves a population of approximately 5,152 over a 1.6-square-mile area. According to the District, only limited growth is projected for the District in the near future.

However, both Daly City and the City of Brisbane have General Plan updates in process, and both cities are proposing changes in land use as a result of the dissolution of their Redevelopment Agencies in 2012. Increased development in the two city areas served by BSD may increase the District's service population in the future. In addition, the State-owned "Cow Palace" event center is proposed by the State to lease approximately 13 acres of parking lot at the corner of Geneva Avenue and Carter Streets for possible mixed use retail, commercial, and residential development. According to the District, a more favorable financial climate has resulted in a number of inquiries from developers about the District's service capabilities relative to the development of vacant parcels and the redevelopment of existing parcels to a higher density.

## Sphere of Influence

San Mateo Local Agency Formation Commission (LAFCo) reviews and approves spheres of influence for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service plan and boundary for an agency. SOIs can be the same, larger, or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a "zero" sphere of influence that means, in the long term, LAFCo has determined that the agency should be dissolved and that an alternative agency should take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

San Mateo LAFCo has designated a zero sphere of influence for BSD with the stipulation that upon dissolution of the District, the Cities of Brisbane and Daly City would **assume** service as "successor agencies."

San Mateo LAFCo's sphere policy states: "An existing local agency may be allocated a zero sphere of influence which encompasses no territory. Such may be the case where LAFCo determines, after due consideration of all factors, that the public service responsibilities and functions of one local agency should be reallocated to some other unit of government and that ultimately the local agency which has been assigned a zero sphere of influence shall cease to exist."

## District Operations

BSD currently operates and maintains 15 miles of sanitary sewers and one pumping station serving 1,350 residential and 125 commercial connections. Wastewater treatment and disposal services are provided by the San Francisco Public Utilities Commission's Southeast Treatment Plant. BSD also

provides lateral maintenance for property owners (from an approved “cleanout” at the property line to the main line).

The District does not have a General Manager. The five members of the District’s Board of Directors manage the District. The District contracts with individuals and firms to provide the services of District Clerk, Legal Counsel, District Maintenance Director, and District Engineer. These contractors execute the District’s policies. The District’s facilities are operated and maintained by a contractor.

### **Infrastructure Needs**

As previously stated, the Bayshore Sanitary District (BSD) maintains 15 miles of main and lateral sewer lines and one pump station. As a result of the 2008 Master Plan Study by Kennedy Jenks Engineers, the full pipe system has been inspected by closed-circuit TV, and priorities for replacement and/or upgrades have been developed for the system. Three sewer main repairs have been completed in Santos Avenue, Tunnel Avenue, and Industrial Way. A possible need to upgrade the Industrial Way six-inch pipe to a possible 10-inch pipe is contingent on future development plans.

BSD’s pump station has four pumps, and each year rehabilitation work is budgeted based upon an operations assessment of the facility. A motor replacement and a ventilation upgrade were budgeted for FY 2014-15. The FY 2014-15 Budget also includes funds for completion of a system-wide Capital Improvement Plan Update Study. A list of system needs is expected to be prepared as part of that study.

### **Cooperative Programs**

The District currently contracts with the San Francisco Public Utilities Commission for wastewater treatment services.

### **Cost Avoidance Opportunities**

The District reports that the organization is staffed at efficient levels and contracts out several functions, including operations and maintenance, District Engineer, Clerk, and Legal Counsel.

### **District Financial Overview**

The District’s overall financial position and health appears positive with a designated Capital Improvement Fund and multiple contingency funds, each with a specific purpose. This allows the District to plan for future needs and rehabilitation of existing infrastructure without having to burden its constituents with bonds or assessments. The mixture of service fees/charges and property taxes provide a fairly consistent revenue stream. The District has received unqualified (clean) audits and reports. BSD has no long-term debt obligations.

In accordance with State law, the District adopts a Gann Appropriation Limit Resolution annually and most recently on June 26, 2014 at \$3,435,947. This limit is well above the District’s current expenditure amount of \$1,100,100 for general operating purposes.

Three-Year Revenue/Expenditure Budget Trends

District revenues are primarily derived from sewer service charges (75 to 80 percent) and property taxes (20 to 25 percent), depicted in **Table IV-23**, below:

**Table IV-23, Bayshore Sanitary District, Three-Year Revenue/Expenditure Trends**

Source	FY 2011-12	FY 2012-13	FY 2013-14
Service Charges and Fees	\$1,051,101	\$1,030,118	\$974,932
Non-Operating Revenues			
Property Taxes	\$290,794	\$344,163	\$248,956
Other Revenues	\$17,987	\$21,598	\$11,108
Total Revenues	\$1,309,842	\$1,395,879	\$1,234,996

Ratios of Revenue Sources

Revenues for Sewer Service Charges and Fees, with the exception of connection fees, are very consistent. With the exception of the Cow Palace and Baylands, the District’s service area is fully developed with limited opportunities for new connections and related fees. Property tax revenues have been impacted by the economic downturn but have rebounded to an average of approximately \$248,000 per year or 20% of total revenues.

Ratio of Reserves or Fund Balance to Annual Expenditures

The District’s restricted and contingency funds have been increasing between 7 to 18 percent per year, ending at \$3,955,389 in FY 2013-14. This is equivalent to approximately three years of operating expenses and allows for funds if emergency systems fail or an economic emergency occurs. The District invests its available fund balance in the State of California Local Agency Investment Fund (LAIF). The June 30, 2014 balance was \$2,545,242.

Annual Debt Service Expenditures to Total Annual Expenditures

The District reports that they have no long-term debt.

Capital Improvement Program

Bayshore Sanitary District (BSD) budgets funds annually for major repairs and replacements. The 2008 CIP Plan has been implemented, and the District has budgeted for a CIP Update Study in the current fiscal year.

Rate Structure

The District’s sewer service fee rates are based upon an analysis of sewage flows, constituent loading and costs of operations and administration. BSD contracts for sewage treatment with the San Francisco Public Utilities Commission Southeast Treatment Plant. The District is also completing a new Five-Year CIP that will identify projects and costs for future budgets and rate considerations.

The overall service charge rates are in the lower range of the other local sewer agencies being studied in the North San Mateo County MSR study area. They are summarized in **Table IV-24**, below:

**Table IV-24, North San Mateo County Sewer Agency Rates**

	<b>City of Brisbane/GVMID</b>	<b>City of Pacifica</b>	<b>Daly City/Town of Colma/North San Mateo Co. San Dist.</b>	<b>Bayshore Sanitary District</b>
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDU’s Av. Dry Weather Flow:2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
<b>Residential</b>				
Fixed Charge (3/4“)	\$68.87	\$91.13	\$5.74/HCF	\$125/Year per EDU
Meter EDU				
Flows up to 8 CCF				\$5/CCF
Total Bi-Monthly Cost (Typical at 15 CCF)	144.97	\$182.27	\$86.10	\$75.00
Annual Cost	\$869.82	\$1,093.62	\$516.60	\$575.00
<b>Commercial</b>				
Fixed Charge	\$68.87	---	Same as above	\$125.00
Flows to 15 CCF	84.34	\$91.13x90*	Same as above	\$5/CCFx.90*
Total Bi-Monthly Cost	\$153.21			\$67.50*
Annual	\$919.26	\$984.20	Same as above	\$530.00
Sewer Connection Charge per EDU	\$2,532/EDU	\$2,835.28/EDU	\$2,600/EDU	Residential - \$3,414/EDU; Commercial \$17.01 per GPD Est.

EDU = Equivalent Dwelling Unit

CCF = Hundred Cubic Feet

GPD = Gallons per Day

\* This example reflects a strength factor of 0.9; the strength factor may vary from 0.90 to 2.41 affecting the strength change accordingly.

## Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory (containing 12 or more registered voters) that constitute all or a portion of a community with an annual median household income that is less than 80 percent of the Statewide annual household income (MHI). The MHI data is derived from the U.S. Census Bureau – American Community Survey 2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80 percent of that figure, or \$48,706. There are no DUCs within or adjacent to the Bayshore Sanitary District (BSD) service area. No further DUC analysis is required.

## Government Structure Alternatives/Accountability

BSD is governed by a five-member Board of Directors, elected at large by voters within the District. Board meetings are open to the public and are usually held the fourth Thursday of the month at 7:00 PM at the District Headquarters located at 36 Industrial Way, Brisbane. Agendas are posted on the District's website, at Lawson Hall, and on the District's bulletin board at least 72 hours in advance of the meeting.

The District's website ([www.bayshoresanitary.org](http://www.bayshoresanitary.org)) is adequate and provides the public with agency contact information, budget/audit information, Board agendas and minutes, public notices, service area maps and educational/environmental information.

Three government structure alternatives have been identified for the Bayshore Sanitary District:

- **Maintain status quo**  
BSD uses contract employees and, as a result, has low administrative overhead costs. The District has no long-term debt and budgets annually for major system repairs and upgrades. A capital improvement plan (CIP) update has been budgeted for the current year.
- **Provide operation and maintenance service for the Guadalupe Valley Municipal Improvement District**  
The District has indicated it has the staffing, contract services, and financial capability to take over operation and maintenance services for the Guadalupe Valley Municipal Improvement District, if requested to do so. Since each agency operates collection systems that flow to other waste water treatment facilities that treat affluent by contract, only collection system maintenance and billing would be involved.
- **Implement a Joint Powers Agreement, Service Contracts or Dissolve/Expand Bayshore Sanitary District**  
Bayshore Sanitary District (BSD) provides sewer service for portions of the Cities of Daly City and Brisbane. The City of Brisbane has its own wastewater treatment department and the City of Daly City provides a majority of its residents' sewer service through the North San Mateo County

Sanitation District, a subsidiary district<sup>10</sup> of Daly City. A joint study should be undertaken by BSD, Daly City, and Brisbane to determine the operational and fiscal feasibility of governance/management structure opportunities for the provision of sewer service in the area. Options should include, but not be limited to, a joint powers agreement, contracts for services (either by BSD to one of the cities or by one of the cities to BSD) and dissolution or expansion of BSD. BSD has indicated that they would participate in such a study.

**Recommended Municipal Service Review Determinations**

Based on the information, issues and analysis presented in this report, proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<p><i>Growth and population for affected area.</i></p>	<p>The Bayshore Sanitary District (BSD) serves a population of approximately 5,152 over a 1.6-square-mile area. According to the District, only limited growth is projected for the District in the near future. However, both Daly City and the City of Brisbane have General Plan updates in process and proposed changes in land use impacted by the dissolution of the Redevelopment Agency in 2012. Increased development in the two cities served by BSD may increase the District’s service population in the longer range future.</p> <p>Specifically, the Daly City 2030 General Plan references the proposed redevelopment of the State-owned Cow Palace (70 acres) and an adjacent 22 acres of both privately owned and City owned property. For purposes of the Daly City traffic model, the City assumes 1,700 dwelling units and 300,000 square feet of retail/office/commercial uses for this 92 acre property. Prior to development of this project, however, a General Plan amendment and zone change would require approval of the City of Daly City.</p>
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<sup>10</sup> A subsidiary district is a district in which a city council is designated as the governing body of the district. A subsidiary district may include territory outside city boundaries as long as at least 70% of the land area and 70% of the registered voters are located with city boundaries.

	<p>The City of Brisbane’s Baylands project encompasses the largest undeveloped parcel on the San Francisco Peninsula. Universal Paragon Corporation, a real estate design and development firm based in San Francisco, has submitted plans to the City of Brisbane to remediate and regenerate the 680-acre Baylands site into a mixed-use development incorporating open space, commercial/retail uses and 4,400 new housing units. City approval of a Specific Plan would be required prior to development of the site.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the North San Mateo County Sanitation District.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the North San Mateo County Sanitation District.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>The District has more than adequate financial reserves for operations and currently identified capital replacement needs. Reserves are approximately 300 percent of the annual operating expenses, an amount on the high side of most sanitary districts of its size and budget. The District has no long-term debt and has historically funded capital replacement projects on a pay-as-you-go basis.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The District currently contracts with the San Francisco Public Utilities Commission for wastewater treatment services. Additionally, the District reports that the organization is staffed at minimal levels and contracts out several functions, including District Engineer, Clerk and Legal Counsel.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>Bayshore Sanitary District is governed by a five-member Board of Directors, elected at large by voters within the District. Board meetings are open to the public and are usually held the fourth Thursday of the month at 7:00 PM at the District Headquarters located at 36 Industrial Way, Brisbane. Agendas are posted on the District’s website, at Lawson Hall, and on the District’s bulletin board at least 72 hours in advance of the meeting.</p>

	<p>The District’s website (<a href="http://www.bayshoresanitary.org">www.bayshoresanitary.org</a>) is adequate and provides the public with agency contact information, budget/audit information, Board agendas and minutes, public notices, service area maps and educational/environmental information.</p> <p>Three government structure alternatives have been identified for the Bayshore Sanitary District:</p> <p><b><i>Maintain Status quo:</i></b> The Bayshore Sanitary District (BSD) uses contract employees and, as a result, has low administrative overhead costs. The District has no long-term debt and budgets annually for major system repairs and upgrades. A capital improvement plan (CIP) update has been budgeted for the current year.</p> <p><b><i>Provide operation and maintenance service for the Guadalupe Valley Municipal Improvement District:</i></b> The District has indicated it has capability to take over operation and maintenance services for the Guadalupe Valley Municipal Improvement District, if requested.</p> <p><b><i>Implement a Joint Powers Agreement, Service Contracts or Dissolve/Expand Bayshore Sanitary District:</i></b> BSD provides sewer service for portions of the Cities of Daly City and Brisbane. The City of Brisbane has its own wastewater treatment department and the City of Daly City provides a majority of its residents’ sewer service through the North San Mateo County Sanitation District, a subsidiary district<sup>11</sup> of Daly City. A joint study should be undertaken by BSD, Daly City, and Brisbane to determine the operational and fiscal feasibility of governance/management structure opportunities for the provision of sewer service in the area. Options should include, but not be limited to, a joint powers agreement, contracts for services (either by BSD to one of the cities or by</p>
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<sup>11</sup> A subsidiary district is a district in which a city council is designated as the governing body of the district. A subsidiary district may include territory outside city boundaries as long as at least 70% of the land area and 70% of the registered voters are located within city boundaries.

	one of the cities to BSD) and dissolution or expansion of BSD.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

**Recommended Sphere of Influence Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	Bayshore Sanitary District’s 1.6 square-mile service area covers portions of two cities and includes a wide variety of land uses, including open space/recreation, single and multi-family housing, commercial, industrial and retail development.
<i>Present and probable need for public services and services in the area.</i>	<p>The Bayshore Sanitary District (BSD) serves a population of approximately 5,152 over a 1.6 - square-mile area. According to the District, only limited growth is projected for the District in the near future.</p> <p>However, both Daly City and the City of Brisbane have General Plan updates in process and proposed changes in land use impacted by the dissolution of the Redevelopment Agency in 2013. Increased development in the two cities served by BSD may increase the District’s service population in the future.</p> <p>Specifically, the proposed redevelopment of the State-owned Cow Palace (70 acres) and an adjacent 22 acres in Daly City may result in an additional 1,700 dwelling units and 300,000 square feet of retail/office/commercial. Additionally, the City of Brisbane’s Baylands project could result in the development of new commercial/retail uses and 4,400 new housing units. Both projects, however, require City review and approvals, and it is speculative at this time to project if and when these projects will be built.</p>

<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The District budgets annually for system repairs and upgrades and has budgeted for a Capital Improvement Plan update this fiscal year.
<i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the North San Mateo County Sanitation District service territory.

*Recommended Sphere of Influence:* Reaffirm a zero sphere of influence for the Bayshore Sanitary District, indicating the District should be dissolved and the Cities of Brisbane and Daly City would become “successor agencies.”

## CITY OF DALY CITY

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### Overview/History

Daly City is a coastal community located at the northernmost edge of San Mateo County. Known as the “Gateway to the Peninsula,” the City shares a common border with the City and County of San Francisco to the north, and the cities of Brisbane, Colma, South San Francisco, and Pacifica to the south. Daly City’s boundaries extend from the Pacific Ocean on the west and almost to the San Francisco Bay on the east. The City is adjacent to San Bruno Mountain, a State and County Park (see *Exhibit IV-4*).

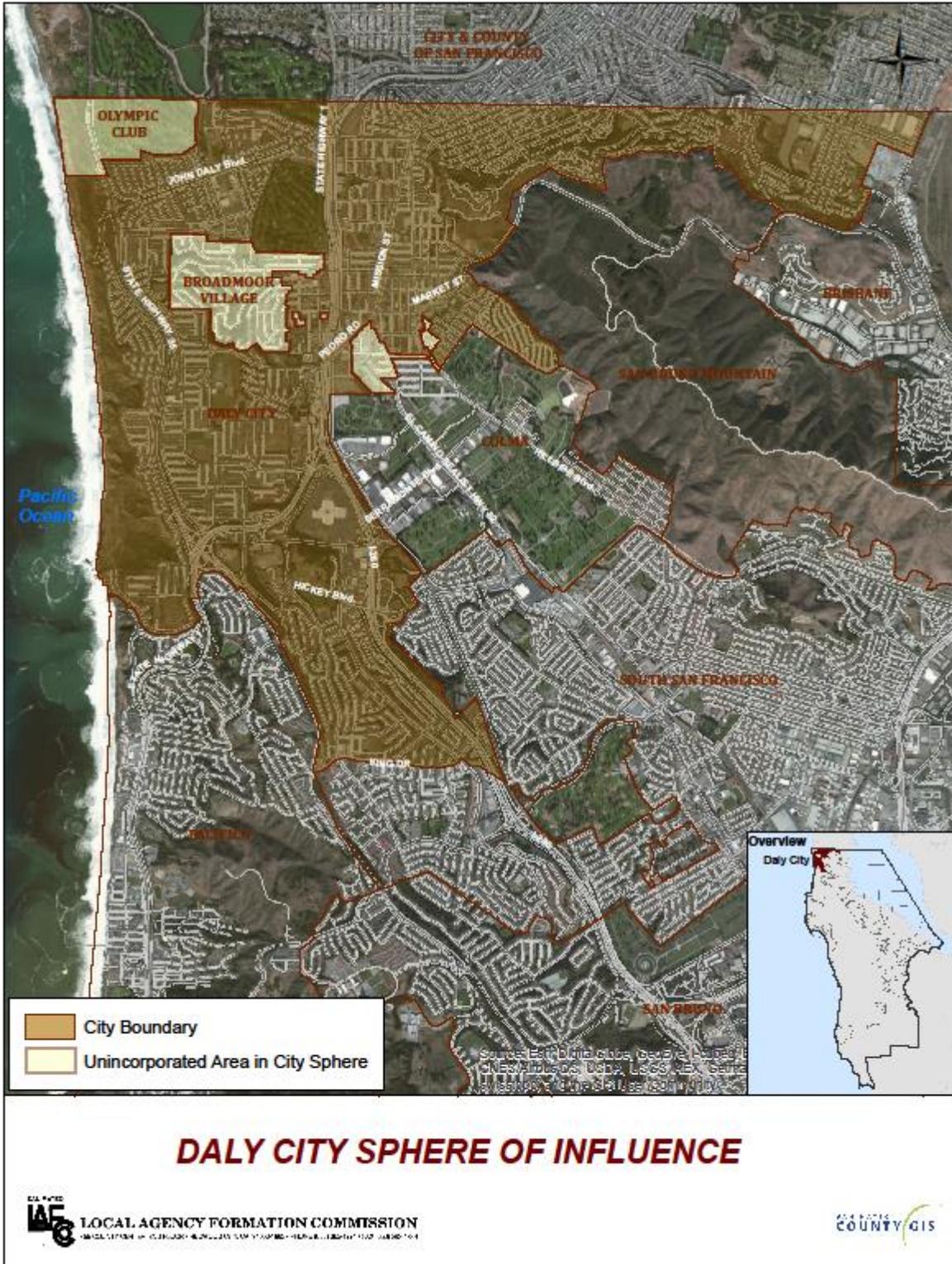
The first attempt to form a city (“incorporation”) for this area was proposed in 1908 as the City of Vista Grande. Vista Grande would have spanned from the Pacific Ocean to San Francisco Bay, with San Francisco as its northern border, and South San Francisco as its southern border. The proposal was rejected over the scope of the planned city, which was considered too large by many residents. Three years later, on January 16, 1911, an incorporation committee filed a petition with San Mateo County to incorporate a smaller area as the City of Daly City. With an estimated population of 2,900, the proposed City would generally extend from San Francisco along the San Bruno hills. On March 18, 1911, a special election was held with incorporation narrowly passing by a vote of 132 to 120.

Daly City remained a relatively small city until the late 1940s when developer Henry Doelger established Westlake, a planned development of homes and businesses, including the Westlake Shopping Center. Doelger continued to buy more land and continued to build in and around Daly City. Other builders contributed significant numbers of housing units and local shopping centers. Mary’s Help Hospital, now known as Seton Medical Center, was also established at this time and remains a prominent landmark in Daly City.

**Table IV-25, Daly City Profile**

General Information			
<i>Agency</i>	City of Daly City		
<i>Address</i>	333 90 <sup>th</sup> Street, Daly City, CA 94015		
<i>Principal Act</i>	General Law City		
<i>Date Formed</i>	March 18, 1911		
<i>Service Area</i>	7.7 square miles		
<i>Services Provided</i>	Police, Fire (City staff w/North County JPA for admin services), Library, Parks & Recreation, Planning, Water, Sewer (North San Mateo Sanitation District and Bayshore Sanitary District), Street Lighting and Maintenance		
<i>Contact Person</i>	Patricia Martel, City Manager, <a href="mailto:Pmartel@dalycity.org">Pmartel@dalycity.org</a> (650) 991-8127		
<i>Website</i>	<a href="http://www.dalycity.org">www.dalycity.org</a>		
Governance			
<i>City Council Membership</i>	Raymond Buenaventura, David Canepa, Michael Guingona, Judith Christensen, Gonzalo Torres		
<i>Compensation</i>	\$707 bi-weekly; Council members receive health, dental and vision coverage benefits		
<i>Public Meetings</i>	2 <sup>nd</sup> and 4 <sup>th</sup> Mondays, 7 PM		
Operations			
<i>Population Served</i>	104,739 (U.S. Census, 2013 population estimates)		
<i>Number of Employees</i>	454 FTE (Full Time Equivalent)		
<i>Number of Residents per City Employee</i>	231		
<i>Last SOI Update</i>	1995 (reaffirmed)		
<i>Contract Services</i>	Animal Control provided through San Mateo County JPA with Peninsula Humane Society; Solid Waste service provided through City franchise with Allied Waste		
Budget Information- Fiscal Year 2012-2013, Fiscal Year 2013-2014			
Revenues	2012-2013 (Adopted)	2013-2014 (Estimated)	Increase/(Deficit)
Government Funds	75,828,190	71,793,607	(4,034,583)
Water Fund	16,806,926	18,446,512	1,639,586
Sanitation Fund	17,900,416	19,622,283	1,721,867
Other Government Funds	2,927,207	4,842,284	1,915,077
Redevelopment Fund Contribution	2,366,888	322,142	(2,044,746)
<i>Total Revenues*</i>	\$115,829,627	\$115,026,828	(\$802,799)
Expenditures			
Government Funds	68,600,307	71,344,764	2,744,457
Water Operations Fund	15,568,891	14,852,998	(715,893)
Water Capital	2,923,493	2,558,098	(365,395)
Sanitation Operations Fund	17,784,105	16,316,928	(1,467,177)
Sanitation Capital	3,260,173	5,595,993	2,335,820
Other Misc. Services	966,010	1,582,353	616,343
Capital Projects	6,173,289	6,029,641	(143,648)
<i>Total Expenditures**</i>	\$115,276,268	\$118,280,775	\$3,004,507
Notes:			
*Revenues do not include internal funds or transfers; numbers were taken from both 2012-13 CAFR and Adopted 2014- 15 Budget. Numbers are shown for descriptive purposes. A detailed revenue analysis is included in the Financing Constraints and Opportunities Section.			
**Expenditures do not include all debt service as loans were refinanced during the year and some expenses spread to benefitting funds. Numbers are shown for descriptive purposes. A detailed expenditure analysis is included in the Financing Constraints and Opportunities Section.			

Exhibit IV-4, City of Daly City Boundary and Sphere of Influence

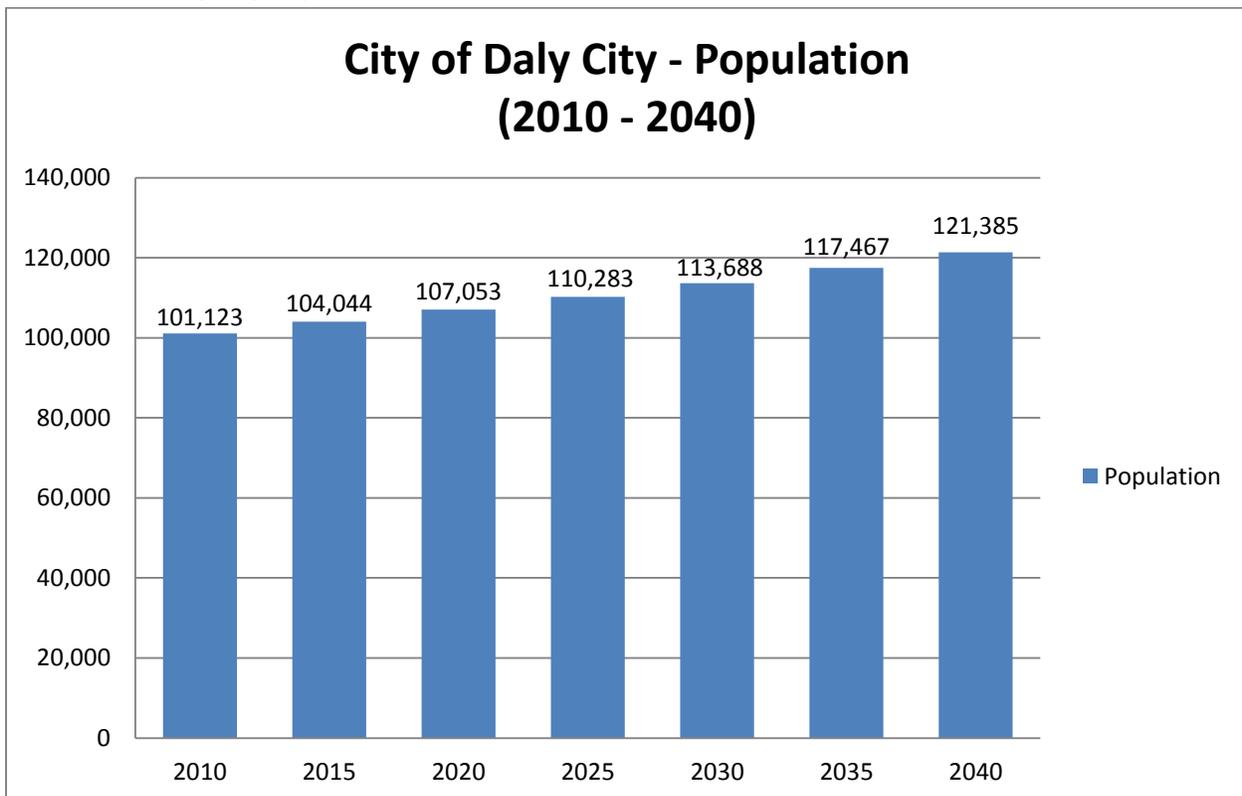


## Growth and Population

According to the most recent Census Data, Daly City has 104,739 residents,<sup>12</sup> making it San Mateo's largest city by population. The Association of Bay Area Governments (ABAG) projections indicate that the City is expected to remain in this position for the next 25 years. Historically, population growth within Daly City has increased significantly since 1930, most rapidly in the decades immediately following World War II. Between 1950 and 1970, the City's population quadrupled to almost 67,000 people as the residential subdivisions of Westlake and Serramonte developed along I-280. By 1990, the population had increased to over 90,000.

According to the City's General Plan (2013), although population growth will continue, it will do so at a modest rate. The City is largely developed, and existing neighborhoods of single-family homes are not expected to undergo redevelopment to higher-intensity housing types in the foreseeable future. According to ABAG growth estimates, Daly City is projected to add approximately 19,000 more residents between 2010 and 2030, or about 950 residents per year (see **Table IV-5**). Daly City has a high concentration of commercial/retail development (e.g., Westlake Center, Serramonte Regional Shopping Center, Serramonte Plaza, and the Mission Street areas, among others) which results in a daytime spike in City population. This creates an increased demand on the City's fire and police resources beyond traditional average population estimates for services.

**Exhibit IV-5, Daly City Population Trends**



<sup>12</sup> U.S. Census, 2013 Population Estimates

Daly City's economy is not highly diversified, being mainly a bedroom community. The City's retail sector includes three major shopping areas within the City: (1) the Mission Street retail corridor; (2) Serramonte Center, an 860,000 square-foot regional shopping center located along I-280; and, (3) Westlake Shopping Center, a 620,000 square-foot regional center which recently completed an extensive renovation. Medical services also provide another important component to Daly City's economy. Seton Medical Center is the City's largest employer with over 1,600 employees.<sup>13</sup>

According to recent US Census data, Daly City has a labor force of 47,600 residents, which represents 49 percent of its population. A considerable amount of Daly City's economic growth is attributed to its young, skilled, and productive labor force. Almost 78 percent of the City's population is over 18 years old, only 12 percent are retirement age, and the City's median age is a relatively young 35 years old, all of which contribute to this unusually high labor participation rate.

The predominant land use in Daly City remains residential, with over 56 percent of the existing land uses developed with a range of low-, medium-, and high-density homes (see **Exhibit IV-6**). Very little vacant land exists in Daly City today. According to the City's General Plan, approximately 98 percent of the area within Daly City is built out, and there is no vacant land of any significant size surrounding Daly City that could be annexed for development.

The "Sullivan Corridor" is currently undergoing revitalization and has been a major effort of the City over the past 30 years. The Corridor comprises approximately 200 acres adjacent to and within close proximity to Sullivan Avenue and immediately east of unincorporated Broadmoor Village. Daly City adopted the Sullivan Corridor Specific Plan in 1998 to guide land use policies and zoning to take advantage of the area's close proximity to the civic center and the Colma-Daly City BART Station. The Specific Plan provides for a mixture of office, retail, service commercial, and single- and multi-family uses. Since the adoption of the Specific Plan, several construction projects have been developed, including new government office buildings, an 86-room hotel, and a large mixed-use development at the southwest corner of Pierce Street and Sullivan Avenue.

### **Priority Development Areas**

Senate Bill 375 (SB 375), the California Sustainable Communities and Climate Protection Act of 2008, requires each of the California's 18 metropolitan areas to prepare a plan called a Sustainable Communities Strategy to reduce greenhouse gases<sup>14</sup> and promote compact, mixed-use commercial and residential development. *Plan Bay Area*, jointly developed by the ABAG and the Metropolitan Transportation Commission, constitutes the Sustainable Communities Strategy for the Bay Area. To meet the goals of SB 375, Plan Bay Area encourages focused growth in 17 Priority Development Areas

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<sup>13</sup> Seton Medical Center's corporate parent, the Daughters of Charity Health System (DOCHS), conducted a process to seek buyers for its healthcare facilities across the State, including the Daly City facility. The selected buyer has withdrawn its offer after considering requirements imposed by the California Attorney General. DOCHS continues to seek buyers that may be interested in purchasing one or more of its facilities, with the future ownership of Seton unclear at the time of this writing.

<sup>14</sup> A greenhouse gas is any gaseous compound in the atmosphere that is capable of absorbing infrared radiation, thereby trapping and holding heat in the atmosphere. By increasing heat in the atmosphere, greenhouse gases are responsible for the "greenhouse effect" which ultimately leads to global warming.

(PDAs) across the region. The PDAs represent many types of places, from regional centers to neighborhood commercial nodes. These neighborhoods provide opportunities for the development of pedestrian-friendly communities where transit, jobs, schools, services, and recreation are conveniently located close to residents' homes.

Of the 17 PDAs identified in the Plan Bay Area strategy, two directly impact the City of Daly City: the Bayshore neighborhood and the Mission Street corridor. The Bayshore neighborhood is a large, primarily residential neighborhood in northeastern Daly City. The primary focus of this PDA is the Geneva Avenue commercial corridor, which borders the cities of Brisbane and San Francisco. An historic draw to the neighborhood is the (State-owned) Cow Palace, an indoor entertainment and sports arena that was built in 1941. Close to a number of transit services, the Geneva Avenue corridor is envisioned as the future core of the Bayshore neighborhood.

The Mission Street corridor, which extends from the Daly City BART station at its northern end to the Colma BART station at its southern end, encompasses 146 acres. In 2012, a new transit plaza and several pedestrian and streetscape improvements were completed in the area. The parcels along Mission Street have recently been re-designated for commercial mixed use (combining commercial and residential uses), and the City is in the process of developing new zoning designations, including incentives for lot consolidation. A third non-contiguous area is a single block bounded by 92<sup>nd</sup>, Briggs, and Sullivan Avenue and comprises 1.21 acre. **Exhibit IV-6**, below, identifies the existing land uses in Daly City.

### Sphere of Influence

Several unincorporated areas are located within or adjacent to Daly City. Broadmoor Village comprising 272 acres is predominantly a low-density, single-family residential neighborhood completely surrounded by Daly City. Approximately 89 percent of Broadmoor's housing is single-family detached, and 11 percent are multi-family apartments. With an estimated population of 4,351<sup>15</sup> the community is an "island" or pocket of unincorporated County land served by the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District.

Unincorporated Colma, comprising 56 acres, is a small urban neighborhood located in an area between Daly City and the Town of Colma. Extending along both sides of El Camino Real, the area contains a mixture of land uses, including retail, service commercial, industrial, low-density residential, and medium-density multi-family residential uses. Because the residential units in unincorporated Colma tend to be smaller and older than the County average, they are considered to be one of the County's major concentrations of affordable housing. Unincorporated Colma also includes land dedicated to flower/nursery production. Several of these parcels have been recently annexed to Daly City.

Both Broadmoor Village and Unincorporated Colma are located within the Daly City sphere of influence. Spheres of influence are determined by the Local Agency Formation Commission (LAFCo) and indicate the logical, long-term service provider for municipal services. San Mateo LAFCo has determined that the

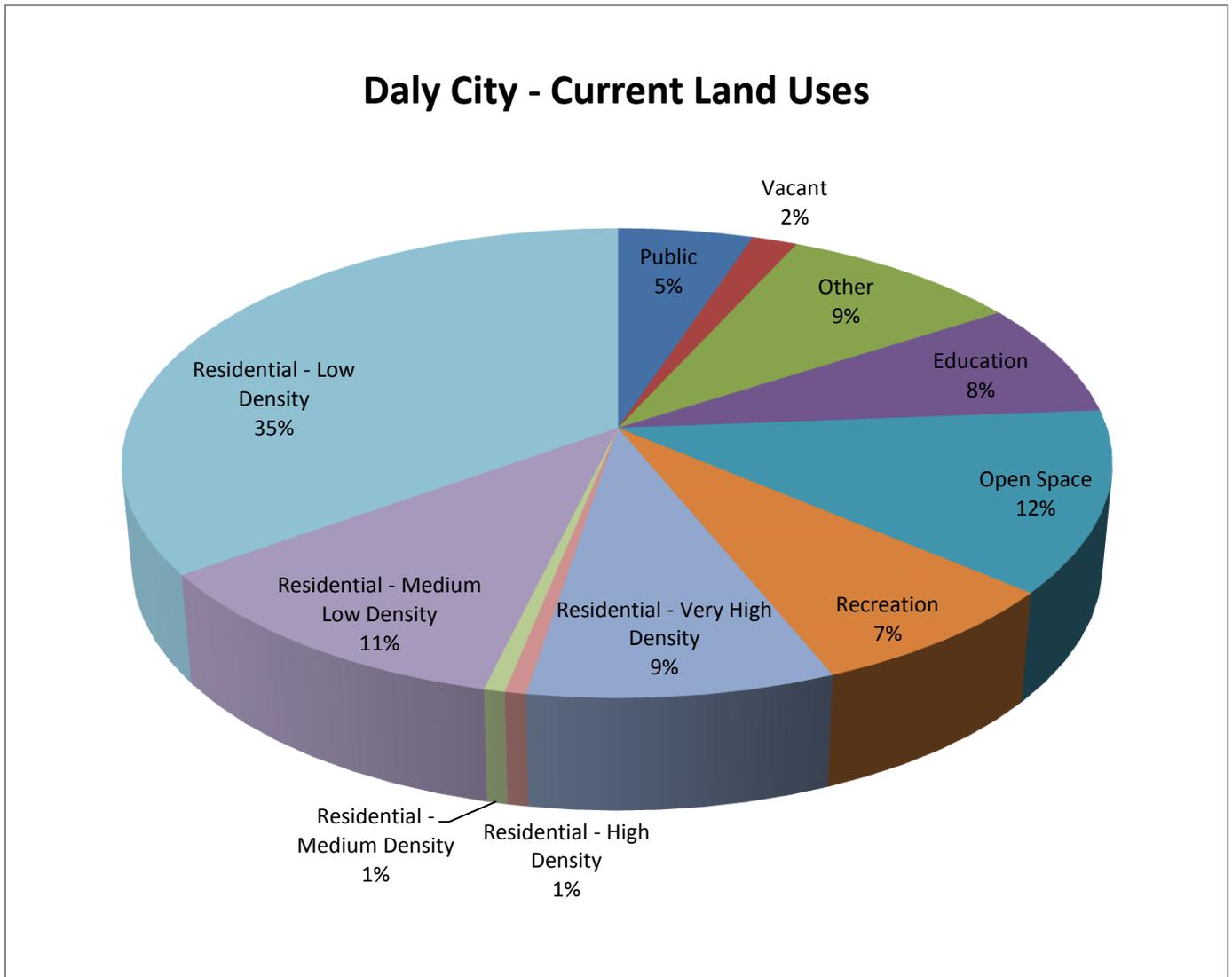
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<sup>15</sup> 2009-2013 U.S. Census American Communities Survey

City of Daly City is the logical future long-term service provider for both the Broadmoor and Unincorporated Colma areas.

The City of Daly City has a stated policy of not initiating annexation of areas in the City's sphere of influence. The City does accept applications for pre-zoning from property owners in anticipation of annexation.

*Exhibit IV-6, Daly City Land Uses*



### Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities (DUCs) are defined as unincorporated inhabited territory (containing 12 or more registered voters) that constitute all or a portion of a community with an annual median household income that is less than 80 percent of the Statewide annual median household income (MHI). The MHI data is derived from the U.S. Census Bureau – American Community Survey

2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80 percent of that figure, or \$48,706.

State law requires identification and analysis of service issues within DUCs as part of the Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) reviews. State law also places restrictions on annexations to cities if a proposed annexation is adjacent to a DUC. Census Tract 6008 has a median household income of \$48,424. Residential in nature, the Census Tract contains 2,967 homes with a population of approximately 7,258 residents, according to the County of San Mateo and recent Census data. It is located generally west of the Interstate 280 and northwest of the Lake Merced Golf Club. Because the area is incorporated (located within Daly City), no additional DUC analysis is required as part of this MSR/SOI update.

### Municipal Services

Daly City is a full-service municipality that provides a wide range of municipal services to its 104,739 residents. These include police, fire, library, recreation and related social services, street construction and maintenance, traffic signalization and control, engineering, code enforcement, parks operations and maintenance, general administration, planning, and community development. A description of the key municipal services is summarized, below, in **Table IV-27**, and is discussed in detail on Pages 86 - 94 of this report.

**Table IV-27, City of Daly City Municipal Services**

Key Daly City Municipal Services	Description of Services
<b>Police</b>	Field Operations: patrol, canine program, gang task force, police cadet program, Special Weapons and Tactics (SWAT) team. Operations Support: investigations, communications, records, property, and evidence.
<b>Fire</b>	Provided through the North County Fire Authority (NCFA); staffing is provided by the City of Daly City; administrative staffing provided through NCFA. Operations: emergency response, training. Fire Prevention: safety inspections, planning and review, public education, fire investigations. Support and Administrative Services: emergency preparedness, CERT (Community Emergency Response Team).
<b>Public Works</b>	Maintenance of City facilities, parks, streets, storm drains and flood control facilities, and fleet vehicles; management of capital projects, traffic and transportation, development and permitting; Geographic Information System (GIS) mapping programs.
<b>Water and Wastewater</b>	Operation of the City's water supply system and the North San Mateo County Sanitation District's (NSMCSD) wastewater treatment system. (Except eastern portion served by Bayshore Sanitary District)

<b>Library and Recreation Services</b>	Operation of the City’s four library branches and a variety of recreational programming of adults, youth and teens, facility rentals, special events, aquatics programs, and City pool. <b>The County of San Mateo distributes the share of property tax for libraries collected in Broadmoor and unincorporated Colma to the City of Daly City.</b>
<b>Animal Control</b>	Provided through contract with San Mateo County Joint Powers Authority (JPA) with Peninsula Humane Society.
<b>Solid Waste</b>	<p>Provided through City franchise agreement with Allied Waste; franchise agreement also includes the unincorporated areas of Broadmoor and Colma, which receives solid waste service through the City.</p> <p><b>The Franchise Agreement for Integrated Solid Waste Management Services between the City of Daly City and Allied Waste Services (“Franchise Agreement”) services the areas of City of Daly City and the unincorporated areas of San Mateo County, which are surrounded by or immediately adjacent to areas within the jurisdiction of the City of Daly City (“Service Areas”). Said Service Areas include the unincorporated areas known as unincorporated Broadmoor and unincorporated Colma. The Daly City City Council sets collection rates for garbage, residential recycling and yard debris within the City. The rate formulas include collection costs, disposal fees and City fees, which garbage collection contractors pay on a monthly basis.</b></p> <p><b>The City franchise fees are used for the administration of the Solid Waste Services Program. The Solid Waste Services Programs include customer service staff, contract management, regulatory and enforcement activities, solid waste and recycling education, public information, city- wide clean-up programs, the recycling education program, and compliance with state diversion obligations. The City of Daly City handles all solid waste billing for the entire Service Area.</b></p> <p><b>If instead, the County of San Mateo were party to the Franchise Agreement, franchise fees would be applied in the same manner by the County. Franchise fee revenue may not fund other programs or services.</b></p>

**Police**

The first record of law enforcement efforts in Daly City began shortly after the City’s 1911 incorporation with the employment of four men under the direction of a Marshal. Ten decades later in 2014, the Daly City Police Department is staffed with 123 sworn police officers, structured into two functional bureaus (Field Operations and Operations Support) that support the Chief of Police. The Field Operations Bureau

includes the following functions: Police Patrol, Special Weapons and Tactics (SWAT) Team, Gang Task Force, Police Cadet Program, and Canine Program. The Operations Support Bureau includes: Investigations, Communications, Records, Property, and Evidence.

The Daly City Police Department has received several awards from the California Office of Traffic Safety and Mothers Against Drunk Driving (MADD) for their efforts in addressing the issue of driving under the influence of drugs or alcohol, and through their participation in various law enforcement competitions such as Explorer Challenge and the California Law Enforcement Challenge.

The Police Department has made progress over the past seven years in working cooperatively with regional task forces on drug use and high-priority Type 1 crime reduction efforts. While revenues from some activities are down, primarily from reduced use of the Cow Palace facility and special events, the City has added General Fund revenues to maintain staffing levels and support a regional drug dog program.

There are four or more common performance measures that can generally be used to evaluate effectiveness of services in law enforcement: Sworn Officer Personnel per 1,000 population, Annual Composite Crime Rate, Response Time, and Incident Rates (for major crimes).

**Table IV-28, Sworn Officer Personnel per 1,000 Population**

Agency	Population	# Sworn Police Personnel (SPP)	SPP/1,000 Population
<b>City of Daly City</b>	<b>104,739</b>	<b>111</b>	<b>1.06/1,000</b>
City of Brisbane	4,443	16	3.6/1,000
City of Pacifica	38,606	33	0.9/1,000
City of So. San Francisco	66,174	83	1.3/1,000
City of Richmond	107,571	285	2.7/1,000
Town of Colma	1,492	19	12.8/1,000
Broadmoor PPD	4,633	11	2.37/1,000

Source: Agency Budgets/Data Extrapolation

The Composite Crime Rate is determined annually by the California Attorney General for cities as a calculation of all violent crimes (murder, assault, robbery and rape) and property crimes (burglary, theft and auto theft) per 100,000 population. **Table IV-29**, below, indicates that Daly City's composite crime rate ranks well below the nationwide composite crime rate. In addition, from 2008 to 2012, the City's annual crime rate per 100,000 population fell significantly from 2,329 to 1,987.

**Table IV-29, Annual Composite Crime Rate Comparison (per 100,000 population)**

Year	California Average	Daly City
2008	3,465	2,349
2013	3,081	1,987

Source: California Attorney General

Law enforcement response times must be quick in order for crimes to be averted and public safety maintained. Response time is generally defined as the amount of time it takes a police officer to reach the scene of a reported crime or incident after the officer has received the dispatch call from the 911

operator. Police calls for service receive priority rankings, with “Priority 1” calls considered the most serious. Priority 1 calls require immediate response and occur when there is reason to believe that an immediate threat to life exists.

According to the latest statistics from the Daly City budget documents as shown in **Table IV-30**, below, in 2008 the Daly City Police Department’s response time average for Priority 1 calls was consistent with the national average. In 2013, the Department’s average response time for Priority 1 calls was faster than the national average by at least one minute.

**Table IV-30, Police Response Time Comparison – Priority 1 Calls**

Year	National Average	Daly City
2008	8-9 minutes	8 minutes
2013	8-9 minutes	6.26 minutes

*Source: City of Daly City Budgets*

Incident Rates

The most current California Attorney General Annual Report available (2013) indicates that most major crime categories (murders, rapes, robberies, auto thefts, and thefts) in Daly City are down from 2008 to 2013; during this time period, only burglaries were up by approximately 30 percent. This may be at least partially attributable to the recent five-year economic recession.

Cost Per Service Call

Another point of reference for evaluating the cost effectiveness of police services is the number of calls for services and the Department’s actual cost per call. The 2013 operating budget for the City of Daly City Police Department was \$24,417,356. According to the City, the Department responded to 79,999 calls for service equating to a cost per call of \$ 305.22. This is in the low range of the five police service agencies reviewed in the study.

The Daly City Police Department appears to be performing at acceptable or higher levels based upon available statistics and funding.

**Fire**

The North County Fire Authority (NCFA) is a Joint Powers Authority (JPA) established in 2003. The NCFA serves the cities of Daly City, Brisbane and Pacifica, with potential for cooperative agreements with other agencies. The NCFA has a somewhat unique staffing arrangement. Overall administrative services are provided by the NCFA for the three cities within the JPA . The JPA Board consists of two members of each city council and an Administrative Committee of the three City Managers. Actual department staffing and facility maintenance is provided to individual cities by each member city.

Nine strategically located fire companies and stations provide rapid assistance for medical, fire or other hazardous situations. Emergency and support personnel provide all risk emergency and non-emergency

services to an area approximately 60 square miles serving a population of over 185,000 citizens. The NCFE oversees and manages the delivery of these services through three bureaus: Operations, Support Services, and Fire Prevention and Administrative Services. NCFE has maintained service levels and staffing over the prior seven years despite the financial pressures of the economic recession. One factor of service delivery efficiency often used for comparison purposes is the number of sworn fire personnel per 1,000 population. Since the City is served as part of a multi-jurisdictional JPA, there is no precise assigned number of personnel for each of the agencies. There are eight stations fully staffed 24 hours per day, and measurable response factors are described below.

Fire departments are typically assigned both field services and code compliance inspections for property and building safety. These services can be measured in the following four areas: (1) emergency medical service response times; (2) structure fire response times; (3) site/facility inspections for code compliance completed within five days, and (4) cost of service. Response time is generally defined as the amount of time it takes staff to reach the scene of a reported incident after the fire/emergency personnel have received the dispatch call from the 911 operator.

As shown in **Tables IV-31** and **IV-32**, below, Daly City response time for emergency medical services is better than the national standard in both Fiscal Year 2011-12 and Fiscal Year 2012-13, and structure fire response (responding the home, commercial and industrial fires) is consistent or better than the national standard in both Fiscal Year 2011-12 and Fiscal Year 2012-13.<sup>16</sup>

**Table IV-31, Emergency Medical Service Response Times**

Year	National Standard (minutes/% of times)	Daly City (minutes/% of times)
2011-12	5 minutes/90%	4 minutes/93%
2012-13	5 minutes/90%	4 minutes/90%

Source: Daly City Annual Budget 2014

**Table IV-32, Structure Fire Response (Minutes/% of times)**

Year	National Standard (minutes/% of times)	Daly City (minutes/% of times)
2011-12	4 minutes/90%	4 minutes/92%
2012-13	4 minutes/90%	4 minutes/90%

Source: Daly City Annual Budget 2014

<sup>16</sup> Advanced life support, paramedic, and ambulance medical emergency transport services in San Mateo County are being provided via a Joint Powers Authority including the County, cities and fire districts that contracts with American Medical Response (AMR). AMR and member agencies must maintain response times at a compliance level of at least 90% in each of the five zones for both paramedic first response vehicles and emergency ambulances. The paramedic first response time is 6:59 minutes in urban/suburban areas.

In addition to responsibilities for fire suppression and emergency medical response, fire departments are also responsible for ensuring that buildings and property comply with the latest fire codes and standards. This is usually accomplished through a building inspection process as new buildings are constructed or existing buildings are remodeled. As shown in **Table IV-33**, in both Fiscal Years 2011-12 and 2012-13, Daly City completed 99 percent of all site/facility inspections within the established time frame. This exceeds the national standard for cities of a similar size, which is 90 percent of inspections within the established time frame.

**Table IV-33, Site/Facility Inspections (Property/Building Inspections Completed w/in timeline established)**

Year	National Standard	Daly City
2011-12	90%	99%
2012-13	90%	99%

Source: Daly City Annual Budget 2014

**Table IV-34**, below, compares the cost per call of service among the Cities of Brisbane, Pacifica, Daly City, and the Colma Fire Protection District. The cost per call is a cost calculation based on the amount each agency budgets for fire department expenses, the number of reported calls, and the service population. Of the four agencies surveyed, Daly City has the second lowest cost per call.

**Table IV-34, Cost of Service, Fire and Emergency Response\***

Agency (Population)	Brisbane (4,443)	Pacifica (38,606)	Daly City (107,571)	Colma FPD (6,925)
Budget (Fire)	\$2,247,447	\$5,451,486	\$15,334,632	\$1,361,500
Service Population	4,443	38,606	104,739	5,668
Per Capita	\$505.84	\$141.21	\$146.41	\$240.21
# of Calls for Service for FY 2012-13	706	1,873	7,179	728
Cost per Call	\$3,183	\$2,911	\$2,136	\$1,870

\* Calls do not include scheduled calls for safety inspections or non-emergency contacts.

Source: Agency Budgets and CAFR Documents

The Daly City Community Emergency Response Team (CERT) is largely a volunteer-led program that educates residents about disaster preparedness and provides training in basic disaster response skills, such as fire safety, light search and rescue, team organization, and disaster medical operation. Using the training learned in the classroom and during exercises, CERT members can assist others in their neighborhood or workplace following an event when professional responders are not immediately available to help. In both Fiscal Years 2011-12 and 2012-13, Daly City had 40 volunteers, exceeding the national standard (30 volunteers) for similar-sized cities.

Based upon the evaluation of current budget resources and performance statistics generally available, no deficiencies within the Daly City Fire Department have been identified.

### **Public Works**

Daly City's Public Works Department is organized within three major divisions: Engineering, Maintenance, and Administrative Support. The Engineering Division plans and implements the City's infrastructure improvements, street right-of-way management, traffic signal, and streetlight maintenance. Engineering also assists the City with State and federally mandated inspections and implements the City's Capital Improvement Program.

The City's Public Works Maintenance Division has four distinct Sections:

- Building Maintenance serves Daly City residents through the repair, installation, maintenance, and cleaning of all City buildings, playground equipment and fencing.
- Parks Maintenance is responsible for the care and maintenance of the City's parks, open spaces, vacant properties, street medians, and all City-owned buildings' landscaping.
- Street Maintenance provides maintenance of all public right-of-ways, and the City stormwater drainage system. Key responsibilities include traffic signal and streetlight maintenance; asphalt and concrete street repair; painting of street legends, lane lines, curbs, and parking zones; installation and maintenance of all street signs; and, repair of guardrails.
- Fleet Maintenance is responsible for maintenance, repair, and eventual replacement of all City vehicles and large equipment. The City's fleet includes a total of 275 vehicles. This total includes 89 vehicles in the Police Department, 77 vehicles in the Department of Public Works, 53 vehicles in the Department of Water and Wastewater; and 32 vehicles in the Fire Department. The remainder of the fleet is used by the City Manager's Office, the Department of Economic & Community Development, and the Department of Finance & Administrative Services.

Over the past five years, Daly City's Public Works Department has assumed responsibility for fleet (City vehicles) and landscape maintenance. The Department has been significantly restructured by reducing the number of full-time staff from 82 to 75.5, or eight percent, revising various job responsibilities and salaries, redefining service standards, and increasing the use of private contractors to increase cost efficiencies. The City's efforts have resulted in a reduction of the Department's annual operating budget by approximately \$1 million. This represents a 6.5 percent overall budget reduction.

The Department's Capital Budget had been reduced in the past five years resulting in a reduction of over 10 full-time employees with corresponding impacts to service levels. In Fiscal Year 2013-14, the Public Works Department's budget was re-infused by \$1.3 million. Five positions were returned in Fiscal Year 2013-14 and part-time hours increased to address operational challenges.

### Street Pavement Condition

The Bay Area's local streets and roads form the foundation of the regional transportation system, providing access to jobs, homes, schools, shopping and recreation for motorists, bicyclists, and pedestrians. The street network includes almost 42,500 lane miles of roadway in addition to curbs and gutters, sidewalks, storm drains, traffic signs, signals, and lights. The Pavement Condition Index (PCI), developed by the United States Army Corps of Engineers, is widely used to indicate the general condition of a pavement. PCI is a statistical measure which requires a visual survey of the pavement. The result of the survey is a numerical value between 0 and 100, with 100 representing the best possible condition and 0 representing the worst possible condition.

According to the Bay Area Metropolitan Transportation Commission, in 2013, pavement on Bay Area streets and roads remained in "fair" condition with an overall condition of 66. This is the fifth consecutive year with the same regional PCI for the Bay Area, which is indicative of stagnation in performance gains over the past few years. While local governments continue to work to improve their pavement conditions, aging infrastructure remains a challenge for the region.

The City's street system includes 112 road miles. Daly City's PCI of 78 places the City within the "good" PCI range and ranks significantly higher than the regional PCI for the Bay Area. Additionally, Daly City's PCI is the highest among the four cities within the Municipal Service Review study area.

### Water and Wastewater

#### Water

Daly City receives a large portion of its water supply from the San Francisco Public Utilities Commission (SFPUC), a regional water wholesale supplier, and supplements that supply with groundwater pumped from six local wells. During dry periods, groundwater makes up a larger proportion (up to 45 percent) of the City's supply. The City also uses tertiary recycled water (recycled water that has received multiple stages of advanced treatment so that it can be safely used for irrigation uses) from the North San Mateo County Sanitation District wastewater treatment plant to offset water/aquifer demands. The City's water distribution system is generally divided into two separate regions, the Westside and the Eastside. The system uses gravity and a series of wells, pump stations, and reservoirs to distribute and store water resources for the benefit of Daly City residents.

The SFPUC system supplies wholesale water to the Bay Area agencies with an allocated amount that is available for the City of Daly City and the other water purveyor agencies. The recent recorded amounts are listed below in **Table IV-35**.

**Table IV-35, Past/Current Water Purchases from San Francisco Public Utilities Commission**

Agency	Supply Guarantee (HCF*)	Supply Guarantee (MGD**)	Actual FY 2009-10 (HCF*)	Actual FY 2010-11 (HCF*)	Actual FY 2011-12 (HCF*)	Actual FY 2012-13 (HCF*)	Actual FY 2012-13 (MGD Equiv.)
City of Brisbane and Guadalupe Valley MID	487,871	0.98	76,601	275,934	280,650	287,290	0.59
City of Daly City	2,094,386	4.29	1,542,719	1,405,660	1,811,358	1,955,442	4.01
North Coast County Water District	1,872,928	3.84	1,471,838	1,585,572	1,380,360	1,192,485	2.44

\* HCF = Hundred Cubic Feet

\*\* MGD = Million Gallons per Day

Wastewater

Following a significant population increase in the San Mateo area following World War II, the San Mateo County Board of Supervisors created the North San Mateo County Sanitation District (NSMCSD) on January 16, 1951 pursuant to Health and Safety Code Section 4700 et seq. In 1953, Sanitation District voters approved a \$600,000 bond issue to finance construction of a primary wastewater treatment plant at the southerly end of Westlake Park. The plant went into operation in August of 1955, serving a population of 30,000. In 1975, with funding from the Clean Water Act grant program, the plant facilities were upgraded to full secondary treatment.<sup>17</sup>

On July 1, 1985, the NSMCSD became a subsidiary district of the City of Daly City.<sup>18</sup> The NSMCSD’s collection, treatment and disposal systems serve the majority of the residents of Daly City, along with the Broadmoor Village, a portion of the Town of Colma, the San Francisco County Jail in San Bruno, and the Westborough Water District in South San Francisco. (The Westborough Water District owns its own sanitary system, but the system is maintained by the North San Mateo County Sanitation District through mutual agreement.)

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<sup>17</sup> Wastewater treatment plants remove most pollutants from wastewater before it is released to local waterways. Primary treatment involves basic processes to remove suspended solid waste and reduce its biochemical oxygen demand (BOD) – the amount of oxygen microorganisms must consume to breakdown the organic material present in the wastewater. Primary treatment can reduce BOD by 20 to 30 percent and suspended solids by up to 60 percent. Secondary treatment uses biological processes to catch the dissolved organic matter missed in primary treatment. Secondary treatment can remove up to 85 percent of BOD and total suspended solids.

<sup>18</sup> As a subsidiary district, the City Council is the governing body and the District is administered by the Department of **Water and Wastewater**. Subsidiary districts must have at least 70 percent of their land area and population within the City’s boundary.

In 1989, the District’s treatment plant was expanded to equalize the peak flows and provide additional capacity. The expansion featured a unique underground primary treatment and flow equalization system that increased the plant's secondary capacity from eight to 10.3 million gallons per day (GPD). The facilities were designed for underground construction to preserve the residential and recreational setting of the plant site.

**In 2004, the District initiated the delivery of tertiary treated recycled water to the Olympic Club and Lake Merced Golf Courses to help preserve the Westside Groundwater Basin Aquifer as a municipal potable water supply source. Additionally, in 2005 and 2012, tertiary recycled water deliveries were initiated with the San Francisco Golf Club and Harding Park Golf Complex in San Francisco, respectively.**

**Library and Recreation Services**

On July 1, 2011, Daly City’s Library and Recreation Departments merged, resulting in a reduction in administrative staff and shared staffing arrangements. The restructuring allowed for the elimination of the Library Director, Assistant Parks and Recreation Director, and the Assistant to the Library Director positions, and created a new Director of Library and Recreation Services. The City operates four libraries (identified in **Table IV-36**, below), which are governed by the City Council of Daly City. The Council also appoints a five-member Library Board of Trustees that serve as a citizen’s advisory board.

Daly City’s libraries also serve unincorporated Colma residents and Broadmoor residents by mutual agreement with the San Mateo County Library Joint Powers Board. **Under the terms of the agreement between the City of Daly City and the San Mateo County Library Joint Powers Authority, each year the San Mateo County Library pays to Daly City the property tax revenue it has received from the unincorporated areas of Broadmoor and Colma. Daly City uses this money to support its public library services on behalf of these communities.**

**Table IV-36, Library Locations**

Daly City Libraries	Library Locations
Serramonte Library (Main Library)	40 Wembley Drive, Daly City, CA 94015
Westlake Branch Library	275 Southgate Avenue, Daly City, CA 94015
John Daly Branch Library	134 Hillside Blvd., Daly City, CA 94014
Bayshore Branch Library	460 Martin Street, Daly City, CA 94014

According to the City’s General Plan (2013), Daly City has 13 municipal parks and 12 tot lots, resulting in a total of 82.95 acres of developed public recreational open space. In addition to City parks, the 2,063-acre San Bruno Mountain State and County Park also provides Daly City residents with recreational opportunities. The planning, development, and management of this facility are under the San Mateo County Division of Parks and Recreation.

As a whole, Daly City contains only 0.26 acres of parkland per 100 dwelling units, well below both the State Recreation Commission standard (2.6 acres per 100 dwelling units) and the National Park and Recreation Commission standard (four to five acres per 100 dwelling units). It should be noted that these standards are guidelines only and are not necessarily the most appropriate measure of sufficient recreational facilities for a specific city. Daly City residents have access to San Bruno Mountains State Park to the east of the City and Fort Funston National Park to the west of the City.

### **Animal Control**

Daly City, along with the other 19 cities and the County, are members of a joint powers agreement administered by the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society (PHS), a private non-profit organization, to enforce all animal control laws, shelter homeless animals, and provide a variety of other services.

PHS has been in operation for over 50 years and is one of the largest humane organizations in the United States. It operates out of two locations in San Mateo County: 12 Airport Road, San Mateo, and 1450 Rollins Road, Burlingame.

### **Solid Waste**

Allied Waste Services, the second-largest solid waste company in the nation, has been the franchised hauler for both residential and commercial solid waste and recycling in Daly City for the past 16 years. In 2013, the City put out a call for bids to give other sanitation service providers a chance to compete for a new contract, which is valued at an estimated \$14 million per year. On November 19, 2014, after weighing all proposals, the City decided to approve an extension of the contract for Allied Waste to remain the City's sanitation contractor.

The City's franchise agreement with Allied Waste Services, adopted by the City Council on April 13, 2015, provides waste management services to the residents and businesses of Daly City and the unincorporated communities of Colma and Broadmoor. As the solid waste collection service provider for these unincorporated areas, Daly City collects a percentage of the franchise fees from unincorporated Colma and Broadmoor refuse customers.<sup>19</sup>

### **Financing Constraints and Opportunities**

Daly City's budget is primarily represented by the General Fund, which accounts for the core operations of this full-service City. The Water and Sewer Enterprise funds also contribute significantly to annual operations revenues and expenditures. The City experienced a reduction in revenues over the past five to seven years due to loss of property tax and sales tax revenues and property foreclosures **resulting from the economic recession**. The past two years have seen a resurgence of revenues and

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<sup>19</sup> This arrangement is unusual in that Cities do not typically include unincorporated areas in their franchise agreement. See explanation of the City's franchise agreement under the Solid Waste section on Page 88.

reinvestment in facilities and public services. The loss of redevelopment funding has also placed pressure on staffing and revenues. The City has been able to balance the revenue to expenditure budget for the immediate past two years.

### **General Fund Summary**

A city's General Fund is the main fund of an agency providing revenues and tracking expenditures for core services, including administration, accounting, non-enterprise, or business services. Revenue sources that are typically allocated to the General Fund are property taxes, sales taxes, general taxes and fees, and interest income on invested funds.

Since Fiscal Year 2011-2012, the three major revenue sources in the General Fund have stabilized. Property tax, sales tax, and utility users' tax (described below) all declined during the recession, but some small amount of growth is anticipated in the coming two years, allowing for a balanced budget. While costs continue to rise in some areas, City staff believes enough revenue growth is expected that additional use of reserves can be avoided.

### **Property Tax**

The largest single revenue source in the General Fund is property tax. Property tax is collected by the County and distributed to the City based upon a formula determined by State law. With the imposition in 1978 of property tax limits through State Proposition 13, taxes were limited to \$1 per \$100 of assessed valuation. This \$1 was split among cities, schools, and counties in a ratio proportionate to the amounts of taxes collected before Proposition 13 was passed. Daly City receives an average of 20.5 cents of each \$1 collected. Property tax revenues increase when: 1) property is transferred to a new owner and is revalued at the current sales price; 2) property taxes are increased on existing properties (up to 2 percent annually) as assessed value rises; and 3) when property is improved (new construction or remodel).

The City also receives a supplemental property tax amount each year through the County as part of the Education Revenue Augmentation Fund (ERAF) calculation that limits funding shifts to school districts. When property tax revenues exceed a calculated amount, any additional funds are allocated to the other agencies receiving property taxes such as the City. The County Auditor/Controller has recommended that agencies not budget these supplemental funds for ongoing operations as they are determined each year and are not reliable on an ongoing basis.

Daly City has no control over the percentage of the amount of general property tax revenues it receives. However, the City can budget relatively accurately based on County estimates of changes in assessed valuation. Fiscal 2009-10 saw an overall adjustment in assessed values for certain residential properties in San Mateo County. The Assessor's Office compared all residential property sales that took place from 2002 to 2008. If the sales price of a property was greater than the current sales price for a similar property in January 2009, the assessed value was adjusted downward to match. The result was that for the first time, total assessed value in Daly City actually decreased. This has established a new property

tax revenue base going forward, which is having a long-term effect on the City's primary General Fund revenue source.

### Sales Tax

Sales tax is a challenging revenue to forecast in the budget and has been further complicated by the State's so called "Triple Flip" which, beginning in Fiscal Year 2006-07, gave sales tax monies to the State instead of to California's cities. The State was then required to back-fill local revenues to the level cities would have received prior to the swap. Unfortunately, the State's revenue estimates were significantly flawed for Fiscal Year 2007-08, resulting in too much back-fill funding.

In Fiscal Year 2009-10, the State corrected that situation, causing total sales tax revenues to decline at a much greater rate than the amount of tax actually generated. Then, in Fiscal Year 2010-11, sales tax revenue appeared to rise unusually fast, but this was due to the corrected calculations. The actual revenues are expected to rise at a moderate rate of 2 to 3 percent unless the economy rebounds faster than forecast. Sales taxes in Daly City comprise about 25 percent of the General Fund Revenues, and they have been very consistent for the past three years. With some economic recovery occurring, this revenue source is expected to increase at a moderate rate in the near term.

### Utility Users Tax

Because the use of natural gas, electricity, telephone, and cable television service is relatively stable and increases are mainly dependent on population and rate changes, this revenue source is generally more predictable than other revenues. Voters in many cities have approved a Utility Users Tax as a means of diversifying revenues and providing general fund revenues for basic services such as public safety, recreation, and senior citizens' programs.

The growth rate of Utility Users Tax (UTT) was strong over the past 10 to 15 years with the popularity of cellular services and the proliferation of various long distance carriers. However, with the increasing number of vacant residential units due to the housing downturn and the elimination of telephone landlines, the City experienced the first overall decrease in this revenue source during the period of 2007 through 2010. Even cellular tax revenues have declined, underscoring the far-reaching impact of the recession. In the next two years, the UTT is projected to be relatively flat (see **Table IV-28**).

### Long Term Challenges

While both years of the General Fund budget for Fiscal Years 2014-15 and 2015-16 are balanced without the use of reserves (see **Table IV-37**), there remain significant unfunded needs. Retiree health benefits continue to be funded on a pay-as-you-go basis. Although the City properly accounts for these benefits in its annual financial report according to GASB 54 - Other Post-employment Benefits (OPEB), it is financially unable to provide full funding for the annual required contributions.

Another substantial challenge is the funding of long-term capital needs to properly maintain the City's infrastructure. The 20-year Capital Improvement Plan indicates that \$7.5 million per year is needed to

provide adequate maintenance and replacement of the City's facilities. The City, however, has not made a contribution to this fund since Fiscal Year 2007-08. As part of the City's financial policies, in the event that there is a significant surplus in the General Fund in any year, consideration will be given to applying the surplus to the OPEB liabilities and/or long-term capital needs.

**Table IV-37, General Fund Summary: Year-End Estimates**

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Revenues	\$71,793,607	\$72,820,751	\$73,602,865
Expenditures	(\$71,334,764)	\$72,785,888	\$73,562,536
Net	\$843,458	\$34,863	\$40,329

**Revenue Projections and Assumptions**

The following table prepared by the City summarizes Daly City's major General Fund revenues.

**Table IV-38, Major General Fund Revenues (in 000's)**

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Property Tax	\$24,683	\$26,229	\$26,857	\$27,377
Sales Tax	\$10,449	\$10,716	\$10,930	\$11,149
Utility Users Tax	\$6,529	\$6,338	\$6,398	\$6,459
Total	\$41,661	\$43,282	\$44,185	\$44,985
Total Gen Fund	\$70,851	\$71,794	\$72,821	\$73,603

Source: City of Daly City

Note that 59 percent of the General Fund budget goes toward police and fire services, which exceed the property tax portion of the General Fund, estimated at only 37 percent. This relationship is not atypical for California cities since the adoption of Proposition 13, which capped property tax rates at 1 percent of current valuation.

It has been necessary for the City to find other revenue sources to fund basic services like police and fire, since the traditional method of funding by adjusting the property tax rate is not available to California cities. Greater reliance is placed on user fees, which can be controlled at a local level by action of the City Council and special taxes such as the utility user tax that must be approved by the voters.

In order to put Daly City's financial status in perspective, it is helpful to compare what the State of California defines as general revenue per capita for a number of San Francisco Bay Area cities. Historically, Daly City has remained at the lower end of general revenue per capita in relationship to neighboring cities. The comparison for Fiscal Years 2009-10 and 2010-11 shows Daly City toward the bottom of the six jurisdictions surveyed.

**Table IV-39, General Revenue Per Capita – Bay Area Cities**

City/Population	Fiscal Year 2009-10	Fiscal Year 2010-11	% Change +/-
Town of Colma (1,492)	\$3,635	\$3,669	0.1%
Brisbane (4,443)	\$2,978	\$2,656	-10.80
Richmond (107,571)	\$992	\$1,065	7.4%
So. San Francisco (66,174)	\$681	\$736	8.1%
<b>Daly City (104,739)</b>	<b>\$479</b>	<b>\$544</b>	<b>13.6%</b>
Pacifica (38,606)	\$470	\$508	8.1%

Source: City Budget/Audit Documents/US Census

### Enterprise Revenues

The City of Daly City also receives funding from enterprise, or “business” funds, primarily water and wastewater utility revenues. These funds are operated and accounted for separately from the General Fund and are the basis of accounting for costs of service to establish user fees and charges for the services delivered. Each enterprise fund has its own assets, revenues, expenditures, and net position of assets and funds.

### Water and Wastewater Utility Revenues

Both of the City's water and sewer enterprise fund user fees are calculated based on water usage measured in units of one hundred cubic feet (CCF) or 748 gallons. Water consumption multiplied by a per-unit rate determines user charges and utility revenues. As a result, the revenues for both utilities are impacted by population and conservation efforts, especially in reaction to ongoing drought conditions within California. The economic recession of 2008 also caused a population decline from housing foreclosures while motivating remaining residents to conserve. The 2011 water usage is nearly equal to the end of the 1987-92 drought period. Even while residents continue active conservation efforts in response to the drought, the City projects an overall increase in water usage in Fiscal Year 2014-15 as previously vacant housing becomes reoccupied.

### Water Rates

Daly City purchases just over half of its drinking water on average from the San Francisco Regional Wholesale Water System, a regional water wholesaler. In order to perform \$4.4 billion in seismic upgrades to that system, rates for purchased water have risen dramatically. As a result of both the decline in usage and dramatic increases in cost for purchased water, a five-year revenue plan was adopted for the Water Utility ending in Fiscal Year 2014-15. Rate increases are shown below.

**Table IV-40, Water Rate Increases, Fiscal Year 2010-11 through Fiscal Year 2014-15\***

	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Increase	9%	12%	12%	12%	10%	TBD
Water Sales (000's)	\$13,014	\$14,625	\$16,358	\$18,000	\$19,553	\$19,687

\* Rate increases adapted as part of five-year revenue plan

Water rates and total costs of service and commodity vary by customer based upon the size of property, home or business, and uses on the property. The standard size meter for a typical residential dwelling is 3/4 inch, and average usage is generally between 150 and 250 gallons of water per day. The comparison table, below, assumes the following:

- A typical residential dwelling unit with 5/8 inch meter.
- Water usage of 190 gallons per day.

The Residential Fixed Service Charge is the set fee charged water customers for the meter connection. The commodity charge is the cost of the water delivered through the meter to the property. One hundred cubic feet (CCF) equals 748 gallons of water. The typical residential customer uses about 15 CCF of water each two months (the billing cycle). As **Table IV-41** indicates, water rates for Daly City customers are near the lowest of the four water agencies reviewed as part of this Municipal Services Review.

**Table IV-41, Agency Water Rate Comparison (monthly)**

Agency	City of Brisbane/GVMID	Town of Colma (CA Water Service Co.)	City of Daly City	North Coast County Water District (Pacifica)
Residential Fixed Service Charge (*)	\$11.34	\$10.50	\$13.04	\$13.36
Commodity Charge (7 CCF**)	\$31.90***	\$34.13	\$27.91	\$25.66
Typical Total Residential Cost (1 month)	\$43.24	\$44.63	\$40.95	\$39.02

\* Monthly for 5/8-inch Meter

\*\* CCF = 100 Cubic Feet

\*\*\* Brisbane adopted a Capital Projects Fee in 2014 that is Included in the Commodity Rate

Sewer Rates

Similarly, sewer rates have not kept pace with operating costs and identified deferred capital maintenance needs. New approved rate increases are shown below in **Table IV-42**:

**Table IV-42, Sewer Rate Increases, Fiscal Year 2010-11 through Fiscal Year 2015-16\***

	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Increase	0%	0%	0%	9%	9%	9%
Sewer Service (000's)	\$15,197	\$14,821	\$15,220	\$15,827	\$17,345	\$19,004

\* Rate increases adapted as part of three-year revenue plan

Sewer rates are calculated based upon the use of the connected property and the calculated inside water use of the treatment facility. Most sewer agencies measure the lowest two to four months of water use (typically wintertime with rain and cooler weather) and determine the minimum use for calculating the sewer service charge. Some agencies calculate a “loading factor” of constituents in the influent flow to the sewer treatment plant and adjust the cost of treatment accordingly. The calculation is then done periodically to capture the full cost of operations and the number of customers in an average equivalent dwelling unit (EDU) calculation. Each agency rate structure must be further analyzed for specific calculations.

**Table IV-43, Sewer Rate Comparison by Agency**

	<b>City of Brisbane/GVMID</b>	<b>City of Pacifica</b>	<b>Daly City/Town of Colma/North San Mateo Co. San Dist.</b>	<b>Bayshore Sanitary District</b>
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDU’s Av. Dry Weather Flow:2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
<b>Residential</b>				
Fixed Charge (3/4”)	\$68.87	\$91.13	\$5.74/HCF	\$125/Year per EDU
Meter EDU				
Flows up to 8 CCF				\$5/CCF
Total Bi-Monthly Cost (Typical at 15 CCF)	144.97	\$182.27	\$86.10	\$75.00
Annual Cost	\$869.82	\$1,093.62	\$516.60	\$575.00
<b>Commercial</b>				
Fixed Charge	\$68.87	---	Same as above	\$125.00
Flows to 15 CCF	84.34	\$91.13x.90*	Same as above	\$5/CCFx.90*
Total Bi-Monthly Cost	\$153.21			\$67.50*
Annual	\$919.26	\$984.20	Same as above	\$530.00
Sewer Connection Charge per EDU	\$2,532/EDU	\$2,835.28/EDU	\$2,600/EDU	Residential - \$3,414/EDU; Commercial \$17.01 per GPD Est.

EDU = Equivalent Dwelling Unit  
CCF = Hundred Cubic Feet  
GPD = Gallons per Day

**\* This example reflects a strength factor of 0.9; the strength factor may vary from 0.90 to 2.41 affecting the strength change accordingly.**

### **Capital Improvement Program Funding**

The City of Daly City Capital Improvement (CIP) Budget for Fiscal Years 2014-15 and 2015-16 provides funding for 128 separate capital projects. These involve acquisition of new equipment, repair, and renovation of existing facilities and design work for projects planned in the future. At the direction of the City Council, only capital projects that will not add to operating costs were approved in the current budget. Capital outlays, described below, are financed from the following City funds: Gas Tax Fund 17, Capital Outlay Fund 31, Water Fund 41, and Sanitation District Fund 87.

#### **Gas Tax Fund 17**

Revenue sources for this Fund come from the State of California as the City's share of gasoline tax, a portion of sales tax (one-half cent of "Measure A" money<sup>20</sup>) earmarked for transportation projects and federal and State transportation grants. Funds are also provided from developers involved in new construction projects in Daly City. All revenues are restricted for use, and are limited to maintenance and construction of streets, roads, and sidewalks, including roadway design, storm drainage, and design and improvement of intersections and traffic controls.

For the past 10 years, the major emphasis in the Gas Tax Fund has been on pavement maintenance. For Fiscal Years 2014-15 and 2015-16, new funding for street resurfacing and slurry seal coating is estimated to be approximately \$3.2 million. Approximately \$0.8 million of this cost will come from the City's share of San Mateo County's Measure M vehicle registration fee add-on for transportation infrastructure. In addition to pavement repair, roadway work in Fiscal Year 2011-12 involved construction of bicycle route improvements and completion of the \$3.7 million Mission Street Enhancement Plan for pedestrian improvements along Mission Street (CA-82) near the Top of the Hill area. Successful State and federal grant applications provided most of the funding for these projects.

#### **Capital Outlay Fund 31**

All capital projects paid for with General Fund monies are contained in this fund. Additionally, the fund includes: (1) special revenues (e.g., park-in-lieu fees paid by developers in lieu of providing public parks within their projects); (2) developer public facility fees and contributions from State and private grant sources; and, (3) revenues for replacement of major equipment, major maintenance, or renovation of a public facility. Since Fiscal Year 2007-08, due to the financial constraints discussed above, no General Fund contributions have been allocated for public facility maintenance or renovation.

Funding for the most critical projects was aggregated from various sources, including reimbursements from developer fees and other funds on past projects and from State and federal grants. These critical projects include:

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<sup>20</sup> In 1988, the voters of San Mateo County approved a ballot measure known as "Measure A," which increased the local sales tax in San Mateo County by one-half of one percent with the tax revenues to be used for highway and transit improvements pursuant to the Transportation Expenditure Plan. Measure A provided the additional sales tax would be imposed for a period not to exceed 20 years, ending December 31, 2008. In 2004, voters reauthorized Measure A for an additional 25 years ending in 2033.

- Upgrades of Police, Fire and Public Works radio equipment to meet operational needs and/or comply with new federal narrow banding requirements [funded primarily through a Federal Emergency Management Agency (FEMA) grant with some State E-911 funding]
- Critical fire department operational equipment, also primarily funded by a FEMA grant with matching funds coming from equipment replacement reserves built up in prior years
- An annual Facility Repairs and Major Maintenance project, funded at a minimal level, with residual funds from closed-out projects intended to address urgent anticipated repairs needed at City facilities
- Drainage improvements, ongoing repairs and maintenance at the closed Mussel Rock Landfill funded from contributions of \$400,000 annually from the local recycling scavenger company

#### Water Fund 41

All capital expenditures involving the Daly City water system are paid from this enterprise fund. This includes improvements and repairs to the water distribution system, maintenance of pump stations, wells and reservoirs, acquisition of new equipment and construction of new facilities, as required.

The most significant capital activity in the Water Fund for Fiscal Year 2013-14 was the completion of water main replacement at Muirwood Drive and Cottonwood Street and drilling a new replacement water supply well at 91st Street and Sullivan Avenue. For Fiscal Years 2014-15 and 2015-16, several critical projects are funded. These include continued long-range seismic improvements for reservoirs, water main replacements/upgrades, and completion of the Sullivan Avenue Well. The City expects that ongoing repairs and maintenance of existing equipment and infrastructure will continue through a number of annual projects.

#### Sanitation District Fund 87

Projects in this fund are paid for by the NSMCSD. All capital projects in this fund concern maintenance and/or new construction of the wastewater collection system or wastewater treatment plant facilities. The major emphasis in the Sanitation Fund in past years has been the continued work on a comprehensive approach to resolve stormwater drain issues in the Vista Grande Drainage Basin, which are now undergoing extensive environmental and regulatory reviews.

In Fiscal Years 2014-15 and 2015-16 and following years, sewer main upgrades, identified in the Sewer Master Plan, will be undertaken on the following streets: Citrus, Serramonte, Junipero Serra, and Mission, and D Streets. Improvements at the wastewater treatment plant include new interior coatings of the secondary clarifiers and primary sedimentation tanks, with new roofs on the Operations Building and Digester #2. Ongoing repairs and maintenance of existing equipment and infrastructure, including various storm sewer lines, will continue through a number of annual projects.

**Debt Management**

The City has generally not incurred debt, except in instances where there are expected to be long-term benefits. All equipment purchases are prefunded, typically through user charges from internal service funds. This includes equipment such as fire apparatus, motor vehicles, computers, and photocopiers. This policy saves countless dollars of interest expense and reflects a rational and fiscally sound approach to asset acquisition in a municipal government.

Daly City issued an unprecedented \$55 million of debt in fiscal 2004, but has issued no new debt since, and has no immediate plans to do so. Interest rates hit all-time lows in 2004, and the City was able to effectively leverage the availability of these financings to its long-term benefit. The single largest issue was \$36,235,000 in pension obligation bonds. The proceeds of these bonds were used to pay off the unfunded accrued actuarial liability with the statewide pension plan, CalPERS. Unfortunately, CalPERS incurred major losses in its investment portfolio over a three-year period that resulted in a substantial increase in the City's unfunded liability. The City has been able to offset retirement and benefit cost increases from CalPERS by participating in a statewide financing pool at a lower interest rate of costs into the future.

The City issued certificates of participation (COPs) to fund water system improvements in the Bayshore area of the City, and used the State Water Resources Control Board Revolving Loan Program to finance a recycled water project in the Sanitation District Fund, both of which are being repaid through user charges. Both debt service payments and user charges have been budgeted. In addition, the City was able to take advantage of a US Housing and Urban Development (HUD) loan program to effectively receive an advance on future Federal Block Grant monies to finance most of the construction costs of the Bayshore Community Center and Library. Debt service payments are budgeted in the Block Grant Fund.

**Table IV-44, Outstanding Debt (as of June 30, 2014)**

Project	Issue Date	Original Balance	Interest Rate	Remaining Principal	Maturity Date
Sanitation District Recycled Water Project (State Water Resources Revolving Fund)	3/1/2004	\$4,450,128	2.5%	\$2,748,449	3/1/2024
Bayshore Community Center (HUD Section 108 Loan)	6/30/2004	\$4,500,000	5.41%	\$2,914,000	8/1/2024
Water System Improvements (Certificates of Participation)	6/11/2004	\$9,860,000	4.811775%	\$5,815,000	6/11/2024
Pension Obligation Bonds	6/29/2004	\$36,235,000	5.973%	\$28,380,000	6/1/2024

In spite of the events of the past eight to 10 years impacting the State and local economy, and the dissolution of RDAs (see the following section), the City of Daly City appears to be moving forward with improved revenues and controlled expenditures resulting in net positive year-end balances in Fiscal Years 2013-14 and 2014-15. The challenges of the RDA payments into the next decade, and payment of other employee benefit obligations, are expected to continue to place pressure on all local

governments. The City of Daly City appears to be moving in a positive direction handling these challenges.

### **Dissolution of Redevelopment Agencies**

As a part of the State's attempt to balance its budget for Fiscal Year 2011-2012, all RDAs were dissolved effective February 1, 2012. The Daly City Redevelopment Agency owed significant debt to the City's General Fund, the repayment of which was used to fund operating costs. Because the property taxes that once were allocated to the RDA are now distributed to all taxing entities, there is some offset to the loss of revenue to the General Fund.

The repayments to the City for the loan from RDA funds were disallowed by the State Department of Finance. As a result, the City wrote off the principal balance of the loan, \$21.2 million, in Fiscal Year 2011-12. The net revenue loss to the City in Fiscal Year 2013-14 was approximately \$900,000, and is expected to be ongoing in future years. The annual amount is calculated every six months by the Successor Agency and processed by the City. Ongoing reporting to the State is required, and copies of these reports are available through the City website.

### **State Approval of Enforceable Obligations**

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semiannually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

### **State Asset Transfer Review**

The activities of the former RDA and the Successor Agency are subject to further examination by the State and the amount, if any, of expenditures which may be disallowed cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former RDA or the Successor Agency and any public agency that occurred on or after January 1, 2011. The amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time.

### **Shared Services & Opportunities**

The City has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. These include, but are not limited to, the following:

- Daly City is a member of the Peninsula Library System, which manages a joint reference catalog, a reference back-up service, and a "borrow and return" program for 35 member libraries throughout San Mateo County.

- The City is one of 16 members of the Regional Training Consortium of San Mateo County (SMCRTC) which provides City staff with career training and development opportunities at a low cost.
- Daly City has a cooperative agreement with area school districts to provide bus and vehicle fuel, landscaping and custodial services.
- The North County Fire Authority JPA, which includes Daly City, Brisbane and Pacifica, was established as a single public authority to manage and coordinate the provision of fire and emergency medical services. It also has the authority to coordinate fire and medical services with jurisdictions outside the JPA, when advisable, to achieve the most effective and efficient delivery of services for all the communities involved.
- Daly City is a member of the San Mateo County Pre-Hospital Medical Services Group JPA, which provides countywide ambulance/paramedic first-responder services.
- The City is a member of the San Mateo County Emergency Services Council JPA, which provides emergency planning and training for 20 incorporated cities and the County of San Mateo. It also funds the San Mateo County Hazardous Materials Response Team, which provides services to all members of the JPA.
- The City has joint use agreements with the Jefferson Union High School District for the Giamonna Pool at Westmoor High School; Jefferson Elementary School District for soccer field and gym use at TR Pollicita School and the gymnasium at Ben Franklin School; and St. Ignatius High School for the use of the baseball field at Marchbank Park.
- The City's North San Mateo County Sanitation District has a wastewater treatment services agreement with the Westborough Water District (WWD) and a wastewater treatment services agreement with the San Francisco Sheriff's Department for flows received from jail facilities in San Bruno.
- Daly City is a member of a JPA administered by the County to operate a countywide animal control program.
- The City's North San Mateo County Sanitation District (NSMCSD) currently contracts with the San Mateo Harbor District for transporting NSMCSD staff for inspection of sewer outfall facilities.

### Accountability & Alternative Governance Options

Daly City is governed by a five-member City Council, elected at large. The Council meets the second and fourth Mondays of each month. Councilmembers are compensated \$707 biweekly and receive health, dental, and vision coverage similar to that of other employees for their service. Meeting agendas and staff reports are posted on the Thursday prior to the Monday meeting and are available online. Council meetings are held in the City Council chambers at City Hall, which is ADA-accessible. City Council meetings are carried live on local cable channels and can also be streamed via the City's website.

Daly City's comprehensive, user-friendly website provides the public with Internet access to City Council agendas and minutes, public notices, announcements, budgets, audits, and capital improvement programs. The City's website also provides contact information for key City personnel. The City's *Fog*

*Cutter Newsletter* is published **four** times per year and provides residents updates on key City events and programs. **In addition, the City has implemented a mobile app, Daly City iHelp, to allow residents to upload photos, request services, or report matters requiring the attention of City departments.**

### **Governance Options**

Five government structure alternatives were identified for the City of Daly City:

- **Maintain the status quo:**

The City is currently providing adequate municipal services within its boundaries. The City is financially sound, has entered into a number of shared service and cooperative service agreements, and has managed its outstanding debt effectively. The community has a very active property owner's association. Given the economic uncertainty facing all local jurisdictions, Daly City has been strategic in moving forward with key capital improvements to help maintain the City's infrastructure. The City should continue to encourage annexation of unincorporated area in the City's sphere of influence as the demand for urban services to these parcels increases.

- **Annex the unincorporated islands of Broadmoor and unincorporated Colma:**

Over the years, Daly City has annexed parcels within the Sullivan Corridor of unincorporated Broadmoor and the unincorporated Colma area when initiated by landowners. Annexation has resulted in the concurrent detachment of the annexed areas from the Broadmoor Police Protection District and the Colma Fire Protection District. Continued annexation of unincorporated territory within the Broadmoor and unincorporated Colma areas by the City has the potential to provide an equal or enhanced level of services while lowering the overall cost to residents. Annexation of these areas (with concurrent detachment from the Broadmoor Police Protection District and the Colma Fire Protection District) **is consistent with LAFCo spheres of influence, however the City has a stated policy of not initiating annexations. The City accepts pre-zoning applications from property owners in anticipation of annexation.**

- **City of Daly City provision of street sweeping, streetlight and pavement maintenance services to unincorporated Broadmoor through a contract with the County of San Mateo:**

As suggested in the Request for Information survey prepared for this study by the City, the opportunity may exist for City provision of street sweeping, street lighting, and pavement management services to unincorporated Broadmoor through a contract with the County of San Mateo. Such an arrangement may have the potential to increase efficiency and cost-effectiveness for both Daly City and the County. Further study to determine the fiscal and operational feasibility of this alternative should be pursued jointly by the City of Daly City and the County of San Mateo **if it is determined there is consensus on the part of the City, the County, and the community.**

- **Reorganization involving Formation of a County Service Area<sup>21</sup> and dissolution of Broadmoor Police Protection District, Colma Fire Protection District and detachment from Colma Highway Lighting District to consolidate service provision by contract with City of Daly City**

Unincorporated Broadmoor Village is designated an existing urban neighborhood in the County of San Mateo General Plan. An existing urban residential neighborhood is defined as unincorporated areas which are primarily devoted to residential land uses and are general functionally integrated with adjacent incorporated areas. General Plan Policy 7.24 encourages cities to annex urban unincorporated areas within designated city spheres of influence.

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The County maintains 8.8 centerline road miles in Broadmoor Village and 1.41 centerline road miles in Unincorporated Colma and as well as street lights in both areas. Broadmoor Village is included in the City of Daly City garbage franchise. In addition, residents benefit from City of Daly City library and park facilities.

Service delivery by multiple single-purpose and multi-purpose providers typically results in a total higher cost of municipal service. Indicators that support investigating consolidating municipal service under a County Service Area and contract are the comparative cost per call and cost per capita data for BPPD and CFPD and taking into consideration the need for these agencies to levy parcel taxes over and above their share of the 1% property tax. Absent annexation to the City of Daly City, a full service provider, it is recommended that fiscal analysis of the benefits of formation of a County Service Area and contracting for services currently provided by single-purpose special districts be studied.

- **Consolidate with an adjacent city:**

Although not a common approach of cities, and likely politically infeasible at this time, consolidation of Daly City with an adjacent city may have the potential to realize overall operational efficiencies while reducing administrative overhead. Pursuit of this option would only be possible if there were mutual interest from both agencies in investigating this alternative. **LAFCo staff does not recommend studying this alternative.**

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<sup>21</sup> A County Service Area is a county-governed special district authorized to provide all municipal services that a city can provide. Formation of a county service area would facilitate contracting for municipal service to achieve efficiencies, offers the potential to reduce costs and eliminate parcel taxes and capture municipal service revenues and expenditures for an unincorporated area in a single budget.

**Recommended Municipal Service Review Determinations**

Based on the information, issues and analyses presented in this report, proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<p><i>Growth and population for affected area.</i></p>	<p>According to the most recent Census Data, Daly City has 104,739 residents, making it San Mateo’s largest city by population. The Association of Bay Area Governments (ABAG) projections indicate that the City is expected to remain in this position for the next 25 years. According to ABAG growth estimates, Daly City is projected to add approximately 19,000 more residents between 2010 and 2030, or about 950 residents per year.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>State law requires identification and analysis of service issues within disadvantaged unincorporated communities (DUCs) as part of the Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) reviews. State law also places restrictions on annexations to cities if a proposed annexation is adjacent to a DUC.</p> <p>Census Tract 6008 has a median household income of \$48,424. Residential in nature, the Census Tract contains 2,967 homes with a population of approximately 7,258 residents, according to the County of San Mateo and recent US Census data. It is located generally west of I-280 and northwest of the Lake Merced Golf Club. Because the area is incorporated (located within Daly City), no additional DUC analysis is required as part of this MSR/SOI update.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>No disadvantaged unincorporated communities (DUCs) are located within or adjacent to the City of Daly City sphere of influence.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>Based upon the events of the past eight to 10 years impacting the State and local economy, and the dissolution of redevelopment agencies (RDAs), the City of Daly City appears to be moving forward with improved revenues and controlled expenditures resulting in net positive year-end balances in Fiscal Years 2013-14 and 2014-15. The</p>

	<p>challenges of the RDA payments into the next decade, and payment of other employee benefit obligations, are expected to continue to place pressure on all local governments. The City of Daly City appears to be moving in a positive direction in handling these challenges.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The City has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. These include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Daly City is a member of the Peninsula Library System which manages a joint reference catalog, a reference back-up service, and a “borrow and return” program for 35 member libraries throughout San Mateo County.</li> <li>• The City is one of 16 members of the Regional Training Consortium of San Mateo County (SMCRTC), which provides City staff with career training and development opportunities at a low cost.</li> <li>• Daly City has a cooperative agreement with area school districts to provide bus and vehicle fuel, landscaping and custodial services.</li> <li>• The North County Fire Authority JPA, which includes Daly City, Brisbane and Pacifica, was established as a single public authority to manage and coordinate the provision of fire and emergency medical services. It also has the authority to coordinate fire and medical services with jurisdictions outside the JPA, when advisable, to achieve the most effective and efficient delivery of services for all the communities involved.</li> <li>• Daly City is a member of the San Mateo County Pre-Hospital Medical Services Group JPA, which provides countywide ambulance/paramedic first-responder services.</li> <li>• The City is a member of the San Mateo County Emergency Services Council JPA, which provides emergency planning and training for 20 incorporated cities and the County of San Mateo. It also funds the San</li> </ul>

	<p>Mateo County Hazardous Materials Response Team, which provides services to all members of the JPA.</p> <ul style="list-style-type: none"> <li>• The City has joint use agreements with: the Jefferson Union High School District for the Giamonna Pool at Westmoor High School; Jefferson Elementary School District for soccer field and gym use at TR Pollicita School and the gymnasium at Ben Franklin School; and St. Ignatius High School for the use of the baseball field at Marchbank Park.</li> <li>• The City’s NSMCSD has a wastewater treatment services agreement with the Westborough Water District (WWD) and a wastewater treatment services agreement with the San Francisco Sheriff’s Department for flows received from jail facilities in San Bruno.</li> <li>• Daly City is a member of a JPA administered by the County to operate a countywide animal control program.</li> <li>• The City’s NSMCSD currently contracts with the San Mateo Harbor District for inspection of sewer outfall facilities.</li> </ul>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>Daly City Council meetings are held in the City Council chambers at City Hall, which is ADA-accessible. City Council meetings are carried live on local cable channels and can also be streamed via the City’s website.</p> <p>Daly City’s comprehensive, user-friendly website provides the public with Internet access to City Council agendas and minutes, public notices, announcements, budgets, audits, and capital improvement programs. The City’s website also provides contact information for key City personnel. The City’s <i>Fog Cutter Newsletter</i> is published three times per year and provides residents updates on key City events and programs.</p> <p>Four government structure alternatives were identified for the City of Daly City:</p>

	<p><b><i>Maintain the status quo:</i></b> The City is currently providing adequate municipal services within its boundaries. The City is financially sound, has entered into a number of shared service and cooperative service agreements, and has managed its outstanding debt effectively. Given the economic uncertainty facing all local jurisdictions, Daly City has been strategic in moving forward with key capital improvements to help maintain the City's infrastructure.</p> <p><b><i>Annex the unincorporated islands of Broadmoor and unincorporated Colma:</i></b> Over the years, Daly City has successfully annexed parcels within unincorporated Broadmoor and Colma when initiated by landowners. Annexation has also resulted in the concurrent detachment of the annexed areas from the Broadmoor Police Protection District and the Colma Fire Protection District. Continued annexation of unincorporated territory within the Broadmoor and unincorporated Colma areas by the City has the potential to provide an equal or enhanced level of services while lowering the overall cost to residents. Annexation of these areas (with concurrent detachment from the Broadmoor Police Protection District and the Colma Fire Protection District) <b>are consistent with LAFCo adopted spheres of influence, however the City has a stated policy of not initiating annexation and accepts pre-zoning applications from property owners in anticipation of annexation.</b></p> <p><b><i>City of Daly City provision of street sweeping, streetlight and pavement maintenance services to unincorporated Broadmoor and unincorporated Colma through a contract with the County of San Mateo:</i></b> As suggested in the Request for Information survey prepared for this study by the City, the opportunity may exist for provision of street sweeping, street lighting and pavement management services to unincorporated Broadmoor through a contract with the County of San Mateo. Such an arrangement may have the potential to increase efficiency and cost</p>
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	<p>effectiveness for both Daly City and the County. Further study to determine the fiscal and operational feasibility of this alternative should be pursued jointly by the City of Daly City and the County of San Mateo <b>if there is demonstrated consensus on the part of the County, City, and community.</b></p> <p><b><i>Reorganization involving Formation of a County Service Area and dissolution of Broadmoor Police Protection District, Colma Fire Protection District and detachment from Colma Highway lighting District to consolidate service provision by contract with City of Daly City:</i></b></p> <p>Indicators that support investigating consolidating municipal service under a County Service Area and contract are the comparative cost per call and cost per capita data for BPPD and CFPD and taking into consideration the need for these agencies to levy parcel taxes over and above their share of the 1% property tax. Absent annexation to the City of Daly City, a full service provider, it is recommended that the community pursue fiscal analysis of the benefits of formation of a County Service Area and contracting for services currently provided by single-purpose special districts be studied <b>if there is demonstrated support from the Community and/or future fiscal conditions merit such a change.</b></p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

**Recommended Sphere of Influence Update/Determinations**

Based on the information, issues, and analyses presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<p><i>Present and planned land uses in the area, including agricultural and open-space lands.</i></p>	<p>The predominant land use in Daly City remains residential, with over 56 percent of the existing land uses developed with a range of low-, medium- and high-density homes. Very little vacant land exists in Daly City today. According to</p>
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	<p>the City’s General Plan, approximately 98 percent of the area within Daly City is built out, and there is no vacant land of any significant size surrounding Daly City that could be annexed for development.</p> <p>The Sullivan Corridor is currently undergoing revitalization and has been a major effort of the City over the past 30 years. Daly City adopted the Sullivan Corridor Specific Plan in 1998 to guide development. Since the adoption of the Specific Plan, several new construction projects are in the development stages, including new government office buildings, an 86-room hotel, and a large mixed-use development that is presently under construction at the southwest corner of Piece Street and Sullivan Avenue.</p>
<p><i>Present and probable need for public services and services in the area.</i></p>	<p>Based on a review of ABAG population projections, growth within the City of Daly City is expected to be limited over the next 20 years. The City has adequate capacity to serve the projected population increase.</p>
<p><i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i></p>	<p>The City is providing an acceptable level of service with present facilities and contract services. Water and wastewater services are provided through in-house and subsidiary district cooperation.</p>
<p><i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i></p>	<p>None have been identified.</p>
<p><i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City of Daly City.</p>

**Recommended Sphere of Influence:** Reaffirm the City’s current sphere of influence, which includes the unincorporated islands of **Unincorporated** Colma and Broadmoor.

## NORTH SAN MATEO COUNTY SANITATION DISTRICT

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### Overview/History

Following the San Francisco earthquake and fire in 1906, survivors sought refuge in the area that is now Daly City. A large septic tank served the early population but was not able to handle the population influx. In 1907, the Spring Valley Water Company, fearing pollution of its water supply, permitted the septic tank overflow to be diverted to the Vista Grande Tunnel for disposal in the Pacific Ocean. The area's population took another sharp jump following World War II as returning veterans bought homes for their families in the Broadmoor Village and Westlake subdivisions.

To serve the wastewater collection and treatment needs of this growing area, the San Mateo County Board of Supervisors created the North San Mateo County Sanitation District (NSMCSD) on January 16, 1951 (Health and Safety Code Section 4700-4858). NSMCSD's enabling legislation permits the following authorized powers: sewage collection, treatment and disposal, refuse transfer or disposal, street cleaning and sweeping, waterworks, conduits, storage for production, and the treatment, storage and distribution of water supply. The District's active powers are sewage collection, treatment and disposal services. Divestiture (termination) of an active power, or activation of an inactive power, requires application to LAFCo and LAFCo approval.

In 1953, voters approved a \$600,000 bond issue to finance construction of a primary wastewater treatment plant at the southern end of Westlake Park. The plant went into operation in 1955, serving a population of approximately 30,000.

In 1975, as development continued in the St. Francis Heights and Serramonte areas, the plant facilities were upgraded to full secondary treatment. The plant upgrade was funded largely through the Clean Water Act Grant Program. On July 1, 1985, the NSMCSD became a subsidiary district<sup>22</sup> of the City of Daly City.

**Table IV-45, Agency Profile, North San Mateo County Sanitation District**

General Information			
<i>Agency</i>	North San Mateo County Sanitation District (City of Daly City)		
<i>Address</i>	153 Lake Merced Boulevard, Daly City, CA 94015		
<i>Principal Act</i>	Section 4700 et seq. of the CA Health and Safety Code and Section 56000 of the CA Government Code		
<i>Powers</i>	<i>Active:</i> sewage collection, treatment and disposal <i>Authorized:</i> sewage collection, treatment and disposal, refuse transfer or disposal, street cleaning and sweeping, waterworks, conduits, storage for production, and the treatment, storage and distribution of water supply		
<i>Date Formed</i>	January 15, 1951		
<i>Area Served</i>	7.66 square miles		
<i>Services Provided</i>	Wastewater collection, treatment and disposal		
<i>Contact Person</i>	Patricia Martel, City Manager, <a href="mailto:pmartel@dalycity.org">pmartel@dalycity.org</a> (650) 991-8127		
<i>Website</i>	<a href="http://www.dalycity.org">www.dalycity.org</a>		
Governance			
<i>Council Membership</i>	North San Mateo County Sanitation District is a subsidiary district of the City of Daly City and is governed by the Daly City Council consisting of 5 members (elected at large): Raymond Buenaventura (2014); Judith Christensen (2014); Michael Guingona (2014); David Canepa (2016); Gonzalo "Sal" Torres (2016)		
<i>Compensation</i>	\$707 bi-weekly as City Council Members , <b>\$170 per meeting attended, not to exceed six meetings per month, in addition to any City Council compensation.</b>		
<i>Public Meetings</i>	2 <sup>nd</sup> and 4 <sup>th</sup> Mondays		
Operations			
<i>Population Served</i>	120,000 (approximately)		
<i>Number of Employees</i>	N/A		
<i>Last SOI Update</i>	1994 (reaffirmed)		
<i>Contract Services</i>	N/A		
Budget Information- Fiscal Year 2012-2013, Fiscal Year 2013-2014			
Revenues	2012-2013 (Audited)	2013-2014 (Audited)	Net Increase/(Decrease)
Water Sales (Recycled)	\$ 245,098	\$ 333,284	\$ 88,186
Sewer service charges	15,220,374	16,269,256	1,048,882
Other revenues	121,189	49,660	( 71,529)
Property Taxes	1,470,340	1,558,773	88,433
Disposal of assets	1,872	5,065	3,193
Interest income	( 17,291)	342,042	359,333
Transfer In	1,462,371	1,469,737	7,366

<sup>22</sup> A subsidiary district is a district in which a city council is designated as the governing body of the district. A subsidiary district may include territory outside city boundaries as long as at least 70 percent of the land area and 70 percent of the registered voters are located within city boundaries.

North County Cities and Special Districts MSR-SOI Study  
San Mateo LAFCo

<i>Total Revenues</i>	\$18,639,051	\$ 20,027,817	\$ 1,388,766
<b>Expenditures</b>			
Salaries & Benefits	6,497,820	\$ 5,961,572	( \$ 536,2480
Services & Supplies	5,432,954	6,121,236	688,282
Utilities	922,671	1,033,571	110,900
Insurance	309,066	309,066	---
Depreciation	2,003,719	2,103,532	990,813
Other charges	2,309,596	2,835,029	525,433
Interest Expense	76,264	70,949	( 5,315)
Transfer Out	1,154,092	1,400,630	246,538
<b>Total Expenditures</b>	<b>\$18,706,182</b>	<b>\$ 19,835,585</b>	<b>\$ 1,129,403</b>
<b>Other Revenues</b>			
Connection charges	135,098	153,940	
Change in Net Position (income)	( \$ 67,131)	\$ 346,172	
<b>Ending Net Position</b>	<b>\$64,593,486</b>	<b>\$64,939,658</b>	



## Population/Growth

The North San Mateo County Sanitation District's (NSMCSD) collection, treatment and disposal systems serve the majority of the residents of Daly City, Broadmoor Village, a portion of the Town of Colma, the Westborough Water District (WWD) in South San Francisco, and the San Francisco County Jail in San Bruno. According to the District, it currently serves a population of approximately 120,000 within its service area (22,694 residential accounts) as well as hundreds of commercial businesses. By 2035, the NSMCSD's service population is expected to grow to 126,074, according to District projections.

## Sphere of Influence

San Mateo LAFCo (LAFCo) reviews and approves spheres of influence for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service plan for an agency. SOIs can be the same, larger, or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a "zero" sphere of influence which means, in the long term, LAFCo has determined that the agency should be dissolved and an alternative agency take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

Currently, NSMCSD has a coterminous sphere of influence, meaning its service boundary and SOI boundaries are identical.

## District Operations

The NSMCSD maintains over 178 miles of sewer pipe and eight sewage lift stations: four in Daly City, one in Colma, and three in the Westborough Water District.<sup>23</sup> The District owns and operates its own wastewater treatment plant, located at the corner of John Daly Boulevard and Lake Merced Boulevard in Daly City. The treatment plant experiences very high morning and evening peak flows, a common characteristic in commuter communities. In the Daly City area, however, the peaks are abnormally high – nearly three times the average flows.

In 1989, the City undertook one of their most ambitious public works projects – a \$14 million expansion of the plant to equalize peak flows and provide additional treatment capacity. The expansion featured a unique underground primary treatment and flow equalization system. The underground facilities increased the plant's hydraulic treatment capacity from eight to 10.3 million gallons per day. The facilities were designed for underground construction to preserve the residential and recreational setting of the plant site. The expansion was financed entirely by District- issued Certificates of Participation.

The costs for operating NSMCSD and facilities continue to increase due to higher energy costs, materials and supplies costs, environmental and permit requirements, and replacement of pipelines and

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<sup>23</sup> Colma and Westborough Water District lift stations maintained under a contract for maintenance.

structures. There were no rate increases for NSMCSD customers from Fiscal Year 2007-08 through Fiscal Year 2012-13, but the need to fund capital improvements remains. According to the Fiscal Year 2014-15 Adopted Budget, collection system upgrades and pump station replacement projects require approximately \$4,591,695 in Fiscal Year 2014-15. The projected 20-year Capital Improvement Plan reflects a need for over \$114,799,000 in funding. To begin to address this need, the City Council, sitting as the District’s Board of Directors, adopted a three-year rate increase plan with a 9 percent annual increase in Fiscal Years 2013-14 through 2015-16.

**Cooperative Programs**

The North San Mateo County Sanitation District (NSMCSD) provides sewer collection and treatment services, by contract, to the Town of Colma, the Westborough Water District, and the San Francisco County Jail located in unincorporated San Bruno.

**Cost Avoidance Opportunities**

The NSMCSD has sought ways to reduce or contain costs through: (1) strategic use of City staff and contract services for ongoing maintenance activities; (2) treatment of wastewater by the San Francisco Public Utilities Commission facilities; and, (3) contracting for the collection and transportation of wastewater flows from the Town of Colma.

**District Financial Overview**

The District is a subsidiary district of the City of Daly City and is managed as an Enterprise Fund within the City’s financial system and audits. At the end of Fiscal Year 2013-14, the District had a net position of \$64,939,658, a slight increase over the prior fiscal year. The District’s revenues are stable, relying primarily on services charges, supplemented with property taxes and interest income. The cost of service has been rising due to utility, supply, and support service increases. Costs of salaries and wages have been controlled through ongoing reorganization efforts and efficiencies of staffing within the District and City.

An overview of NSMCSD’s three-year revenue and expenditure trends is illustrated in **Table IV-46**, below. The overall fiscal condition and forecast for the District remains generally positive in the near term.

**Table IV-46, Three-year Revenue/Expenditure Budget Trends**

Revenue Source	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Sewer Services Charges	\$14,821,362	\$15,220,374	\$16,269,256
Property Taxes	\$1,433,604	\$1,470,340	\$1,558,773
Other Revenues	\$2,172,636	\$1,948,337	\$2,199,788
Total Revenues	\$18,427,602	\$18,639,051	\$20,027,817
Total Expenditures	\$18,646,812	\$18,706,182	\$19,835,585
Revenues/Expenditures	(\$219,210)	(\$67,131)	\$192,232

### **Ratios of Revenue Sources**

The North San Mateo County Sanitation District (NSMCSD) is an enterprise agency relying primarily on sewer service charges and fees (80-82 percent of revenues) The revenues are supplemented with a share of the 1 percent property taxes (8 percent of revenues) and interest and miscellaneous income. While relying on one primary source of revenues, the governing board has indicated a willingness to raise rates and charges where necessary to generate the needed revenues (rate increases were approved in 2013 for next three years).

### **Ratio of Reserves or Fund Balance to Annual Expenditures**

The net position of the District is \$64,939,658, and the unrestricted fund balance reserve of \$22,751,265 reflects a financial capability of providing needed funds during economic downturns or emergency situations. General guidelines recommend having from 25 to 100 percent of one year's operating requirements in a reserve for stability. Bond covenants often require agencies to have 125% of annual expenditures in reserve. As of June 30, 2014, the District had in excess of 100 percent of annual expenditures in an unrestricted fund reserve balance.

### **Annual Debt Service Expenditures to Total Annual Expenditures**

NSMCSD has one outstanding loan with the State Water Resources Control Board with a balance of \$2,963,246 (as of June 30, 2013). The District's estimated annual loan payment for Fiscal Year 2014-15 is approximately \$210,000. Total expenditures for Fiscal Year 2013-14 of \$19,835,585 (divided by \$210,000) leaves a reasonably low debt ratio of 1.1 percent.

### **Capital Improvement Program**

The Board of Directors (City Council) has approved a 20-year Capital Improvement Plan (CIP) and included a projection of project needs within the 2014-15 Annual Budget totaling \$114,799,000. Projects include an upgrade of facilities, replacement of pipelines and pump stations, and necessary other system improvements necessary to meet permit requirements of the Regional Water Quality Control Board.

### **Sewer Rate Structure**

Sewer rates are calculated based upon the use of the connected property and the calculated inside water use of the treatment facility. Most sewer agencies measure the lowest two to four months of water use (typically wintertime with rain and cooler weather) and determine the minimum use for calculating the sewer service charge. Some agencies calculate a "loading factor" of constituents in the influent flow to the sewer treatment plant and adjust rates based on treatment costs. The calculation is then done periodically based upon full cost of operations and the number of customers in an average equivalent dwelling unit (EDU) calculation. Each agency rate structure must be further analyzed for specific calculations.

As described earlier, in the North San Mateo County Sanitation District service area, sewer rates have not kept pace with operating costs and identified deferred capital maintenance needs. Recently approved rate increases are shown below:

**Table IV-47, Sewer Rate Increases, Fiscal Year 2010-11 through Fiscal Year 2015-16\***

	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Increase	0%	0%	0%	9%	9%	9%
Sewer Service (000's)	\$15,197	\$14,821	\$15,220	\$15,827	\$17,345	\$19,004

\* Rate increases adapted as part of three-year revenue plan

Sewer rates of the area agencies and cities are shown below for comparative purposes in **Table IV-48:**

**Table IV-48, Sewer Rate Comparisons for North County Agencies**

	City of Brisbane/GVMID	City of Pacifica	Daly City/Town of Colma/North San Mateo Co. San Dist.	Bayshore Sanitary District
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDU's Av. Dry Weather Flow: 2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
<b>Residential</b>				
Fixed Charge (3/4")	\$68.87	\$91.13	\$5.74/CCF	\$125/Year per EDU
Meter EDU				
Flows up to 8 CCF				\$5/CCF
Total Bi-Monthly Cost (Typical at 15 CCF)	144.97	\$182.27	\$86.10	\$75.00
Annual Cost	\$869.82	\$1,093.62	\$516.60	\$575.00
<b>Commercial</b>				
Fixed Charge	\$68.87	---	Same as above	\$125.00
Flows to 15 CCF	84.34	\$91.13x.90*	Same as above	\$5/CCFx.90*
Total Bi-Monthly Cost	\$153.21			\$67.50*
Annual	\$919.26	\$984.20	Same as above	\$530.00
Sewer Connection Charge per EDU	\$2,532/EDU	\$2,835.28/EDU	\$2,600/EDU	Residential - \$3,414/EDU; Commercial \$17.01 per GPD Est.

EDU = Equivalent Dwelling Unit

CCF= Hundred Cubic Feet

GPD= Gallons per Day

**\* This example reflects a strength factor of 0.9; the strength factor may vary from 0.90 to 2.41 affecting the strength change accordingly.**

The NSMCSD has revenues and expenditure levels that are balanced and result in an adequate cash reserve and net position for the agency. Capital improvement plans and funding are in place, and facilities are being upgraded and repaired on a scheduled basis. The reserves of the District are sufficient for capital needs and any unforeseen emergency funding requirements.

In 1979, voters approved the Gann Appropriations Limit Initiative that requires local government, cities and special districts to adopt a resolution specifying the maximum expenditure limit for property tax revenues. The limit can be adjusted annually based upon population change and Consumer Price Index (CPI) factors. The City of Daly City Council, acting as the Board of Directors of the NSMCSD, adopted a Gann Limit on June 23, 2014 of \$1,441,469, an amount that is less than the calculated receipt of property taxes (\$1,609,555) by \$168,086. That amount was credited to the calculation of sewer rate revenues to offset raising higher revenues from service charges. It is unclear if this meets the requirements of the Gann Limit legislation and implementing regulations by the Department of Finance (DOF). **The City and NSMCSD staff advise that this method is provided under Article 13B Government Spending Limitation, Section 2b, as “the entity may return the excess either by reducing taxes or fees.”**

### Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory (containing 12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual household income (MHI). The MHI data is derived from the U.S. Census Bureau – American Community Survey 2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80 percent of that figure, or \$48,706.

State law requires identification and analysis of service issues within DUCs as part of the Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) reviews. State law also places restrictions on annexations to cities if a proposed annexation is adjacent to a DUC. Census Tract 6008, located in Daly City, has a median household income of \$48,424. Residential in nature, the Census Tract contains 2,967 homes with a population of approximately 7,258 residents, according to the County of San Mateo and recent Census data. It is located generally west of Interstate 280 and northwest of the Lake Merced Golf Club. Because the area is incorporated (located within Daly City), no additional DUC analysis is required as part of this MSR/SOI update.

### Government Structure Alternatives/Accountability

The District Board meets twice monthly (on the second and fourth Mondays of the month), as needed, in the Daly City Council Chambers at 6:45 PM. The Council Chambers are ADA accessible. Meetings are open to the public. According to the City’s website, five of the last seven meetings were cancelled.

The District uses the Daly City website and has its own link where NSMCSD meeting agendas, minutes, and notices are posted. The City's website provides a comprehensive overview of wastewater collection, treatment and disposal processes, a list of key contacts, and a calendar of upcoming NSMCSD meetings and events. Meeting notices and packets are posted on the Thursday prior to the Monday meeting. The City Manager serves as the District's General Manager.

Two government structure options have been identified for the North San Mateo County Sanitation District:

- **Status Quo:**

The North San Mateo County Sanitation District's finances are generally stable. The Daly City Council, acting as the District's Board of Directors, recently adopted a three-year sewer rate increase plan of 9 percent annually for Fiscal Years 2013-14 through 2015-16. The District (City Council) has also adopted an aggressive Capital Improvement Program totaling almost \$114 million for Fiscal Year 2014-15. Current residential sewage rates for NSMCWD customers are the lowest of the four sewer agencies included in this MSR study.

- **Merge NSMCSD with City of Daly City:**

A merger of the North San Mateo County Sanitation District with the City of Daly City could result in slightly lower costs of administration, board expenses, and increase customer exposure to the City of Daly City, the overarching agency that is presently providing a majority of the operations support for services. Merger would require that all territory of the NSMCSD be within City of Daly City boundaries. Upon annexation of unincorporated areas to the City of Daly City, study of this government structure alternative should be explored by the City of Daly City and NSMCSD.

### Recommended Municipal Service Review Determinations

Based on the information, issues and analysis presented in this report, proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<p><i>Growth and population for affected area.</i></p>	<p>The North San Mateo County Sanitation District's (NSMCSD) collection, treatment and disposal systems serve the majority of the residents of Daly City, Broadmoor Village, a portion of the Town of Colma, the Westborough Water District in South San Francisco, and the San Francisco County jail in San Bruno. According to the District, it currently serves a population of approximately 120,000 in its service area (22,694 residential accounts) as well as hundreds of commercial businesses. By 2035, the NSMCSD's service population is expected to grow to 126,074, according to District projections.</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the North San Mateo County Sanitation District.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the North San Mateo County Sanitation District.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>The NSMCSD maintains a positive net position of assets and cash reserves. The facilities are planned and maintained within a 20-year Master Plan and CIP plan that is currently funded.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The NSMCSD provides sewer collection and treatment services, by contract, to the Town of Colma, the Westborough Water District and the San Francisco County Jail.</p>

<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The City Council as governing body of the District meets twice monthly (on the second and fourth Mondays of the month) in the Daly City Council Chambers at 6:45 PM. The Council Chambers are ADA accessible. Meetings are open to the public.</p> <p>The District uses the Daly City website and has its own link where NSMCSD meeting agendas, minutes and notices are posted. The City's website provides a comprehensive overview of wastewater collection, treatment and disposal processes, a list of key contacts and a calendar of upcoming NSMCSD meetings and events. Meeting notices and packets are posted on the Thursday prior to the Monday meeting. The City Manager serves as the District's General Manager.</p> <p>Two government structure alternatives have been identified for the North San Mateo County Sanitation District:</p> <p><b><i>Status Quo</i></b> NSMCSD's finances are generally stable; the Daly City Council, acting as the District's Board of Directors, recently adopted a three-year sewer rate increase plan of nine percent annually for FY's 2013-14 through Fiscal Year 2015-16. The District (City Council) has also adopted an aggressive Capital Improvement Program totaling almost \$114 million for Fiscal Year 2014-15. Current residential sewage rates for NSMCWD customers are the lowest of the four sewer agencies included in this MSR study.</p> <p><b><i>Merge North San Mateo County Sanitation District with City of Daly City upon annexation of unincorporated areas to the City</i></b> The merger of the NSMCSD within the City of Daly City could result in some efficiencies of administration and a single point of contact for city residents and businesses <b>and could be considered upon annexation of all unincorporated areas to the City</b></p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

**Recommended Sphere of Influence Updates/Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	NSMCSD’s service boundaries total 7.66 square miles and includes a wide variety of urban uses including open space/recreation, single and multi-family housing, commercial, industrial and retail development. According to the District, the area is largely developed with limited planned growth in the foreseeable future.
<i>Present and probable need for public services and services in the area.</i>	According to the District, it currently serves a population of approximately 120,000 within its service area (22,694 residential accounts) as well as hundreds of commercial businesses. By 2035, the NSMCSD’s service population is expected to grow to 126,074, according to District projections. The District’s Capital Improvement Program incorporates sufficient infrastructure improvements to serve the projected population increase.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The District has adequately planned treatment facilities and maintains its pump stations and sewer mains adequately. Sufficient capacity is available for future connections as part of the Master Plan adopted by the agency.
<i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the North San Mateo County Sanitation District service territory.

**Recommended Sphere of Influence:** Reaffirm the current coterminous sphere of influence for the North San Mateo County Sanitation District, which means the District’s service boundary and sphere of influence boundary remain identical.

## TOWN OF COLMA

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### Overview/History

The Town of Colma, known worldwide as the “City of Souls,” is the smallest city in San Mateo County with an estimated population of 1,492 residents and 1.5 million “souls” in the City’s 16 cemeteries. Located near the tip of the San Francisco Peninsula, the community of Colma was formed in the mid-1800s as a collection of homes and businesses along El Camino Real and the adjacent railroad line.

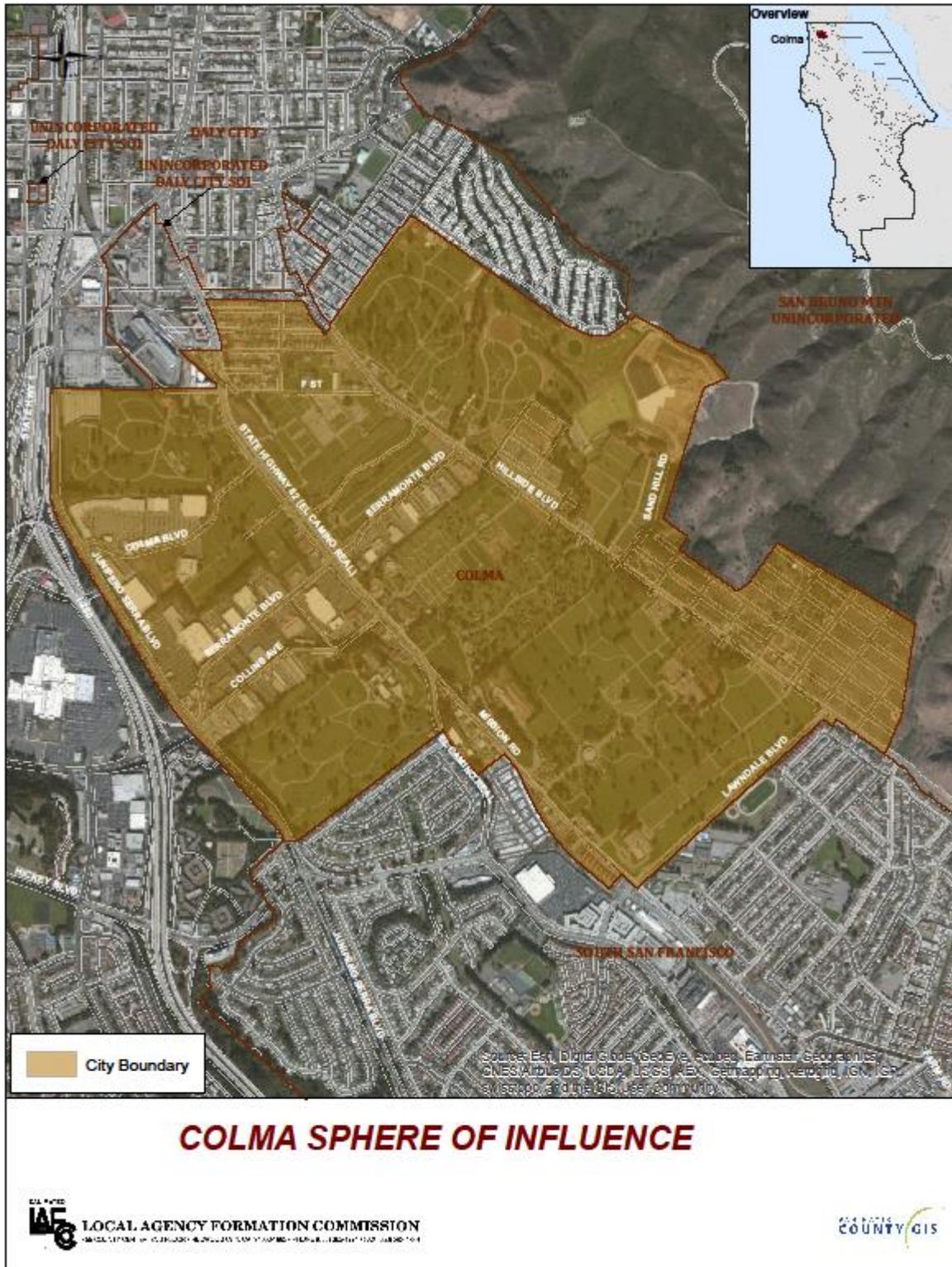
Events that led up to the incorporation of the Town of Colma began 75 years before the actual incorporation date of August 5, 1924. In 1849, the California Gold Rush brought hundreds of thousands of hopeful prospectors to the San Francisco area, and with them the introduction of a wide number of diseases including measles, pneumonia, smallpox, and typhoid fever. Twenty-six cemeteries had been established in San Francisco, but by the late 1880s, most were filled. In the late 1880s, cemetery owners began to look for new property and selected the Colma area to the south because of easy transportation access.

Colma became the location of a large number of cemeteries when San Francisco passed an ordinance in 1900 outlawing the construction of any more cemeteries in the City and then passed another ordinance in 1912 evicting all existing cemeteries from within the City. At the urging of the cemetery owners, and with the cooperation of residents who lived closest to the cemeteries, the Town of Lawndale was incorporated in 1924. Over the years, businesses and a small residential district developed around the cemeteries. In 1941, the U.S. Post Office requested that the Town’s name be changed back to Colma because there was another city in Los Angeles County named Lawndale.

**Table IV-49, Town of Colma Profile**

General Information			
Agency	Town of Colma		
Address	1198 El Camino Real, Colma, CA 94014		
Principal Act	General Law City		
Date Formed	August 5, 1924		
Service Area	2 square miles		
Services Provided	Police, Wastewater (by contract with North San Mateo County Sanitation District and City of South San Francisco), Street Maintenance, Recreation		
Contact Person	Sean Rabé, <a href="mailto:srab@colma.ca.gov">srabe@colma.ca.gov</a> , (650) 997-8318		
Website	<a href="http://www.colma.ca.gov">www.colma.ca.gov</a>		
Governance			
City Council Membership	5 members (elected at large): Helen Fisicaro (2014); Joanne F. del Rosario (2014); Joe Silva (2016); Rae Gonzalez (2016); Diana Colvin (2016)		
Compensation	\$924/monthly and eligible for non-safety employee benefits		
Public Meetings	2 <sup>nd</sup> Wednesday of each month		
Operations			
Population Served	1,492 (U.S. Census, 2013 population estimates) (Due to high concentration of retail stores, car dealerships, cemeteries and a card room and that employ over 3,500 people and serve thousands from surrounding areas, the daytime population spikes significantly.)		
Number of Employees	44		
Residents per City Employee	34		
Last SOI Update	1995 (reaffirmed); special MSR completed in 2007		
Contract Services	Public Works; Planning; Building; Dispatch Services (South San Francisco Police Department)		
Budget Information- FY 2013-14, FY 2014-2015			
Revenues	2013-2014 (Adopted)	2014-2015 (Adopted)	Net Increase/(Deficit)
General Fund (Net)*	\$11,707,350	\$9,474,030	(\$2,233,320)
Special Revenues			
Gas Tax	\$34,100	\$50,750	\$16,650
Measure A	\$34,000	\$50,000	(\$6,000)
COP Grant (police)	\$100,000	\$100,000	\$0
Others – CIP	\$1,832,000	\$5,433,000	\$3,601,000
COP Debt Service Fund	\$957,370	---	(\$957,370)
Total Revenues (includes others)	\$14,596,720	\$15,007,030	\$410,310
Expenditures			
Total General Fund	\$13,133,890	\$13,524,150	\$390,260
P2003 Police-Patrol Grant	\$111,600	\$113,610	\$2,010
Capital Fund	\$1,832,000	\$5,433,000	\$3,601,000
Debt Service Fund	\$957,370	---	(\$957,370)
Total Expenditures	\$16,034,860	\$19,070,760	\$3,035,900
Revenues minus Expenses	(\$1,438,140)	(\$4,063,730)	(\$2,625,590)
<b>Notes:</b> *Net accommodating for transfers in/out for Capital and other expenses. City used reserves to pay down debt and invest in capital projects in FY 2013/14 and FY 2014/15. Reserves projected to be reduced from \$23.4 million to \$19.2 million by end of FY 2014/15. Additional detail provided in Financial Constraints Section.			

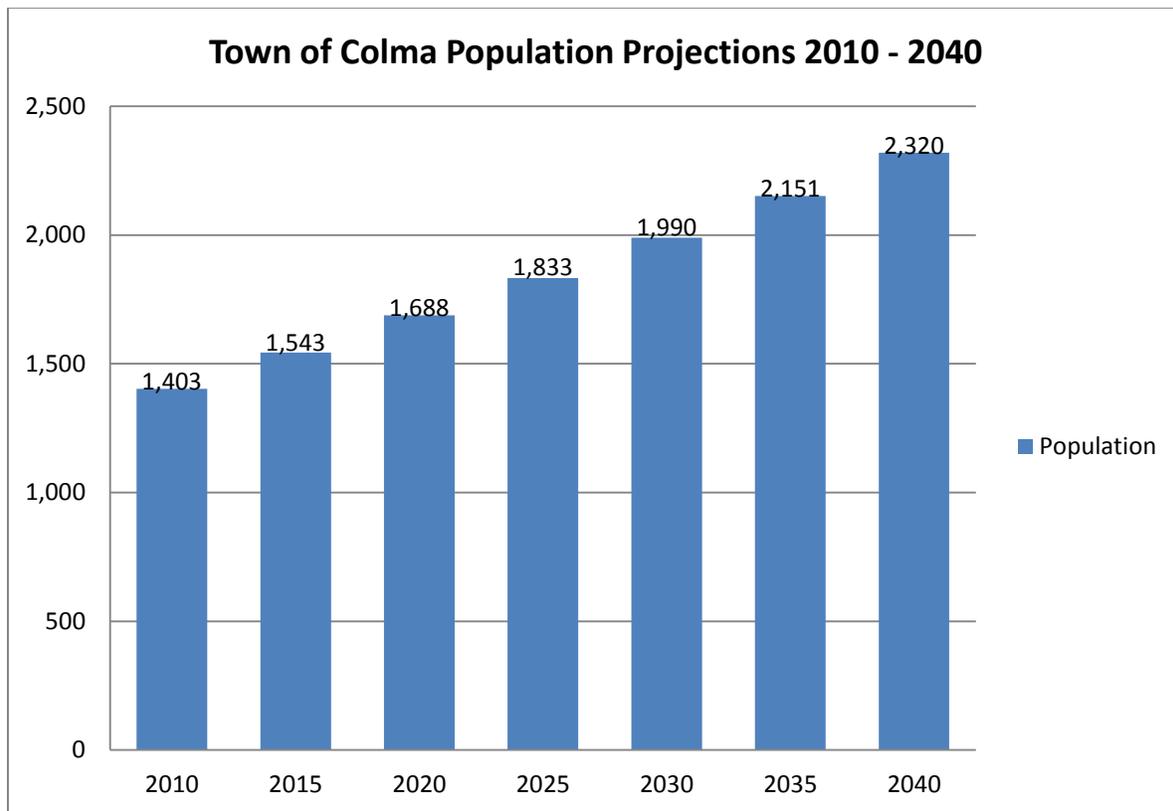
Exhibit IV-8, Town of Colma Boundary and Sphere of Influence



## Growth and Population

According to the most recent US Census data, the Town of Colma has 1,492 residents,<sup>24</sup> making it San Mateo’s smallest city by population. Colma’s small population grew from 1,187 in 2000 to 1,403 in 2010, increasing by 216 residents or 18 percent. The Association of Bay Area Governments (ABAG) predicts that Colma will continue modest growth over the next 20 years to reach a population of 2,151 in 2035.

**Table IV-50, Town of Colma Population Trends**



Source: Projections 2013, Association of Bay Area Governments

Originally, the residents of Colma were primarily employed in occupations related to the Town’s many cemeteries. Today, approximately 76 percent of the land within Colma’s town boundaries remains committed to cemetery and agricultural land uses. Since the 1980s, however, Colma’s economy has become more diversified with a variety of retail businesses, a card room facility, and one of Northern California’s largest collections of car dealerships serving a regional market, resulting in a significant spike in daytime population.

<sup>24</sup> U.S. Census, 2013 Population Estimates

### **Priority Development Areas**

Senate Bill 375 (SB 375), the California Sustainable Communities and Climate Protection Act of 2008, requires each of the California's 18 metropolitan areas to prepare a plan (called a "Sustainable Communities Strategy") to reduce greenhouse gases<sup>25</sup> and promote compact, mixed-use commercial and residential development. *Plan Bay Area*, jointly developed by the Association of Bay Area Governments and the Metropolitan Transportation Commission, constitutes the Sustainable Communities Strategy for the Bay Area. To meet the goals of SB 375, Plan Bay Area encourages focused growth in 17 Priority Development Areas (PDAs) across the region. The PDAs represent many types of places, from regional centers to neighborhood commercial nodes. These neighborhoods provide opportunities for the development of pedestrian-friendly communities where transit, jobs, schools, services, and recreation are conveniently located close to residents' homes.

Of the 17 PDAs identified in the Plan Bay Area strategy, one directly impacts the Town of Colma: the "Multi-City El Camino Real Mixed-Use Corridor." The Multi-City El Camino Real PDA is set in a quarter-mile buffer along El Camino Real, extending the length of the corridor from Daly City to San Jose. Although the corridor is almost entirely auto-dominated, it is well served by transit. In all 11 cities on the corridor, Bay Area Rapid Transit (BART) and Caltrain stations are in most cases within walking distance of El Camino Real. The El Camino Real corridor is where a majority of the new residential development in San Mateo County is expected to be developed. All of Colma's new housing is anticipated to be within this PDA area, on either El Camino Real or Mission Road. By placing new housing in this corridor, residents will benefit from a variety of transit options for both local and regional travel. Colma's PDA development will be significantly less than other jurisdictions along the El Camino Real since a majority of the land in the PDA area is in cemetery use.

### **Development in Adjacent Unincorporated Area**

Adjacent to Town of Colma boundaries is unincorporated area commonly referred to as Unincorporated Colma, although the area is in the City of Daly Sphere of Influence. After the Bay Area Rapid Transit District (BART) approved a new station in the Colma/Daly City area of San Mateo County, the County found that land use plans for the station area did not take advantage of this transit resource. This was the impetus for drafting a specific plan that would encourage development that would support development of mixed-use urban areas near transit.

Because the area near the station encompasses land owned by the San Mateo County Transit District (SamTrans) as well as land within the boundaries of the City of Daly City, the County invited SamTrans and Colma to participate in the specific plan effort, with the County acting as lead agency. The BART Station Area Specific Plan, adopted in 1993, envisions the 110-acre planning area as a new urban center

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<sup>25</sup> A greenhouse gas is any gaseous compound in the atmosphere that is capable of absorbing infrared radiation, thereby trapping and holding heat in the atmosphere. By increasing heat in the atmosphere, greenhouse gases are responsible for the "greenhouse effect" that ultimately leads to global warming.

around the BART station while respecting existing land uses in the area. The specific plan provides design guidelines for new development as well as appropriate uses for the station area. The plan provisions were incorporated into both the city and county general plans.

Since adoption of the BART Station Area Specific Plan, a number of major housing developments have been completed, consistent with the densities envisioned by the Plan. These include:

- San Pedro Commons, a 73-unit affordable housing project.
- El Camino Village, a 30-unit project for lower-income families.
- La Terrazza, a 153-unit mixed-income residential project with 30 dedicated low-income units.
- Trestle Glen, a 119-unit purely affordable project.
- 85 Reiner Street, 20 units, Community Living Center

Another 32-unit condominium project at F Street near El Camino Real has been entitled by San Mateo County, but not yet built (construction is anticipated to begin in 2015). The City of Daly City, in collaboration with SamTrans, is pursuing a high-density residential development on approximately 10 acres of SamTrans property, also on F Street in City of Daly City boundaries.

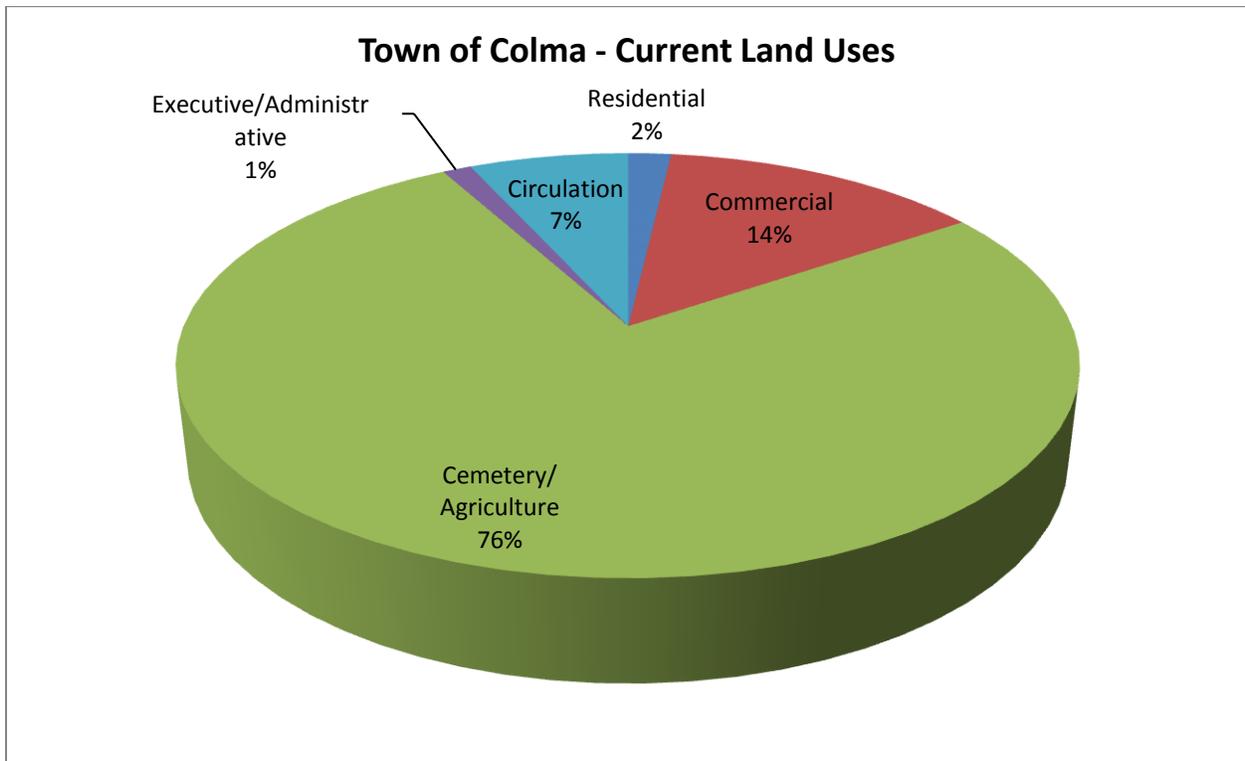
#### Grand Boulevard Initiative

For the past several years, city staff, and elected officials from 19 jurisdictions in both San Mateo and Santa Clara Counties have been engaged in a joint effort to transform the El Camino Real corridor into a “grand boulevard of meaningful destinations.” Known as the Grand Boulevard Initiative (GBI), the effort brings together for the first time all of the agencies having responsibility for the condition, use and performance of El Camino Real. The Initiative’s goal is to transform El Camino Real from a suburban, low-density strip commercial highway to a vibrant, mixed-use, pedestrian-friendly boulevard and destination that links regional transportation improvements and local economic efforts.

Within Colma, much of El Camino Real is dedicated to cemetery uses, and the Town desires development that is respectful of this established land use. However, opportunities exist on the northern edge of Colma for the development of housing across the street and adjacent to the Colma BART station and to the south on Mission Road.

The distribution of Colma’s current land uses are illustrated in *Exhibit IV-9*, below:

**Exhibit IV-9, Land Uses within Town of Colma**



Source: Town of Colma General Plan Land Use Element

### Sphere of Influence

The Town of Colma’s jurisdiction boundary is coterminous (shares the same boundary) with the Town’s adopted sphere of influence, which was last reviewed by San Mateo Local Agency Formation Commission (LAFCo) in 2007. A sphere of influence, as determined by LAFCo, is the logical, long-term service boundary for that agency. Absent a sphere of influence amendment, annexation of territory to the Town of Colma is not possible.

There are two unincorporated areas located to the north of Colma, Broadmoor Village and an area commonly referred to as “unincorporated Colma.” LAFCo has determined that the City of Daly City is the logical future long-term service provider for both the Broadmoor and the unincorporated Colma areas. Both of these areas are within the LAFCo adopted City of Daly City sphere of influence.

### Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory (containing 12 or more registered voters) that constitute all or a portion of a community with an annual median

household income that is less than 80 percent of the Statewide annual household income (MHI). The MHI data is derived from the U.S. Census Bureau – American Community Survey 2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80 percent of that figure, or \$48,706.

State law requires identification and analysis of service issues within DUCs as part of the municipal service reviews (MSRs) and sphere of influence (SOI) reviews. State law also places restrictions on annexations to cities if a proposed annexation is adjacent to a DUC. No DUCs have been identified within or adjacent to the Town of Colma. No additional DUC analysis is required as part of this MSR/SOI update.

### Municipal Services

The Town of Colma provides a range of services for its 1,492 full-time residents as well as an increased daytime population. Due to a high concentration of retail stores, car dealerships, cemeteries and a card room and that employ over 3,500 people and serve thousands from surrounding areas, the daytime population spikes significantly. City services include general administration, police, street maintenance, traffic signalization and control, code enforcement and planning/community development. The key municipal services are summarized below in **Table IV-51**, and are discussed in detail on Pages 128 - 135 of this report.

**Table IV-51, Town of Colma Municipal Services**

Key Colma Municipal Services	Description of Services
<b>Police</b>	Dispatch and detective duties, motorcycle patrol, community service officer, and ongoing coordination with the Daly City/North San Mateo County SWAT (Special Weapons and Tactics) team.
<b>Fire</b>	The Town of Colma is within the Colma Fire Protection District (CFPD), which serves Colma and surrounding unincorporated areas, including Broadmoor and unincorporated Colma. The CFPD provides fire suppression and prevention, public education, rescue, hazardous materials (first response), and basic/advanced emergency medical care.
<b>Public Works/Planning</b>	<p><i>Public Works/Engineering/Planning and Building Division:</i> Oversees the Town’s capital improvement program, provides development review, and issues grading and encroachment permits. The Planning Division oversees new development applications, long range planning efforts (General Plan) and code enforcement. The Building Division oversees building permit plan checking, permit issuance and inspections.</p> <p><i>Public Works Maintenance Division:</i> Maintains public infrastructure, including streets, sidewalks, traffic signals (through contract with SSF), sewer (through contract with NSMSD and City of South San Francisco), storm drains, and public facilities.</p>

<b>Water and Wastewater</b>	Water service is provided by California Water Service Company, a private water purveyor; Colma owns its sewer system but contracts with North San Mateo County Sanitation District and the City of South San Francisco for maintenance and sewage treatment services.
<b>Library and Recreation Services</b>	Colma has no public libraries located within its boundaries; however, residents are served by nearby libraries in both Daly City and South San Francisco; the Town’s Recreation Services Department provides a variety of programs and activities and offers a community center, recreation center, and dog park for residents’ use.
<b>Animal Control</b>	Provided through contract with San Mateo County Joint Powers Authority (JPA) with Peninsula Humane Society.
<b>Solid Waste</b>	Provided through City franchise agreements with Allied Waste, Recology, and South San Francisco Scavenger.

**Police**

The Colma Police Department includes a total of 26 employees, 19 of which are sworn police personnel. The Department provides dispatch and detective services, community service outreach, and participates in the Daly City/North San Mateo County Special Weapons and Tactics (SWAT) team. Department staff also frequently participates in countywide law enforcement efforts by taking part in the San Mateo County Gang Task Force, Avoid the 23 (DUI) Task Force, Narcotic Task Force Details, Alcohol Beverage Control Operations, Saturation Traffic Enforcement Program (STEP) and as Police Academy instructors.

The Department is organized into four divisions: Administration, Patrol, Communications, and Grants.

- The Police Administration Division Provides planning, direction, and oversight of the Police Department. Staffing for this division includes the Police Chief, a Detective Sergeant, a Detective, and an Administrative Technician III.
- The Police Patrol Division Provides front-line uniform response to calls for police services. Police Patrol addresses neighborhood quality-of-life issues and responds to all security-related service needs of the community, including: threats to life and property, enforcement of traffic laws, and investigation of crimes against persons and property. The Division’s personnel include one Police Commander, four Police Sergeants, and ten Police Officers. As staffing allows, one officer is assigned to a motorcycle on a part-time basis, and officers work a variety of other ancillary assignments including Special Weapons and Tactics (SWAT) and the San Mateo County Gang Task Force.
- The Police Communications Division Provides the clerical and record-keeping duties of the Department and all citizen-initiated calls for service. The Division is staffed by one Dispatch Records Supervisor and three Dispatchers.
- The Police Grants Division was initiated in FY 2001-02 to comply with State requirements to separately account for certain annual State-provided funds, including the Supplemental Law Enforcement Services Fund for front-line personnel services, officer training costs, and funding of a Community Service Officer (CSO).

There are four or more common performance measures that can generally be used to evaluate effectiveness of services in law enforcement:

- Sworn officer personnel per 1,000 population
- Annual composite crime rate
- Response time
- Incident rates (for major crimes)

**Table IV-52, Sworn Officer Personnel per 1,000 Population**

Agency	Population	# Sworn Police Personnel (SPP)	SPP/1,000 Population
City of Daly City	104,739	111	1.06/1,000
City of Brisbane	4,443	16	3.6/1,000
City of Pacifica	38,606	33	0.9/1,000
City of So. San Francisco	66,174	83	1.3/1,000
City of Richmond	107,571	285	2.7/1,000
<b>Town of Colma</b>	<b>1,492</b>	<b>19</b>	<b>12.8/1,000</b>
Broadmoor PPD	4,633	11	2.37/1,000

Source: Agency Budgets/Data Extrapolation

The Composite Crime Rate is determined annually by the California Attorney General for cities as a calculation of all violent crimes (murder, assault, robbery and rape) and property crimes (burglary, theft and auto theft) per 100,000 population. **Table IV-53** below, indicates that Colma’s composite crime rate ranks substantially higher than the statewide composite crime rate. The Town of Colma is unusual in that it has a very low population combined with a cardroom and some commercial businesses that apparently result in heightened police activity concentrated in a small area.

Although from 2008 to 2013 the City’s annual composite crime rate dropped by about 17 percent, the rate remains extraordinarily high per an equivalent 100,000 population calculation. It is also noted that of the cities and police departments in North San Mateo County, the Town of Colma has the highest ratio of sworn officer personnel per 1,000 population of the seven agencies as shown in **Table IV-52** above. However, as noted above, the Town’s daytime population increases exponentially due to retail, car dealerships, cardroom, and cemetery uses.

**Table IV-53, Annual Composite Crime Rate Comparison (per 100,000 population)**

Year	California Average	Town of Colma
2008	3,436	22,444
2013	3,061	18,633

Source: California Attorney General

Law enforcement response times must be quick in order for crimes to be averted and public safety maintained. Response time is generally defined as the amount of time it takes a police officer to reach the scene of a reported crime or incident after the officer has received the dispatch call from the 911

operator. Police calls for service receive priority rankings, with “Priority 1” calls considered the most serious. Priority 1 calls are defined as those that require immediate response and/or when there is reason to believe that an immediate threat to life exists.

According to the latest statistics from the City of Colma as shown in **Table IV-54**, below, the Department’s estimated average response time for Priority 1 calls exceeded the national average by at least two minutes.

**Table IV-54, Police Response Time Comparison – Priority 1 Calls**

Year	National Average	Town of Colma
2014	8-9 minutes	4 minutes, 30 seconds

*Source: City of Colma Police Department; no records for prior years*

Incident Rates

The most current California Attorney General Annual Report available (2013) indicates that while the crime rate per 1,000 population is high, most major crime categories (murders, rapes, robberies, auto thefts and thefts) in the Town of Colma are down from 2007 to 2013; during this time period, only burglaries were up by approximately 30 percent. This may be at least partially attributable to the demographics, property uses and activities concentrated in the community. A closer analysis of the police activity and crime statistics is warranted to better understand localized crime activities and trends.

Cost of Police Services per Call for Service

Another point of reference for evaluating the cost effectiveness of police services is calls for services and costs per call. The FY 2013-14 Operating Budget for the Town of Colma Police Department was \$5,474,100. The Department responded to 4,309 requests for service resulting in an estimated cost per-call of service of \$1,270.39. This is the highest per-call amount of the four agencies studied in the area providing police services.

The Town of Colma Police Department statistical data show an abnormally high crime incident rate per 100,000 population, and the highest cost per call of the five city and police service agencies in the area. The Town of Colma uses its own police department and funds the higher cost from local revenues as a policy decision. A review of costs for police services, the types and number of calls for service, and the location of specific crimes may result in focusing police services to reduce certain crime rates and considering alternatives to possibly reduce costs.

**Fire**

Fire protection services for the residents of Colma are provided by the Colma Fire Protection District (CFPD). (See the Chapter on CFPD for more detailed information.) CFPD operates out of Fire Station #85 located at 50 Reiner Street in unincorporated Colma. The District is staffed by one fire chief, five fire captains, three fire lieutenants, and 35 firefighters. One fire captain also serves as the Emergency

Medical Services (EMS) Coordinator. Additionally, one fire captain is also trained as a Fire Prevention Specialist/Cause Investigator, and one firefighter serves as the District’s Business Coordinator.

The District reports that all members are trained to the California State Fire Marshall Fire Fighter One Level and receive additional training in structural and wild land firefighting. The District added advanced life support services (paramedic) in 1998. One paramedic is on duty 24 hours per day. The balance of fire department staff are “volunteer” paid call responders. They respond to a pager when a call for service is received. Many of the volunteers reside or work near the fire station or spend time there assisting the department. While this is not a typical urban or suburban fire agency staffing model, the statistics for service response times indicate that calls are being handled within urban fire response standards.<sup>26</sup>

CFPD operates with three “Type 1” engines<sup>27</sup> (Engines #85, #86, and #285) and one 100-foot aerial ladder truck (Truck #85), all housed at the Reiner Street Fire Station.

**Table IV-55, Emergency Medical Service & Fire Structure Response Times**

Year	National Standard (minutes/% of times) Volunteer Agency	Colma FPD (minutes/% of times)
2014	9 minutes/ 90%	7 minutes/89.1%

*Source: San Mateo County Dispatch Agency, National Fire Protection Association Standard for the Organization of Fire Suppression Operators for Volunteer Fire Departments, 2010 Edition.*

*\* Per NFPA Standards for a volunteer fire department, the minimum staffing to respond for an Urban Area Demand Zone (including automatic aid) is 15 volunteers or mutual aid responders to the call of a structural fire.*

**Table IV-56**, below, compares the cost per call of service among the Cities of Brisbane, Pacifica, Daly City, and the Colma Fire Protection District for FY 2012-13. The cost per call is a cost calculation based on the amount each agency budgets for fire department expenses, the number of reported calls, and the service population. Of the four agencies surveyed, CFPD has the lowest cost per call for service.

<sup>26</sup> **Advanced life support, paramedic, and ambulance medical emergency transport services in San Mateo County are being provided via a Joint Powers Authority including the County, cities and fire districts that contracts with American Medical Response (AMR). AMR and member agencies must maintain response times at a compliance level of at least 90% in each of the five zones for both paramedic first response vehicles and emergency ambulances. The paramedic first response time is 6:59 minutes in urban/suburban areas.**

<sup>27</sup> Type 1 engines are used for structural firefighting and generally have the capability to pump 1,000 gallons per minute (GPM) and are manned by a minimum of four people.

**Table IV-56, Cost of Service, Fire and Emergency Response\***

Agency	Brisbane	Pacifica	Daly City	Colma FPD
Budget (Fire)	\$2,247,447	\$5,451,486	\$15,334,632	\$1,361,500
Service Population	4,443	38,606	104,739	5,668
Per Capita	\$505.84	\$141.21	\$146.41	\$240.21
# of Calls for Service for FY 2012-13	706	1,873	7,179	728
Cost per Call	\$3,183	\$2,911	\$2,136	\$1,870

\* Calls do not include scheduled calls for safety inspections or non-emergency contacts.  
Source: Agency Budgets and CAFR Documents

In addition to responsibilities for fire suppression and emergency medical response, fire departments are responsible for ensuring that buildings and special use property comply with the latest fire codes and standards. This is usually accomplished through a building inspection process as new buildings are constructed or existing buildings are remodeled. As show in **Table IV-57**, in 2014, CFPD completed 99 percent of all site/facility inspections within the established time frame. This exceeds the national standard for cities of a similar size.

**Table IV-57, Site/Facility Inspections (Property/Building Inspections Completed w/in Established Time Frame)**

Year	National Standard	Colma
2014	90%	99%

Source: Phone Interview with Chief Balton on March 11, 2015

Based upon an evaluation of current budget resources and available performance statistics, no significant deficiencies with the Colma Fire Protection District have been identified for the level of service currently provided. It is recognized that if additional funding were available and response plans adjusted with one or more adjacent agencies, improved response capability might be possible. This has been studied several times in the past 10 years with no acceptable and fully funded plan being developed. **It is also recognized that any proposal to change the service method or area of the Colma Fire Protection District would have a potential impact upon the Town of Colma. The Town should be consulted to provide input in any such studies or organizational reviews.**

**Public Works/Planning/Building**

Colma utilizes contract technical professionals and three Town employees to provide Public Works/Planning/Building services. The Town’s Public Works Department is organized within three major divisions:

- The Administration/Engineering/Building Division manages the Town’s five-year Capital Improvement Program (CIP), the Storm Water NPDES permitting program, annual sewer service charges, solid waste and recycling, sewer system maintenance, and oversight of roadway infrastructure and related projects. The Division also provides general engineering, consulting

and building inspection services, processes building/grading/encroachment permits, and provides plan review and inspection services for land development projects.

- The Maintenance Division is responsible for the maintenance of public streets, sidewalks, traffic signals, and public facilities. The Division also manages the sewer maintenance contract and provides roadway weed/litter control and graffiti abatement.
- The Planning Division is responsible for advanced (long-term) planning, current planning (application processing), economic development and sustainability, and neighborhood-related services (code enforcement). This Division prepares and maintains the Town's General Plan, which establishes the community vision for the physical development of Colma.

### Street Pavement Condition

The Bay Area's local streets and roads form the foundation of the regional transportation system, providing access to jobs, homes, schools, shopping and recreation for motorists, bicyclists, and pedestrians. The Bay Area's street network includes almost 42,500 lane miles of roadway in addition to curbs and gutters, sidewalks, storm drains, traffic signs, signals, and lights. The Pavement Condition Index (PCI), developed by the United States Army Corps of Engineers, is widely used to indicate the general condition of a pavement. PCI is a statistical measure that requires a visual survey of the pavement. The result of the survey is a numerical value between 0 and 100, with 100 representing the best possible condition and 0 representing the worst possible condition.

According to the Bay Area Metropolitan Transportation Commission, in 2013, pavement on Bay Area streets and roads remained in "fair" condition with an overall PCI of 66. This is the fifth consecutive year with the same regional PCI for the Bay Area and is indicative of stagnation in performance gains over the past few years. While local governments continue to work to improve their pavement conditions, aging infrastructure remains a challenge for the region.

The Town's road system includes 23 centerline road miles. The Town of Colma's Three-Year Rolling Average PCI of 73 places the City within the "good/fair" PCI range and ranks significantly higher than the regional PCI for the Bay Area.

## **WATER AND WASTEWATER**

### Water

Water service to the Town of Colma is provided by the California Water Service Company (**Cal Water**), a private purveyor. Colma is within the **Cal Water's** Bayshore District, which provides water from a combination of groundwater and purchased water sources. The purchased water is acquired from the San Francisco Public Utilities Commission, whose sources are the Hetch Hetchy System, the Tuolumne Basin, and individual local sources. A new treatment plant for groundwater supply opened in 1997. The City and County of San Francisco, acting under the jurisdiction of the Public Utilities Commission, owns land and easements for its water transmission lines throughout Colma.

Colma is located above a groundwater aquifer associated with local geology. Private well water is the primary source of irrigation water used by approximately half of the cemeteries in Colma.

### Wastewater

The Town of Colma owns its sewer collection system but contracts with the City of South San Francisco and the North San Mateo County Sanitation District (NSMCSD) for collection, maintenance, and disposal services. In Fiscal Year 2013-14, Colma budgeted \$890,000 for contract services provided by South San Francisco and NSMCSD. The Colma collection system is aged, and the City budgeted \$70,000 in Fiscal Year 2014-15 to complete a Sanitary System Master Plan to evaluate the system and identify needed upgrades and replacement projects over the next 20 years.

### Library and Recreation Services

There are no public libraries located in Colma. The nearest library is Serramonte Library located at 40 Wembley Drive in Daly City, approximately 1.4 miles from Colma. The Serramonte Library is part of the Peninsula Library System and offers over 100,000 books, audiobooks, music CDs, and DVDs. The Serramonte facility also offers a public computer lab and a community meeting room.

According to the General Plan and recent calculations by the Planning Department, there are approximately 2.43 acres of park land within Colma.<sup>28</sup> This falls below both the State Recreation Commission standard (2.6 acres per 100 dwelling units) and the National Park and Recreation Commission standard (four to five acres per 100 dwelling units). It should be noted that these standards are guidelines only and are not necessarily the most appropriate measure of sufficient recreational facilities for a specific city.

The 2,266-acre San Bruno Mountain State and County Park is located immediately adjacent to Colma's eastern boundary and offers an extensive trail system, picnic grounds, day camp, and handicapped-accessible nature trail.

### Animal Control

Colma, along with the other 19 cities and the County, is a member of a joint powers agreement (JPA) administered by the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society (PHS), a private non-profit organization, to enforce all animal control laws, shelter homeless animals and provide a variety of other services.

PHS has been in operation for over 50 years and is one of the largest humane organizations in the United States. It operates out of two locations in San Mateo County: 12 Airport Road, San Mateo, and 1450 Rollins Road, Burlingame.

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<sup>28</sup> The General Plan also recognizes open space including the Colma Creek Open Area, 791 acres of cemetery, and other open space.

### **Solid Waste**

The Town of Colma currently has non-exclusive franchise agreements with three waste hauler companies that provide solid waste and recycling services to Colma residents and businesses: Allied Waste, Recology, and South San Francisco Scavenger. The non-exclusive franchise agreement expires in 2016, and the Town is in the process of selecting one provider beginning in April of 2016.

### **Colma Highway Lighting District**

The Colma Highway Lighting District (CHLD), a district governed by the County of San Mateo, provides street lighting services for a portion of the Town of Colma, Olympic Country Club, Broadmoor Village, unincorporated Colma, and a portion of San Bruno Mountain Park. The District, formed on September 17, 1909, is governed by the five-member San Mateo County Board of Supervisors.

San Mateo County Public Works personnel maintain and service the streetlight fixtures on both the Pacific Gas and Electric (PG&E) and County-owned poles within the CHLD service area. PG&E is paid a fixed monthly fee for electrical energy by the District. District revenue is a share of the 1% property tax. A 2007 LAFCo Municipal Service Review/Sphere of Influence report included a recommendation by the County of San Mateo that the Town of Colma be detached from the CHLD. However, no action was taken by the Town of Colma due to a concern that as a “Low Property Tax” city,<sup>29</sup> the Town would not receive segregated property tax for the purpose of maintaining street lights and would be taking on added service responsibility without increased revenue, **unless the lighting district is established as subsidiary district of the Town with segregated property tax revenue.**

### **Financing Constraints and Opportunities**

The Town of Colma has a relatively small population (1,492 residents in 2013). A large portion of the Town is devoted to cemetery uses, although Colma does have a commercial shopping area, a cardroom facility, and a large concentration of car dealerships.

The economic recession over the past seven to eight years has resulted in the Town leaders and staff adopting a strategy to reduce discretionary spending (including most capital projects) and to cap employee raises and benefits. The revenues of the Town are highly dependent on sales taxes (59 percent) and cardroom taxes (27 percent). The remaining 14 percent is derived from property taxes and other revenues sources. Colma has adopted a Strategic Plan that includes development strategies to increase business investment to generate additional taxes and fee revenues. The cardroom revenues have stayed generally consistent in recent years and are not expected to increase substantially.

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<sup>29</sup> When Proposition 13 passed in 1978, it froze property taxes at their current levels. Prop. 13 created significant problems for cities with low property tax rates at the time. These cities could not raise property tax rates to meet their community needs. Property tax share was frozen by the Legislature in the distribution formula from AB 8, passed in 1979. Tax Equity Allocation (TEA) funding implemented through AB 709 and AB1197 is a mandated formula in which California’s no or low property tax cities receive a minimum of 7% of the property tax revenue available within their boundaries.

**General Fund Summary**

A City’s General Fund is the main fund of an agency providing revenues and tracking expenditures for core services, including administration, accounting, non-enterprise, or business services. Revenue sources that are typically allocated to the General Fund are property taxes, sales taxes, general taxes and fees, and interest income on invested funds.

Sales Tax – Sales tax, generated primarily from Colma’s auto sales center and commercial area, is the largest revenue source for the Town. The recent economic downturn lowered the sales tax revenues for several years, but sales tax has recovered in Fiscal Year 2013-14. The actual sales tax revenue of \$9,191,015 in Fiscal Year 2013-14 was the highest amount in 10 years. The Town of Colma’s staff is projecting a nominal increase in future years.

Cardroom Tax – The Town is the home of a large cardroom enterprise that generates the second-largest revenue for the Town - \$4,140,070 in Fiscal Year 2013-14. While the revenue is significant, due to economic factors, this revenue source is less reliable than others for long-term consistency.

Property Tax - Property tax is a less-significant but still important revenue source. This is a function of the Town being a Low Property Tax City<sup>30</sup> and receiving 7% of the 1% property tax and the large area of the Town in cemetery use. The Fiscal Year 2013-14 amount of \$472,157 is generally consistent with the amount of property tax generated over the past five to 10 years.

**Revenue Projections and Assumptions**

Revenues from sales taxes are projected to increase nominally by about 5 to 6 percent per year over the next four to five years. Cardroom taxes and various miscellaneous revenues are projected to stay relatively flat or slightly down over the same time period. **Table IV-58**, below, shows Colma’s major revenue sources for Fiscal Year 2012-13 through Fiscal Year 2014-15.

**Table IV-58, Town of Colma Major General Fund Revenues (in 000’s)**

	FY 2012-13	FY 2013-14	FY 2014-15
Property Tax	\$ 617,618	\$472,157	\$ 488,600
Sales Tax	\$ 8,123,852	\$9,191,015	\$8,850,000
Cardroom Tax	\$4,703,462	\$4,140,070	\$4,000,000
Total	\$13,444,932	\$13,803,242	\$13,338,600
Total Gen Fund	\$15,510,393	\$16,132,050	\$15,007,032

Source: Approved Fiscal Year 2014-15 Budget

To put The Town of Colma's financial status in perspective, it is helpful to compare what the State defines as "general revenue" per capita for a number of San Francisco Bay Area cities. Historically,

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Colma has remained at the higher end of general revenue per capita in relationship to neighboring cities and in the State owing to the Town’s small population and concentration of retail stores and car dealerships. A review of Fiscal Years 2009-10 and 2010-11, depicted in **Table IV-59**, below, shows Colma at the top of the list.

**Table IV-59, General Revenue Per Capita – Bay Area Cities**

City	FY 2009-10	FY 2010-11	% Change +/-
<b>Town of Colma</b>	<b>\$3,635</b>	<b>\$3,669</b>	<b>0.1%</b>
Brisbane (4,266)	\$2,978	\$2,656	-10.8%
Richmond (105,580)	\$992	\$1,065	7.4%
So. San Francisco (63,632)	\$681	\$736	8.1%
Daly City (104,379)	\$479	\$544	13.6%
Pacifica (38,606)	\$470	\$508	8.1%

Source: Adopted Budgets and Audits

**Enterprise Revenues**

The Town of Colma does not have specified enterprise funds due to not operating utilities or other stand-alone operations. The Town does categorize several revenue sources as Program Revenues including permit fees and charges for services. Funds from these programs are operated and accounted for separately from the General Fund and are used to establish user fees and charges for the services.

Water and Wastewater Utility Services

As described previously, water service is provided by a private company (California Water Service Company) outside of the Town of Colma’s operations.

Water Rates

Typical water rates for agencies providing water service in the North San Mateo County area are illustrated in **Table IV-60**, below.

**Table IV-60, Agency Water Rate Comparison (monthly)**

Agency	City of Brisbane/GVMID	Town of Colma (CA Water Service Co.)	City of Daly City	North Coast County Water District (Pacifica)
Residential Fixed Service Charge (*)	\$11.34	\$10.50	\$13.04	\$13.36
Commodity Charge (7 CCF**)	\$31.90***	\$34.13	\$27.91	\$25.66
Typical Total Residential Cost (1 month)	\$43.24	\$44.63	\$40.95	\$39.02

\* Monthly for 5/8-inch Meter

\*\* CCF = 100 Cubic Feet

\*\*\* Brisbane adopted a Capital Projects Fee in 2014 that is Included in the Commodity Rate

Sewer Rates

The Town of Colma’s sewer rates have not kept pace with operating costs and identified deferred capital maintenance needs.<sup>31</sup> The Town has provided a sewer residential subsidy over a six-year period that will be phased out in 2016. Typical costs for a residential user are shown in **Table IV-61**, below:

**Table IV-61, Sewer Rate Comparison by Agency**

	<b>City of Brisbane/GVMID</b>	<b>City of Pacifica</b>	<b>Daly City/Town of Colma/North San Mateo Co. San Dist.</b>	<b>Bayshore Sanitary District</b>
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDU’s Av. Dry Weather Flow:2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
<b>Residential</b>				
Fixed Charge	\$68.87	\$91.13	\$5.74/CCF	\$125/Year per EDU
Meter EDU				
Flows up to 8 CCF				\$5/CCF
Total Bi-Monthly Cost (Typical at 15 CCF)	144.97	\$182.27	\$86.10	\$75.00
Annual Cost	\$869.82	\$1,093.62	\$516.60	\$575.00
<b>Commercial</b>				
Fixed Charge	\$68.87	---	Same as above	\$125.00
Flows to 15 CCF	84.34	\$91.13x.90*	Same as above	\$5/CCFx.90*
Total Bi-Monthly Cost	\$153.21			\$67.50*
Annual	\$919.26	\$984.20	Same as above	\$530.00
Sewer Connection Charge per EDU	\$2,532/EDU	\$2,835.28/EDU	\$2,600/EDU	Residential - \$3,414/EDU; Commercial \$17.01 per GPD Est.

EDU = Equivalent Dwelling Unit  
CCF = Hundred Cubic Feet  
GPD = Gallons per Day

**\* This example reflects a strength factor of 0.9; the strength factor may vary from 0.90 to 2.41 affecting the strength change accordingly.**

<sup>31</sup> The 1997 LAFCo Municipal Service Review identified the Town’s practice of subsidizing residential sewer service by charging \$1 per year, a subsidy of approximately \$160 per year per residence and recommended that the Town establish rates to recover the cost of providing service.

### Gas Tax Fund 17

\$50,750 in gas tax funds is available annually for street and related improvements.

### Capital Improvement Programs

Colma placed a hold on capital projects in 2008 due to the economic downturn. In Fiscal Year 2013-14 and Fiscal Year 2014-15, \$5,433,000 has been authorized to implement high-priority projects, including the renovation of Town Hall; various technology upgrades throughout the Town; Improvements to Hillside Boulevard and Mission Road; and a Sanitary Sewer System Assessment Study.

### Debt Management

In 2014, the Town Council authorized paying off its Town's Certificates of Participation (COPs) in the amount of \$14 million and is now debt free. This was viewed as a cost-saving step since interest costs greatly exceeded interest income from the bond proceeds.

### Long-term Challenges

The Town is in a unique situation of having set aside **significant** reserves over several prior years. The Town's reserve balance as of June 30, 2014 was \$23,455,000.

The Town's leadership continues to look toward improving its financial situation through incorporating economic development as a key component of its Strategic Plan implementation. Deteriorating infrastructure and a delay of major maintenance over the past seven to eight years has built up a backlog of maintenance projects. Public pension and benefit liabilities have been calculated to total approximately \$8.2 million over the next five years, and retirement and medical costs are projected to increase.

### Shared Services & Opportunities

The Town of Colma has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. These include, but are not limited to, the following:

- The Town contracts with the City of South San Francisco for streetlight and signal maintenance.
- Sanitary sewer maintenance within Colma is provided by the North San Mateo County Sanitation District (NSMCSD) by contract.
- Fire suppression services are provided by the Colma Fire Protection District (CFPD).
- Public Works, Planning and Building services are provided by CSG Consultants, Inc.
- The Town contracts with the City of South San Francisco Police Department to provide dispatch services in off-peak hours.
- Animal Control services are provided through contract with San Mateo County JPA with the Peninsula Humane Society (PHS).

## Accountability & Alternative Governance Options

The Town of Colma is governed by a five-member City Council, elected at large. The Council meets on the second Wednesday of each month at 7:30 pm. Councilmembers are compensated \$924 per month and receive pension, deferred compensation and health benefits based upon their term of office for their service. Meeting agendas are posted on three public bulletin boards and the Town's website on the third business day in advance of any regular meeting of the City Council. Agendas for special meetings are posted at least 24 hours in advance of the meeting. Citizens may also request agendas and any agenda packet materials be sent via USPS or email.

Except if specifically permitted by law, all meetings are open and accessible to the public. Regular meetings, and most special meetings, are scheduled in the evening. The Town also provides reasonable accommodation for persons with disabilities if requested in advance. Colma does not provide live web streaming or television broadcast of City Council meetings.

Colma's website provides the public with Internet access to City Council agendas and minutes, public notices, announcements, budgets, audits, and capital improvement programs. The website also includes a "transparency" link that offers the public an interactive tool to explore the Town's budget in various formats. The online application was pioneered by OpenGov, a local software engineering company specializing in data accessibility, to help strengthen the relationship between local government and community members. Colma also distributes a monthly newsletter to residents with updates and announcements about Town activities.

### GOVERNANCE OPTIONS

Three alternative governance options were identified for the Town of Colma:

- **Maintain status quo:**  
Colma has the smallest service population (1,492 residents) of any city in San Mateo County. Despite a backlog of maintenance projects (largely due to the recession of the past seven to eight years), the Town has managed to maintain a substantial reserve of approximately \$24 million. Services are adequate for the current service population, and limited growth is projected in the future. The Town is highly dependent on sales tax and cardroom revenues. Like many cities, Colma faces growing pension and employee obligation costs.
- **Consolidate with the City of Daly City:**  
Although not a common approach of cities, and likely politically infeasible, consolidation of Colma with Daly City may have the potential to realize overall operational efficiencies while reducing administrative overhead. Pursuit of this option would only be possible if there was interest from both agencies in investigating this alternative at some time in the future. **LAFCo staff does not recommend studying this alternative.**
- **Merge the Town of Colma and the Colma Highway Street Lighting District:**

The Colma Highway Lighting District (CHLD), currently a County-governed district, provides street lighting services for a portion of the Town of Colma, Olympic Country Club, Broadmoor Village, unincorporated Colma, and a portion of San Bruno Mountain Park. The District, formed in 1909, is governed by the five-member San Mateo County Board of Supervisors. Merging the **portions of the town within** CHLD with the Town of Colma may realize operational and fiscal efficiencies and **reduce the burden on the County of San Mateo to provide service within a city. Additionally, decisions by the City Council regarding placement of new lights or development-related decisions concerning street lights would not need to be coordinated with the County.** Both agencies should pursue a detailed study of this option, taking into consideration the maintaining lighting district funds segregated from the Town’s general property tax revenue **in the form of a subsidiary district.**

**Recommended Municipal Service Review Determinations**

Based on the information, issues and analysis presented in this report, proposed MSR determinations pursuant to Government Code Section 56430, are presented below for Commission consideration:

<p><i>Growth and population for affected area.</i></p>	<p>According to the most recent Census data, the Town of Colma has 1,492 residents, making it San Mateo’s smallest city by population. Colma’s small population grew from 1,187 in 2000 to 1,403 in 2010, increasing by 216 residents or 18 percent. The Association of Bay Area Governments (ABAG) predicts that Colma will continue modest growth over the next 20 years to reach a population of 2,151 in 2035. However, since the 1980s, Colma’s economy has become increasingly diversified with a variety of retail businesses, a card room facility, and one of Northern California’s largest collections of car dealerships serving a regional market. These factors result in a significant spike in daytime population and have impacts on police services and fire protection (provided through the Colma Fire Protection District).</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within or contiguous to the Town of Colma’s sphere of influence.</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within or contiguous to the Town of Colma’s sphere of influence.</p>

<p><i>Financial ability of agencies to provide services.</i></p>	<p>As a low property tax city, Colma is highly dependent on sales taxes (59 percent) and cardroom taxes (27 percent). The remaining 14 percent is derived from property taxes and other revenue sources. Colma has adopted a Strategic Plan that includes development strategies to increase business investment to generate additional taxes and fee revenues. The cardroom revenues have stayed generally consistent in recent years and are not expected to increase substantially.</p> <p>Colma is in a unique situation of having set aside reserves over several prior years and being able to draw on those reserves during the past seven to eight years. The Town’s reserve balance as of June 30, 2014 was \$34,429,833.</p> <p>The Town’s leadership continues to look toward improving its financial situation through incorporating economic development as a key component of its Strategic Plan implementation. Deteriorating infrastructure and a delay of major maintenance over the past seven to eight years has built up a backlog of maintenance projects. Public pension and benefit liabilities have been calculated to be about \$8.2 million over the next five years, and increased retirement and medical costs are projected.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The Town of Colma has engaged in a number of cooperative and contractual arrangements to increase management and/or operational efficiencies. These include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• The Town contracts with the City of South San Francisco for streetlight and signal maintenance.</li> <li>• Sanitary sewer maintenance within Colma is provided by the North San Mateo County Sanitation District by contract.</li> <li>• Fire suppression services are provided by the Colma Fire Protection District.</li> <li>• Public Works, Planning and Building Department services are provided by CSG Consultants, Inc.</li> <li>• The Town contracts with the City of South</li> </ul>

	<p>San Francisco Police Department to provide dispatch services in off-peak hours.</p> <ul style="list-style-type: none"> <li>• Animal Control services are provided through contract with San Mateo County JPA with the Peninsula Humane Society (PHS).</li> </ul>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The Town of Colma is governed by a five-member City Council, elected at large. The Council meets on the second Wednesday of each month at 7:30 pm. Councilmembers are compensated \$924 per month for their service. Meeting agendas are posted on three public bulletin boards, and the Town’s website on the third business day in advance of any regular meeting of the City Council. Agendas for special meetings are posted at least 24 hours in advance of the meeting. Citizens may also request to be sent agendas and any agenda packet materials via USPS or email.</p> <p>Colma’s website provides the public with Internet access to City Council agendas and minutes, public notices, announcements, budgets, audits, and capital improvement programs. The website also includes a “transparency” link that offers the public an interactive tool to explore the Town’s budget in various graphical formats.</p> <p>Two alternative governance options were identified for the Town of Colma:</p> <p><b><i>Maintain status quo:</i></b></p> <p>Colma has the smallest service population (1,492 residents) of any city in San Mateo County. Despite a backlog of maintenance projects (largely due to the recession of the past seven to eight years), the City has managed to maintain a substantial reserve of approximately \$34.4 million. Services are adequate for the current service population and limited growth is projected in the future. The City is highly dependent on sales tax and cardroom revenues. Like many cities, Colma faces growing pension and employee obligation costs.</p>

	<p><b><i>Merge the Town of Colma and the Colma Highway Street Lighting District:</i></b></p> <p>The Colma Highway Lighting District (CHLD), currently a County-governed district, provides street lighting services for a portion of the Town of Colma, Olympic Country Club, Broadmoor Village, unincorporated Colma, and a portion of San Bruno Mountain Park. The District, formed in 1909, is governed by the five-member San Mateo County Board of Supervisors. Merging the CHLD <b>within Town boundaries</b> with the Town of Colma may realize operational and fiscal efficiencies and result in a reduced assessment for Colma residents. Both agencies should pursue a detailed study of this option, taking into consideration the maintaining lighting district funds segregated from the Towns general property tax revenue <b>in the form of subsidiary district.</b></p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No additional issues have been identified.</p>

**Recommended Sphere of Influence Update/Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<p><i>Present and planned land uses in the area, including agricultural and open-space lands.</i></p>	<p>Approximately 76 percent of the land within Colma’s town boundaries remains committed to cemetery and agricultural land uses. Since the 1980s, however, Colma’s economy has become more diversified with a variety of retail businesses, a cardroom facility, and one of Northern California’s largest collections of car dealerships that serve a regional market.</p>
<p><i>Present and probable need for public services and services in the area.</i></p>	<p>Colma’s population grew from 1,187 in 2000 to 1,403 in 2010, increasing by 216 residents or 18 percent. The Association of Bay Area Governments (ABAG) predicts that Colma will continue modest growth over the next 20 years to reach a population of 2,151 in 2035. Even given a daytime population spike due to Colma’s increasingly diverse economy, the City has adequate capacity to serve the projected population increase.</p>
<p><i>Present capacity of public facilities and adequacy</i></p>	<p>The overall public services are provided at an</p>

<i>of public services that the agency provides or is authorized to provide.</i>	adequate level based upon fiscal resources. Under police services, the Composite Crime Rate level is statistically high and should be monitored to determine if additional focus on police services is warranted.
<i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the Town of Colma.

**Recommended Sphere of Influence:** Reaffirm the current Town of Colma’s coterminous sphere of influence.

## COLMA FIRE PROTECTION DISTRICT

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### Overview/History

The Colma Fire Protection District (CFPD) is an independent fire district governed by a three-member board of directors elected at large by the voters of the district. Originally organized by volunteers in 1925, the CFPD became a district in 1937 pursuant to Health and Safety Code Section 13800 - 13970. The District's enabling legislation permits the following authorized powers: fire protection services, rescue services, emergency medical services, hazardous material emergency response services, ambulance services, and any other services relating to the protection of lives and property. CFPD's active powers include fire suppression, fire prevention, education and training, rescue services, emergency medical services, emergency rescue, hazardous material emergency response services (by Joint Powers Authority), ambulance services (by Joint Powers Authority) and code enforcement. Divestiture (termination) of an active power, or activation of an inactive power, requires application to LAFCo and LAFCo approval.

In 1975, the Town of Colma was annexed to CFPD. The District's service area is currently approximately **2.55** square miles and includes unincorporated Broadmoor/Garden Village, the Town of Colma, and adjacent unincorporated areas. As indicated on **Exhibit IV-10**, the District's boundaries are irregular and include non-contiguous areas that were created over time as other areas were annexed to the City of Daly City (which has its own fire department) **and detached from the fire district**. The CFPD service territory includes a wide range of land uses, including single- and multi-family residential, commercial, retail, and cemetery uses.

**Table IV-62, District Profile - Colma Fire Protection District**

General Information			
Agency	Colma Fire Protection District		
Address	50 Reiner Street, Colma, CA 94014		
Principal Act	Fire District Act, Health & Safety Code Sections 13800-13970		
Powers	<p><i>Active:</i> fire suppression, fire prevention, education and training, rescue services, emergency medical services, emergency rescue, hazardous material emergency response services (by Joint Powers Authority), ambulance services (by Joint Powers Authority) and code enforcement</p> <p><i>Authorized:</i> fire protection services, rescue services, emergency medical services, hazardous material emergency response services, ambulance services, and any other services relating to the protection of lives and property</p>		
Date Formed	1925 (by volunteers); District formation in 1937		
Area Served	2.55 square miles (Town of Colma, Broadmoor)		
Services Provided	Fire Prevention, Public Education, Fire Suppression, Rescue, Hazardous Materials Response, Basic/Advanced Emergency Medical Care		
Contact Person	Geoffrey Balton, Fire Chief, <a href="mailto:gbalton@colmafd.org">gbalton@colmafd.org</a> , (650) 755-5666		
Website	None		
Governance			
Board Membership (term expires)	3 members (elected at large): Peter Dabai (2015); Gina Sheridan (2015); Maryanne Hazard (2017)		
Compensation	\$100 per meeting; no retirement or health benefits are provided by district		
Public Meetings	Monthly (3 <sup>rd</sup> Tuesday)		
Operations			
Population Served	5,668 (2010 Census, 2013 Census estimates)		
Number of Employees	47		
Last SOI Update	1995 (special MSR completed in 2007)		
Contract Services	Bookkeeping and Audits		
Budget Information- FY 2012-2013, FY 2013-2014			
Revenues	2012-2013 (Audited)	2013-2014 (Adopted)*	Net Increase/(Decrease)
Fund balance forward	\$1,252,721	\$1,214,988	( \$ 37,733)
Property Taxes- Secured/Unsecured	680,611	632,500	( 48,111)
CY SB 813	11,931	9,500	( 2,431)
Interest Earned	11,011	6,000	( 5,011)
Homeowner Prop. Relief	3,949	3,500	( 494)
Public Safety Tax	545,571	540,000	( 5,571)
Misc. Revenues	120,439	70,000	( 50,439)
Total Revenues	\$2,626,233	\$2,576,488	(\$ 49,745)
Expenditures			
Salaries & Wages	\$ 562,656	\$ 570,000	( 7,344)
Insurance & Workers' Comp.	179,478	192,000	12,522
Services & Supplies	490,481	284,200	( 206,281)
Fixed Asset Purchases	66,032	155,000	88,968
Contingencies	----	60,300	60,300
Reserves - Capital	----	100,000	100,000
Reserves - General	1,327,586	1,214,988	(112,598)
Total Expenditures	\$ 2,626,233	\$ 2,576,488	(\$ 263,968)
<b>Notes:</b> * Financial data taken from Final FY 2013-14 Budget for comparative purposes			



## Growth/Population

The Colma Fire Protection District (CFPD) serves an estimated population of approximately **5,668**<sup>32</sup>. By 2035, the Association of Bay Area Governments (ABAG) projects that the service area population will grow by approximately 10 percent to **6,235**.

## Sphere of Influence

San Mateo Local Agency Formation Commission (LAFCo) reviews and approves spheres of influence for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service plan for an agency. SOIs can be the same (“coterminous”), larger, or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a “zero” sphere of influence which means, in the long term, LAFCo has determined that the agency should be dissolved and that an alternative agency should take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

Currently, the Colma Fire Protection District has a zero sphere of influence. LAFCo has determined, after due consideration of all factors, that the public service responsibilities and functions of CFPD should be reallocated to the City of Daly City upon annexation of the area to the City.

## District Operations

CFPD operates out of Fire Station #85 located at 50 Reiner Street in unincorporated Colma. The District is staffed by one fire chief, five fire captains, three fire lieutenants, and 35 paid-call volunteer firefighters. Additionally, one fire captain serves as the Emergency Medical Services (EMS) Coordinator, one fire captain is trained as a Fire Prevention Specialist/Cause Investigator, and one firefighter serves as the District’s Business Coordinator.

The District teaches disaster preparedness and has an active Community Emergency Response Team (CERT) training program. CFPD provides hazardous materials response at the First Responder Operational Level, with field and decontamination support to the response team from the Belmont/San Carlos Fire Department. According to the District, fire prevention and inspection services are provided by a combination of contract services and the one in-house fire prevention specialist.

The District reports that all members are trained to the California State Fire Marshall Fire Fighter One Level and receive additional training in structural and wild land firefighting. The District added advanced life support services (paramedic) in 1998. One paramedic is on duty 24 hours per day.

Fire departments are typically assigned both field services and code compliance inspections for property and building safety. These services can be measured in the following three areas: (1) emergency response medical services response times; (2) structure fire response times; and, (3) site/facility

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<sup>32</sup> 2010 US Census

inspections for code compliance completed within the delineated timeline. Statistics for these measures have been compiled by survey calls to the cities and district and are summarized in **the following tables**.

Response time is generally defined as the amount of time it takes staff to reach the scene of a reported incident after the fire/emergency personnel have received the dispatch call from the 911 operator. As shown in **Table IV-63**, below, the average Colma Fire Protection District (CFPD) response time for emergency medical services and fire response type calls was approximately the same as the national average in the most recent year of data provide by the District.<sup>33</sup>

**Table IV-63, Emergency Medical Service & Fire Structure Response Times**

Year	National Standard (minutes/% of times) Volunteer Agency	Colma FPD (minutes/% of times)
2014	9 minutes/ 90%*	7 minutes/89.1%

*Source: San Mateo County Dispatch Agency, National Fire Protection Association Standard for the Organization of Fire Suppression Operators for Volunteer Fire Departments, 2010 Edition.*

*\* Per NFPA Standards for a volunteer fire department, the minimum staffing to respond for an Urban Area Demand Zone (including automatic aid) is 15 volunteers or mutual aid responders to the call of a structural fire.*

In addition to responsibilities for fire suppression and emergency medical response, fire departments are also responsible for ensuring that buildings and special use property comply with the latest fire codes and standards. This is usually accomplished through a building inspection process as new buildings are constructed or existing buildings are remodeled. As shown in **Table IV-64**, in both Fiscal Years 2011-12 and 2012-13, CFPD completed 99 percent of all site/facility inspections within the established time frame. This exceeds the national standard for cities of a similar size.

**Table IV-64, Site/Facility Inspections (Property/Building Inspections completed w/in established timeline)**

Year	National Standard	Colma FPD
2011-12	90%	99%
2012-13	90%	99%

*Source: Colma FPD Chief Balton*

Major Emergency Response

Major emergency incident and fire response capability is a primary concern for each fire department and region. The District is a signatory to the Countywide Emergency Response Agreement and responds to requests for mutual aid. CFPD is primarily a “paid call volunteer” staffed agency, using trained

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<sup>33</sup> **Advanced life support, paramedic, and ambulance medical emergency transport services in San Mateo County are being provided via a Joint Powers Authority including the County, cities and fire districts that contracts with American Medical Response (AMR). AMR and member agencies must maintain response times at a compliance level of at least 90% in each of the five zones for both paramedic first response vehicles and emergency ambulances. The paramedic first response time is 6:59 minutes in urban/suburban areas.**

personnel as described above and the agency does not have a full-time crew housed at the station 24 hours per day. One full-time paramedic is on duty at all times, and many of the volunteers live in the community and are within a few minutes’ response time from the station. When a call is received requiring an engine and paramedic response, all personnel pagers are activated, and additional volunteers respond to the station and remain on stand-by in the event additional response is needed or another call occurs.

The Colma Fire Protection District (CFPD) has three fully equipped engines and an aerial ladder truck unit. CFPD is available to respond to neighboring communities and does so with the Cities of South San Francisco and San Bruno. While this situation occurs rarely, CFPD recently responded to a second-alarm fire in which all three engines were dispatched, and mutual aid assistance was required to respond to a structure fire. **This type of mutual aid response is consistent with other responses that CFPD has made to other adjoining agencies and to major emergency events such as the gas line explosion in San Bruno.** The three cities in the North County Fire JPA (Brisbane, Daly City, and Pacifica) do not request CFPD mutual aid assistance but are available to respond to calls if needed. This is a preference of the North County Fire JPA Fire Chief and is understood by all involved parties. Table IV-65, below, provides a review of the 2014 CFPD call history, including the number and type of calls responded to by the District<sup>34</sup>:

**Table IV-65, CFPD Call History (2014)**

Call Type	Frequency
Medical Aid	442
Fire Related	28
Vehicle Accidents	59
Mutual Aid (to other agencies)	33
Other (e.g., public assists, false alarms, etc.)	166
<b>Total Calls</b>	<b>728</b>

Based upon an evaluation of current budget resources and available performance statistics, no significant deficiencies have been identified for the Colma Fire Protection District. It is recognized that if additional funding were available and response plans adjusted with one or more adjacent agencies, improved response capability might be possible. This has been studied several times over the past ten years with no acceptable and fully funded plan developed by CFPD.

**Infrastructure Needs**

The District owns one fire station located at 50 Reiner Street in unincorporated Colma. The station was built in 1950 to house the District’s then volunteer firefighters. CFPD reports that current staffing levels have outgrown the fire station’s capacity, and the facility is aging and in need of a seismic retrofit. The fire station is not sized or equipped to accommodate a full shift complement of personnel to National Fire Protection Association (NFPA) standards. If a fulltime staff shifting scenario is to be implemented,

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<sup>34</sup> March 18, 2014 correspondence from CFPD Chief

the station would require retrofit or replacement, at a significant expense beyond the present financial resources of the District. CFPD owns and operates three “Type 1” engines<sup>35</sup> (Engines #85, #86 and #285) and one 100-foot aerial ladder truck (Truck #85), all housed at the Reiner Street Fire Station. The District maintains an emergency reserve of \$100,000 for unanticipated equipment and facility needs. Most repairs are done by in-house paid on-call personnel.

### **Cooperative Programs**

The District is a member of the San Mateo County Pre-hospital Emergency Services Joint Powers Authority (JPA), which provides countywide ambulance/paramedic first-responder services. CFPD is also a member of the San Mateo County Emergency Services Council JPA, which provides emergency planning and training for participating cities and towns within San Mateo County. The Emergency Services Council’s collective goal is to provide coordinated plans for the protection of persons and property based on the five phases of emergency management: prevention, protection, response, recovery, and mitigation.

### **Cost Avoidance Opportunities**

The District minimizes costs by using volunteer personnel, providing training in house, and performing most repairs by in-house personnel.

### **District Financial Overview**

The Colma Fire Protection District (CFPD) operates as a non-enterprise special district primarily using property tax and voter-approved special parcel tax revenues for operations and maintenance of facilities and equipment. Although historically CFPD has benefitted from a stable revenue source, revenues have recently fluctuated due to the recent eight-year economic recession in which property taxes have adjusted to dropping property values. The special tax revenues have remained fairly stable over the past eight years. The District has established and maintained a General Reserve Fund. While the revenues and reserve balance fluctuate annually, the District reports that the General Reserve Fund has not been used to fund agency operations in the last 17 years. **Table IV-66**, below, is based on Fiscal Year 2013-14 budget information, as the District has not completed a Fiscal Year 2013-14 annual audit.

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<sup>35</sup> Type 1 engines are used for structural firefighting and generally have the capability to pump 1,000 gallons per minute (GPM) and are manned by a minimum of four people.

**Table IV-66, Colma Fire Protection District 3-Year Revenue Budget Trends**

Revenue Source	FY 2011-12	FY 2012-13 (Audited)	FY 2013-14 (Budget)**
Property Tax <sup>36</sup>	\$602,898	\$680,611	\$632,000
Voter Approved Special Tax	\$547,587	\$545,571	\$540,000
Other Revenues	\$109,828	\$147,330	\$189,500
General Reserves Used as Funds in Budget	\$1,266,516	\$1,166,515	\$1,214,988*
<b>Total Revenues</b>	<b>\$2,526,766</b>	<b>\$2,540,027</b>	<b>\$2,576,488</b>

\* FY 2012-13 Audit reflects a General Reserve balance of \$1,327,586, an increase above the prior fiscal year and more than shown in the FY 2013-14 Budget.

\*\* Annual Audit has not been completed for FY 2013-14 as of date of report preparation.

### Ratios of Revenue Sources

In terms of revenues, the District has relied predominantly upon both property tax revenues (45-49 percent of total revenues) and the voter-approved Parcel Tax of 2008 (39-40 percent of total revenues). The special tax includes a Consumer Price Index (CPI) formula not to exceed 5 percent per year. This has been a consistent revenue base to continue services at their existing level.

### Ratio of Reserves or Fund Balance to Annual Expenditures

The Colma Fire Protection District (CFPD) Capital Outlay Reserve of \$100,000 and the estimated General Reserve balance at \$1,531,156 provide for approximately one year of operating reserves, considered in many agencies to be sufficient. However, since the District has very aged facilities (the fire station is over 50 years old) and aging fire apparatus, a somewhat larger capital reserve should be a goal in the next few years.

### Cost of Service Comparison

**Table IV-67**, below, depicts the comparative budgets, calls for services, costs per capita, and costs per call for the four fire service agencies included in the Municipal Review Study area. Colma Fire Protection District (FPD) is a volunteer staffed agency with a smaller budget and comparatively small number of calls for service. The cost of services per capita is also in the lower to midrange of the four agencies.

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<sup>36</sup> Most fire districts in San Mateo County receive approximately 15 to 17% of the 1% property tax. Colma Fire Protection District receives approximately 7% of the 1% because at the time Proposition 13 was implemented, the District was a volunteer fire department and levied a low tax. Since that time the District converted to a paid call staffing model.

**Table IV-67, Cost of Service, Fire and Emergency Response\***

Agency	Brisbane	Pacifica	Daly City	Colma FPD
Budget (Fire)	\$2,247,447	\$5,451,486	\$15,334,632	\$1,361,500
Service Population	4,443	38,606	104,739	5,668
Per Capita	\$505.84	\$141.21	\$146.41	\$240.21
# of Calls for Service for FY 2012-13	706	1,873	7,179	728
Cost per Call	\$3,183	\$2,911	\$2,136	\$1,870

\* Calls do not include scheduled calls for safety inspections or non-emergency contacts.

Source: Agency Budgets and CAFR Documents

Annual Debt Service Expenditures to Total Annual Expenditures

The District reports that it has no long-term bond debt obligations at this time. There is a lease purchase contract that, according to the District, will be paid off in 2016.

Capital Improvement Program

The District’s Fiscal Year 2012-13 Audit reports that CFPD has two forms of debt: (1) a note payable on January 1, 2016 of \$222,253; and (2) a long-term lease purchase contract of \$168,331. The District’s 2014 payment toward retiring the debt was \$52,299. Based upon a total debt of \$390,584, and the District’s payment of \$52,299, the District’s debt was approximately 4 percent of annual revenues, a moderately low debt-to-income ratio.

Special Parcel Tax Structure<sup>37</sup>

The District completed an analysis of its services and fees in Fiscal Year 2007-08, and a special parcel tax measure was placed before the voters and approved by 67.1 percent. **Table IV- 66** shows the revenues accrued from the special parcel tax in Fiscal Years 2011-12, 2012-13, and 2013-14.

Gann Expenditure Resolution

A requirement for calculation and establishment of an expenditure maximum amount was approved by California voters in 1979 as the Gann Appropriation Limit. An expenditure maximum is required to be adopted by resolution annually by each city and special district, unless it is exempted by not collecting ad valorem taxes above **12.5 percent of the 1 percent property tax. The Colma Fire Protection District (CFPD) is not subject to the requirement to adopt a Gann Appropriation Limit as it receives approximately 7 percent of the 1 percent property tax.**

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<sup>37</sup> . The tax rate is: \$150 per single-family residence; \$300 per duplex; \$450 per triplex; \$600 per fourplex; \$150 per condominium; \$150 per apartment complex with 5 units or more, plus \$75 for each additional unit; \$75 per unimproved residential parcel; \$0.13 per square foot of commercial building; \$75 per unimproved commercial parcel; and \$150 per bed for board-and-care homes. The measure included a provision that allows the board to annually review the special tax and either maintain it or adjust it, limiting increases to no greater than 5 percent.

### Disadvantaged Unincorporated Communities

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the Colma Fire Protection District (CFPD) service boundary or sphere of influence.

### Government Structure Alternatives/Accountability

The CFPD is governed by a three-member Board of Directors elected at large by voters residing within the service district. The Board meets on the third Tuesday of each month. Meetings are open to the public, and agendas are posted at three different locations within the District at least 72 hours prior to the start of meetings.

The District's website is very basic and needs improvement. Public meeting notices, agendas, meeting minutes, or budgets/audits are not available for public review online. Agency websites have become an important tool to inform the public about agency operations, finances, and actions and to improve overall transparency.

In May, 2010, the 2009-2010 San Mateo Grand Jury issued a report examining the potential for consolidations/mergers of San Mateo County's 14 fire agencies. Among the Grand Jury's conclusions were that the Cities of San Bruno, Millbrae, Foster City, San Mateo, Redwood City, and the Colma and Woodside Fire Protection Districts have opportunities to potentially reduce the cost of services to taxpayers by aggressively pursuing consolidations and mergers. Further, the Grand Jury recommended that the Cities of San Bruno, Millbrae, Foster City, San Mateo, Redwood City, and the Colma and Woodside Fire Protection Districts complete a study by July 1, 2011 with neighboring fire departments on contracting with Cal Fire<sup>38</sup> to provide the same level of service at reduced cost. The recommended study was never undertaken.

Three government structure alternatives have been identified for the CFPD:

- **Status Quo:**

Historically, CFPD has developed strong ties with residents in its service area, which includes the unincorporated Broadmoor/Garden Village, the Town of Colma, and adjacent unincorporated areas. However, the FY 2009-10 San Mateo Civil Grand Jury Report concluded that the Colma Fire Protection District (CFFD), among others, has opportunities to significantly reduce the cost of services to taxpayers by aggressively pursuing consolidations and mergers. It was noted in the Grand Jury response that CFPD has studied consolidations with North County Fire, the City of South San Francisco, and Cal Fire. Unincorporated Broadmoor is surrounded entirely by the City of Daly City and non-contiguous unincorporated portions of CFPD are surrounded almost entirely by the City of Daly City, which has its own fire department.

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<sup>38</sup> Cal Fire, the California Department of Forestry and Fire Protection, provides fire protection for over 31 million acres of California's privately owned wild lands. In addition, the Department provides varied emergency services in 36 of the State's 58 counties via contracts with local governments.

- **District Dissolution and County Contract:**

Dissolution of Colma Fire Protection District (CFPD), with the County of San Mateo as the successor agency, would allow the area to become part of the County Fire Protection Fund. The County, in turn, could contract with the City of Daly City to provide fire services to the CFPD service area. The County has such an arrangement for a portion of Unincorporated North Fair Oaks that is adjacent to Redwood City and a nearby Redwood City fire station. A potential benefit of this government structure alternative could be a lower parcel tax for current CFPD customers while maintaining a similar or higher level of service. In addition, the CFPD fire station could be repurposed as a community benefit (e.g., community center, senior center, library facility). The CFPD, the County of San Mateo, **the Town of Colma** and the City of Daly City should consider undertaking a joint study to evaluate the fiscal and operational impacts of this option if it is determined that there is community support for this alternative and/or future fiscal conditions merit examining this alternative.

- **Reorganization involving Formation of a County Service Area<sup>39</sup> and dissolution of Broadmoor Police Protection District, Colma Fire Protection District and detachment from Colma Highway lighting District to consolidate service provision by contract with City of Daly City:**

Unincorporated Broadmoor Village is designated an existing urban neighborhood in the County of San Mateo General Plan. The Community has a very active Property Owners Association. An existing urban residential neighborhood is defined as unincorporated areas which are primarily devoted to residential land uses and are general functionally integrated with adjacent incorporated areas.

General Plan Policy 7.24 encourages cities to annex urban unincorporated areas within designated city spheres of influence. The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The County maintains 8.8 centerline road miles in Broadmoor Village and 1.41 centerline road miles in Unincorporated Colma and as well as street lights in both areas. Broadmoor Village is included in the City of Daly City garbage franchise. In addition, residents benefit from City of Daly City library and park facilities.

Service delivery by multiple single-purpose and multi-purpose providers typically results in a total higher cost of municipal service. Indicators that support investigating consolidating municipal service under a County Service Area and contract are the comparative cost per call and cost per capita data for BPPD and CFPD and taking into consideration the need for these agencies to levy parcel taxes over and above their share of the 1 percent property tax. Absent annexation to the City of Daly City, a full service provider, it is recommended that agencies

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<sup>39</sup> A County Service Area is a county-governed special district authorized to provide all municipal services that a city can provide. Formation of a county service area would facilitate contracting for municipal service to achieve efficiencies, offers the potential to reduce costs and eliminate parcel taxes and capture municipal service revenues and expenditures for an unincorporated area in a single budget.

pursue fiscal analysis of the benefits of formation of a County Service Area and contracting for services currently provided by single-purpose special districts.

A potential benefit of this government structure alternative could be a lower parcel tax for current CFPD customers while maintaining a similar or higher level of service. In addition, the CFPD fire station could be repurposed as a community benefit (e.g., community center, senior center, library facility). Consolidating the three services under in the form of a County Service Area would streamline contract management and provide for transparency and accountability for municipal services. The CFPD, the County of San Mateo, and the City of Daly City should consider undertaking a joint study to evaluate the fiscal and operational impacts of this option if it is determined there is community support and/or future fiscal conditions merit examining this alternative.

### Recommended Municipal Service Review Determinations

Based on the information, issues, and analysis presented in this report, proposed Municipal Service Review (MSR) determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<i>Growth and population for affected area.</i>	The Colma Fire Protection District (CFPD) serves an estimated population of approximately <b>5,668</b> . By 2035, the Association of Bay Area Governments (ABAG) projects that the service area population will grow by approximately 10 percent to <b>6,235</b> .
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the Colma Fire Protection District sphere of influence.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the Colma Fire Protection District sphere of influence.
<i>Financial ability of agencies to provide services.</i>	The District maintains a financial reserve roughly equal to one year of operating costs. The costs of operation are based upon a primary “volunteer” paid call staffing organization structure, thereby providing services at a relatively low cost. There are not adequate revenue sources to increase the level of service to full-time staffing of the department. The District has completed the audit for FY 2013-14.

<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The District is a member of the San Mateo County Pre-hospital Emergency Services Joint Powers Authority (JPA), which provides countywide ambulance/paramedic first-responder services. CFPD is also a member of the San Mateo County Emergency Services Council JPA, which provides emergency planning and training for participating cities and towns within San Mateo County.</p>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The CFPD is governed by a three-member Board of Directors elected at large by voters residing within the service district. The Board meets on the third Tuesday of each month. Meetings are open to the public and agendas are posted at three different locations within the District at least 72 hours prior to the start of meetings. The District’s website is very basic and needs improvement. No public meeting notices, agendas, meeting minutes or budgets/audits are available for public review on-line. Agency websites have become an important tool to inform the public about agency operations, finances, and actions, and to improve overall transparency. The District should upgrade its website content. <b>The District should prepare audits in a more timely manner.</b></p> <p>Three government structure alternatives have been identified for the CFPD:</p> <p><b>Status Quo:</b></p> <p>Historically, CFPD has developed strong ties with its service area, which includes the unincorporated Broadmoor/Garden Village, the Town of Colma, and adjacent unincorporated areas. However, the FY 2009-10 San Mateo Civil Grand Jury Report concluded that the Colma Fire Protection District (CFFD), among others, has opportunities to significantly reduce the cost of services to taxpayers by aggressively pursuing consolidations and mergers. CFPD is surrounded almost entirely by the City of Daly City, which has its own fire department.</p> <p><b>District Dissolution and County Contract:</b></p> <p>Dissolution of Colma Fire Protection District (CFPD), with the County of San Mateo as the successor agency, would allow the area to become part of the County Fire Protection Fund. The County, in turn, could contract with the City of Daly City to provide fire services to the CFPD service area. The County has such an arrangement</p>

	<p>for a portion of Unincorporated North Fair Oaks that is adjacent to Redwood City and a nearby Redwood City fire station. A potential benefit of this government structure alternative could be a lower parcel tax for current CFPD customers while maintaining a similar or higher level of service. In addition, the CFPD fire station could be repurposed as a community benefit (e.g., community center, senior center, library facility). The CFPD, the County of San Mateo, <b>the Town of Colma</b> and the City of Daly City should consider undertaking a joint study to evaluate the fiscal and operational impacts of this option if it is determined that there is community support for this alternative and/or future fiscal conditions merit examining this alternative. .</p> <p><b><i>Reorganization involving Formation of a County Service Area<sup>40</sup> and dissolution of Broadmoor Police Protection District, Colma Fire Protection District and detachment from Colma Highway lighting District to consolidate service provision by contract with City of Daly City:</i></b></p> <p>Unincorporated Broadmoor Village is designated an existing urban neighborhood in the County of San Mateo General Plan. The Community has a very active Property Owners Association. An existing urban residential neighborhood is defined as unincorporated areas which are primarily devoted to residential land uses and are general functionally integrated with adjacent incorporated areas.</p> <p>General Plan Policy 7.24 encourages cities to annex urban unincorporated areas within designated city spheres of influence. The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The County maintains 8.8. centerline road miles in Broadmoor Village and 1.41 centerline road miles in Unincorporated Colma and as well as street lights in both areas. Broadmoor Village is included in the City of Daly City garbage franchise. In addition, residents benefit from City of Daly City</p>
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<sup>40</sup> A County Service Area is a county-governed special district authorized to provide all municipal services that a city can provide. Formation of a county service area would facilitate contracting for municipal service to achieve efficiencies, offers the potential to reduce costs and eliminate parcel taxes and capture municipal service revenues and expenditures for an unincorporated area in a single budget.

	<p>library and park facilities.</p> <p>Service delivery by multiple single-purpose and multi-purpose providers typically results in a total higher cost of municipal service. Indicators that support investigating consolidating municipal service under a County Service Area and contract are the comparative cost per call and cost per capita data for BPPD and CFPD and taking into consideration the need for these agencies to levy parcel taxes over and above their share of the 1 percent property tax. Absent annexation to the City of Daly City, a full service provider, it is recommended that agencies pursue fiscal analysis of the benefits of formation of a County Service Area and contracting for services currently provided by single-purpose special districts.</p> <p>A potential benefit of this government structure alternative could be a lower parcel tax for current CFPD customers while maintaining a similar or higher level of service. In addition, the CFPD fire station could be repurposed as a community benefit (e.g., community center, senior center, library facility). Consolidating the three services in the form of a County Service Area would streamline contract management and provide for transparency and accountability for municipal services. The CFPD, the County of San Mateo, and the City of Daly City should consider undertaking a joint study to evaluate the fiscal and operational impacts of this option if it is determined that there is community support for this alternative and/or future fiscal conditions merit examining this alternative.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by Commission policy.</i></p>	<p>No additional issues have been identified.</p>

**Recommended Sphere of Influence Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The District’s boundaries are irregular and include non-contiguous areas that were created over time as areas were annexed to the City of Daly City (which has its own fire department). The CFPD service territory includes a wide range of land uses, including single- and multi-family residential, commercial, retail, and cemetery uses. The area is largely developed with limited planned growth in the foreseeable future.
<i>Present and probable need for public services and services in the area.</i>	Based on a review of ABAG population projections, growth within CFPD service territory is expected to be limited over the next 20 years.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The CFPD provides services using a primarily volunteer paid call staffing system supplemented by an on-duty paramedic position. Based upon a relatively low level of calls for service, this structure has adequately served the community. The fire station is aged and in need of upgrade or replacement to current National Fire Protection Association Standards. The District should consider a long-term solution to its facilities needs and improving service levels by converting to a full-time staffing model when funding is available.
<i>Existence of any social or economic communities of interest in the area if the Commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the Colma Fire Protection District sphere of influence.

**Recommended Sphere of Influence:** Reaffirm the current zero sphere of influence for the Colma Fire Protection District, which indicates that the District’s public service responsibilities and functions should be reallocated to another unit of government and that, ultimately, the District should be dissolved.

## BROADMOOR POLICE PROTECTION DISTRICT

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### Overview/History

The Broadmoor Police Protection District (BPPD) is an independent district governed by a three-member Board of Police Commissioners elected by voters of the District. The District was formed in 1948 pursuant to Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California.

Code Section 20007 of Health and Safety Code states: “No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter.” Per Code Section 20008, “..any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection.” Divestiture (termination) of an active power, or activation of an inactive power, requires application to LAFCo and LAFCo approval.

In 1957, BPPD contracted with the Town of Colma to provide ambulance and radio dispatch services. That contract was amended in 1964 to include partial police protection services. In 1967, ambulance services were discontinued, and police patrol services to the Town of Colma ended in 1976 after Colma established its own full-time police department. Today, BPPD’s service boundaries total 0.55 square miles and include the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD’s service territory also includes three small parcels in unincorporated Daly City directly west of Broadmoor Village, each of which is developed with a single-family home (600 Washington Street, 620 Washington Street, and 1590 Annie Street).

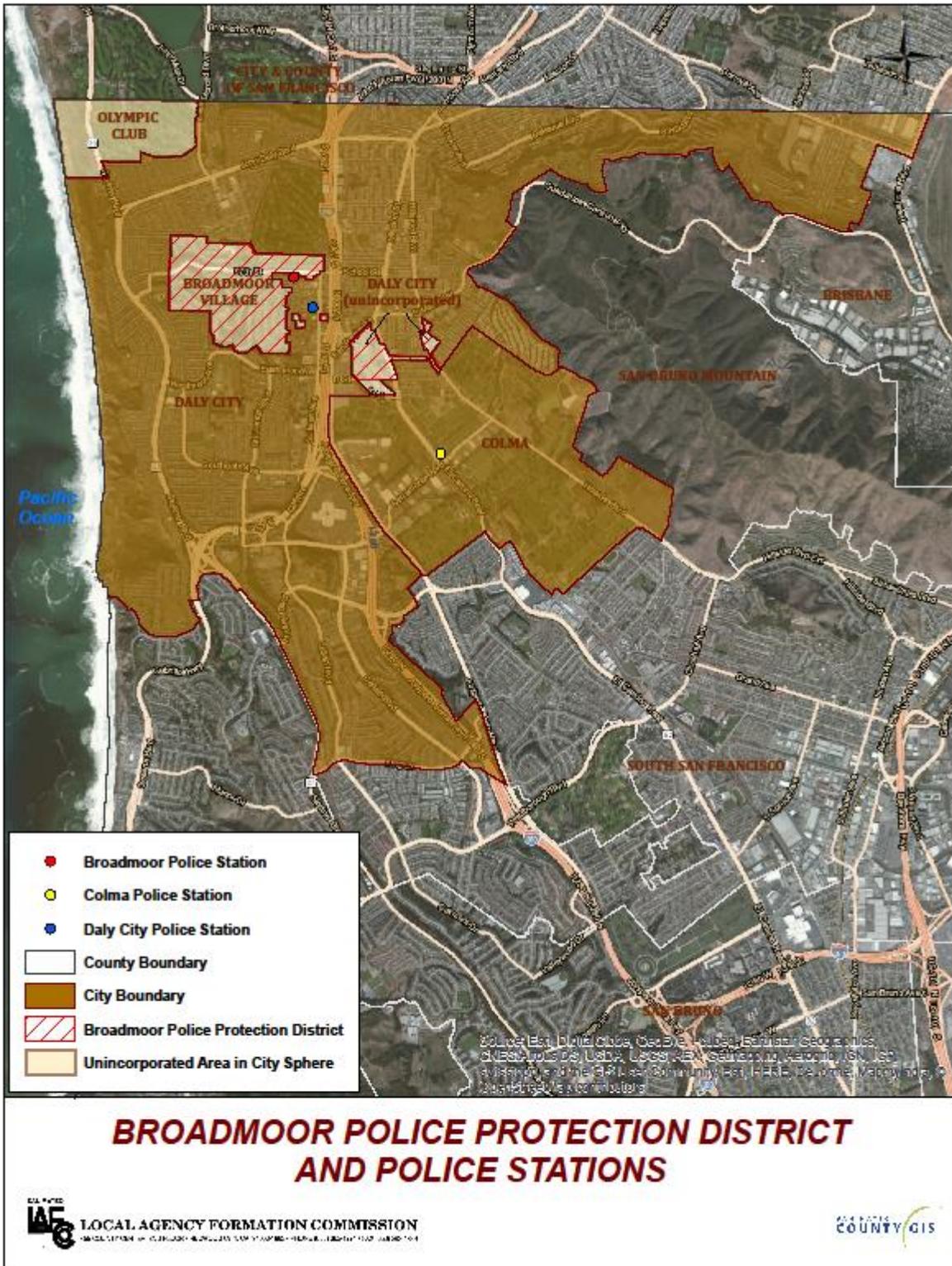
As shown on **Exhibit IV-11**, the District’s boundaries are irregular and include non-contiguous areas that resulted from annexation of areas to the City of Daly City over time. As these annexations occurred, the

territory was concurrently detached from the BPPD since the City has a full-service police department. The BPPD service area includes single- and multi-family housing, and commercial and retail development.

**Table IV-68, District Profile – Broadmoor Police Protection District**

General Information			
<i>Agency</i>	Broadmoor Police Protection District		
<i>Address</i>	388 88 <sup>th</sup> Street, Daly City, CA 94015-1717		
<i>Principal Act</i>	Section 20000 et seq. Health & Safety Code		
<i>Powers</i>	Provide police protection, safeguard life and property, including purchasing and maintaining ambulances, in unincorporated territory.		
<i>Date Formed</i>	December 21, 1948		
<i>Service Area</i>	0.55 square miles		
<i>Services Provided</i>	Police Protection		
<i>Contact Person</i>	<b>Enissa C. Rios, Clerk, <a href="mailto:erios@Broadmoor.ca.us">erios@Broadmoor.ca.us</a>, (650) 755-0321</b>		
<i>Website</i>	<a href="http://www.broadmoorpolice.com">www.broadmoorpolice.com</a>		
Governance			
<i>Board Membership</i>	3 members (elected at large): J. Wayne Johnson (2015); Joseph Sheridan (2017); Ralph Hutchens (2017)		
<i>Compensation</i>	No compensation		
<i>Public Meetings</i>	Monthly (2nd Tuesday)		
Operations			
<i>Population Served</i>	4,176 (2010 Census)		
<i>Number of Employees</i>	11 sworn officers, 1 non-sworn officer, 25 volunteers		
<i>Last SOI Update</i>	1995 (special MSR completed in 2007)		
<i>Contract Services</i>	Legal Counsel, Accounting, Audits		
Budget Information-Fiscal Year 2012-2013, Fiscal Year 2013-2014			
Revenues	2012-2013 (Adopted)*	2013-2014 (Adopted)*	Net Increase/(Decrease)
Property Taxes	\$977,085	\$ 959,976	(\$17,109)
ERAF Rebate	\$209,316	\$213,185	\$3,869
Bad Debt/Receipts Trust	\$7,177	\$10,252	\$3,075
SB813 Funds	---	\$13,467	\$13,467
Court Fines/Chgs for Services	\$65,946	\$56,000	(\$9,946)
Interest/Homeowners Rebate	---	\$14,290	\$14,290
Special Tax	\$798,611	\$797,490	\$1,121
<i>Other special Income</i>	\$46,653	\$111,940	\$65,287
<i>Total Revenues</i>	\$2,104,788	\$2,176,600	\$71,812
Expenditures			
Personnel Services & Benefits	\$1,601,679	\$1,369,512	(\$232,167)
Maintenance & Operations	\$601,811	\$725,122	\$123,311
No Reserves in Budget			
<i>Total Expenditures</i>	\$2,203,490	\$2,094,634	(\$108,856)
Notes: *Adopted Budget; no audit available as of 5/11/2015; agency has no Capital Improvement Plan; agency may need to upgrade police facility within next 5 years.			

Exhibit IV-11, Broadmoor Police Protection District Boundary/Sphere of Influence



## Growth/Population

The Broadmoor Police Protection District (BPPD) serves a population of approximately **4,633** residents according to recent US Census data. By 2035, the Association of Bay Area Governments (ABAG) projects that the service population will grow by approximately ten percent to **5,096**.

## Sphere of Influence

San Mateo Local Agency Formation Commission (LAFCo) reviews and approves spheres of influence for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service plan and boundary for an agency. SOIs can be the same, larger, or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a “zero” sphere of influence that means, in the long term, LAFCo has determined that the agency should be dissolved and that an alternative agency should take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

Currently, BPPD has a zero sphere of influence (*see Exhibit IV-11*). LAFCo has determined, after due consideration of all factors, that the public service responsibilities and functions of BPPD should be reallocated to the City of Daly City upon annexation.

## District Operations

BPPD operates out of its headquarters building located at 388-88<sup>th</sup> Street in Daly City. The facility, completely rebuilt between 2001 and 2003, provides 3,000 square feet and is almost triple the size of the District’s former headquarters building. As shown on *Exhibit IV-11*, two other police department headquarters are located in close proximity to the BPPD: (1) the Daly City Police Department headquarters, located at 333-90<sup>th</sup> Street, Daly City, is less than one-quarter mile from the BPPD headquarters; and, (2) the Town of Colma Police Department headquarters, located at 1199 El Camino Real, Daly City, is approximately two miles away.

The BPPD operates with 11 sworn officers, one non-sworn officer, and 25 reserves (volunteers). All of the District’s sworn personnel are required to meet the standards established by the Commission on California Peace Officer Standards and Training. The BPPD service area is divided into two beats: Beat 1 includes Broadmoor Village with 40 streets; Beat 2, with 12 streets, covers the Hillside area and areas to the east. The BPPD provides 24-hour coverage **of two full-time officers and additional services** through a combination of full-time officers and reserves.

Each shift is staffed by a minimum of two **full-time officers**, each working a 12-hour shift. Weekdays, special holidays, or event days have additional staffing, including the Department Commander, a supervisor, and the Chief who is a qualified police officer for duty purposes. Reserve Officers supplement the staffing for patrol and community events and assist with filling sick leave and vacation shifts. In unusual situations, off-duty personnel are called back to work to assist with basic services or in

the case of a major crime incident where staff resources may be stretched thin. The BPPD is a signatory to the countywide emergency response joint powers authority (JPA) and has received assistance on a few occasions from neighboring police agencies **as well as assisted other agencies when requested.**

There are several common performance measures that can generally be used to evaluate effectiveness of services in law enforcement: Sworn officer personnel per 1,000 population, response time, annual composite crime rate, and cost of service (per call).

**Table IV-69, Sworn Officer Personnel per 1,000 Population**

Agency	Population	# Sworn Police Personnel (SPP)	SPP/1,000 Population
City of Daly City	104,739	111	1.06/1,000
City of Brisbane	4,443	16	3.6/1,000
City of Pacifica	38,606	33	0.9/1,000
City of So. San Francisco	66,174	83	1.3/1,000
City of Richmond	107,571	285	2.7/1,000
Town of Colma	1,492	19	12.8/1,000
<b>Broadmoor PPD</b>	<b>4,633</b>	<b>11</b>	<b>2.37/1,000</b>

Source: Agency Budgets/Data Extrapolation

Law enforcement response times must be quick in order for crimes to be averted and public safety to be maintained. Response time is generally defined as the amount of time it takes a police officer to reach the scene of a reported crime or incident after the officer has received the dispatch call from the 911 operator. Police calls for service receive priority rankings, with “Priority 1” calls considered the most serious. Priority 1 calls require immediate response and occur when there is reason to believe that an immediate threat to life exists.

According to the District and the San Mateo County Dispatch Agency, in 2014, BPPD’s response time average for Priority 1 calls was faster than the national average by at least one minute.

**Table IV-70, BPPD Police Response Time Comparison – Priority 1 Calls**

Year	National Average	Broadmoor PPD Average
2014	8-9 minutes	Under 7 minutes, 93.3%

Source: Phone interview, BPPD Police Chief, (2/5/2015) and San Mateo County Dispatch Agency Data

The Composite Crime Rate is determined annually by the California Attorney General for cities as a calculation of all violent crimes (murder, assault, robbery, and rape) and property crimes (burglary, theft, and auto theft) per 100,000 population. **Table IV-71**, below, indicates that BPPD’s composite crime rate ranks well below the statewide composite crime rate. In addition, from 2007 to 2013, the District’s annual composite crime rate has fallen substantially from 2,854 to 1,652 or 42 percent.

**Table IV-71, Annual Composite Crime Rate Comparison (per 100,000 population)**

Year	California Average	Broadmoor PPD
2008*	3,436	2,854
2013**	3,061	1,652

Source: California Attorney General

\*2008 population estimated to be 4,100

\*\*2013 population estimated to be 4,176

Cost of Service per call is another measure of cost effectiveness of a public safety agency. The Broadmoor Police Protection District handles a variety of public assistance, patrol, traffic enforcement, as well as emergency Priority 1 response calls. According to the San Mateo County Dispatch Agency, BPPD had 60 Priority 1 incident call responses in 2014, 93.3 percent of the time arriving within seven minutes. The overall calls for service totaled 1,996 calls and with a budget of \$2,094,634, that equates to \$1,049.42 per call response. This cost per call for service is three times the Daly City police department cost per call and in the high range of costs for the five agencies analyzed for police services but is expected with BPPD’s higher rate of sworn officers per 1,000 residents. This cost factor indicates that there may be an opportunity to consider cost sharing with adjacent cities or other alternatives to contract for, or consolidate services to reduce costs.

**Infrastructure Needs**

The District owns the headquarters facility located at 388-88<sup>th</sup> Street in Daly City, just outside the District’s boundaries. **The facility is maintained by a Property Association.** According to the District, one vehicle in the BPPD fleet (10 cars and two motorcycles) is budgeted for replacement each year. No other infrastructure issues were identified.

**Cooperative Programs**

Dispatch services for BPPD are provided by the County of San Mateo through a joint powers agreement. The District uses the Colma Police Department’s rifle range through mutual agreement. All vehicle repair services for the BPPD fleet are provided by an outside vendor.

**Cost Avoidance Opportunities**

The District currently uses reserves/volunteers at a reduced cost and the San Mateo County Dispatch for 911 and radio dispatching. Vehicle maintenance is provided by a private vendor. There are minimal areas of operating expenses that could be reduced within the District beyond considering reduced services (staffing), putting out current contracts for competitive bid, or contracting services with a bordering agency (Daly City or County of San Mateo).

## District Financial Overview

The Broadmoor Police Protection District has two main revenue sources: (1) property taxes;<sup>41</sup> and, (2) a voter-approved parcel tax. Property taxes fund almost 50 percent of the BPPD budget, averaging from 43 percent in Fiscal Year 2010-11, to 44 percent in Fiscal Year 2013-14. The percentage of the District’s budget funded by the parcel tax averaged from 35 percent in Fiscal Year 2010-11 to 37 percent in Fiscal Year 2013-14. Both are generally reliable sources of funding, although the recent economic downturn resulted in some depressed property valuations and foreclosures. This adversely impacted property tax revenues on a short-term basis. The parcel tax revenue has been very consistent. The “Other Revenues” category, as shown in **Table IV-72**, below, consists primarily of court fines, interest on reserves, and annual grant funds (19 percent in Fiscal Year 2013-14).

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

A review of records, and contact with the BPPD Chief, revealed that the District has not been adopting an annual resolution setting the Gann Appropriation Limit. Information on the Gann Appropriation Limit was provided to BPPD for review. The District should complete an analysis of its Gann Appropriation Limit and adopt a current limit resolution for Fiscal Year 2014-15 and annually thereafter.

**Table IV-72, 3-Year Revenue/Expenditure Analysis, Broadmoor Police Protection District**

Revenue Source	Fiscal Year 2010-11	Fiscal Year 2012-13	Fiscal Year 2013-14
Property Tax	\$965,535	\$1,057,812	\$959,976
Parcel Tax	\$799,134	\$794,589	\$797,490
Other Revenues	\$494,208	\$585,703	\$419,134
Total Revenues	\$2,258,877	\$2,438,104	\$2,176,600
Total Expenditures	\$2,030,055	\$2,121,882	\$2,094,634
Revenues -Expenditures	\$228,822	\$316,222	\$81,966

### Ratio of Reserves or Fund Balance to Annual Expenditures

The District reports that it has no Board-approved policy on setting reserves. According to the last audit provided (FY 2011-12),<sup>42</sup> the non-designated fund balance (reserves) was \$1,447,633. District budgets since that time have indicated net income amounts ranging from \$54,718 to \$81,965. It is assumed that the available reserve has increased since the last audit.

<sup>41</sup> The District receives approximately 26% of the 1% property tax collected in District boundaries reflecting the level of tax levied when Proposition 13 was implemented in 1978.

<sup>42</sup> See discussion regarding lack of audits under Government Structure Alternatives/Accountability

The 2011 reserve balance of \$1,447,633 is 70 percent of the annual expenditure budget in FY 2013-14. This is a reasonable reserve amount in the event of economic downturn or a disaster that might impact revenues received. General reserve guidelines call for 25 to 100 percent of annual revenues, depending upon the reliability of the revenue sources to meet expenditure cycles. BPPD reserves appear adequate for the District since its main facility was upgraded recently and it budgets annually for replacement of its vehicles, the two major capital costs of this type of agency.

#### Annual Debt Service Expenditures to Total Annual Expenditures

The District reports that it has no outstanding debt.

#### Capital Improvement Plan

According to the District, it has no approved Capital Improvement Plan (CIP).<sup>43</sup> BPPD's only current capital needs are for funding annual vehicle replacement. Based upon the age of the headquarters facility and the need to have it function on a 24-hour basis for emergency services, it is good facility management practice to have a Facility Capital Plan for regular maintenance and long-term capital replacement. Items in such a plan include, but are not limited to, roofing, heating, and air conditioning systems, electrical, fire sprinkler systems (if required), hardscape, and parking lot repair. It is suggested that such a plan should be developed and a funding plan be established for long-term cost replacement expenses.

#### Rate Structure

Homeowners and businesses located within the District's boundaries pay a parcel tax to help fund police services. The parcel tax was approved by the voters in 2004. The parcel tax is based on a study completed prior to the vote and includes an escalation factor of up to five percent (per fiscal year) based upon the Consumer Price Index. The current parcel tax is \$397 per year for each residential parcel and home, \$868 per year for each improved commercial parcel, and \$129 per year for each unimproved commercial parcel. The District Board has not implemented an increase in the parcel tax since 2006.

#### Disadvantaged Unincorporated Communities

There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the Broadmoor Police Protection District.

#### Government Structure Alternatives/Accountability

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. Meetings are open to the public and are held in the BPPD headquarters. According to the District, meeting agendas are posted on the District's website and in three additional locations: BPPD headquarters, Colma Fire Department headquarters, and the Broadmoor Community Center. As of this writing, the most recent

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<sup>43</sup> The District does not have the typical capital costs associated with a stand-alone police station because the station is located in an office unit the District owns that is located in a commercial office building constructed in 2003.

agenda on the BPPD website is from September 2014, and the most recent audit provided is FY 2011-12. The District staff reports that the audit for FYs 2012-13 and 2013-14 are in process of being completed.

The Broadmoor Police Protection District's website provides basic contact information, meeting notices, agendas, and minutes, and a community events calendar. No District budget or audit information is posted. Including budget and audit information on the BPPD's website would increase public access to important financial data and enhance District transparency. **The District should upgrade its website accordingly. The District should calculate the District's appropriations or spending limit. The District should prepare audits in a more timely manner.**

Three government structure alternatives have been identified for the Broadmoor Police Protection District (BBPD).

- **Status Quo:**

The BPPD has a long history with the unincorporated Broadmoor and Colma areas and has developed strong community ties with its service population. The community has a very active property owners association. Response times, as reported by the District in its survey response and through Department personnel, are generally faster than other police departments within the study area due to the relatively small service area.

However, a review of the San Mateo County Dispatch Agency data reflects a response time that is similar to other surrounding police agencies. Due to the small size of the agency, a key concern is that in the event of a major call or disaster situation, only limited back-up resources may be available during evening and late night shift times. District finances, supported by property taxes and assessment fees, are generally stable. Over time, as additional annexations from the District area to Daly City occur, the BPPD may incur additional fiscal stress that could impact service levels or create additional pressure to increase assessments.

- **Merge Broadmoor Police Protection District with City of Daly City:**

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

While the scope of this Municipal Service Review does not include a fiscal analysis of such a merger, this option may allow Broadmoor and unincorporated Colma residents to receive a similar or higher level of police services with a potential reduction or elimination of their current

special parcel tax. Although such a merger may be politically infeasible at this time, consideration should be given by both Daly City and the BPPD to jointly studying the long-term fiscal and operational benefits to the tax payers of this government structure alternative if it is determined that there is community support for this alternative and/or future fiscal conditions merit examining this alternative.

- **Form a County Service Area (CSA) and Contract with the County or Daly City for Services:**

Unincorporated Broadmoor Village is designated an existing “urban neighborhood” in the County of San Mateo General Plan. The community is represented by an active property owner’s association. An existing urban residential neighborhood is defined as unincorporated areas which are primarily devoted to residential land uses and are general functionally integrated with adjacent incorporated areas. General Plan Policy 7.24 encourages cities to annex urban unincorporated areas within designated city spheres of influence.

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The County maintains 8.8 centerline road miles in Broadmoor Village and 1.41 centerline road miles in Unincorporated Colma and as well as street lights in both areas. Broadmoor Village is included in the City of Daly City garbage franchise. In addition, residents benefit from City of Daly City library and park facilities. **(Under the terms of an agreement between the City of Daly City and the San Mateo County Library Joint Powers Authority, each year the San Mateo County Library pays to Daly City the property tax revenue it receives from the unincorporated areas of Broadmoor and Colma. Daly City uses this money to support its public library services on behalf of these communities.)**

Service delivery by multiple single-purpose and multi-purpose providers typically results in a total higher cost of municipal service. Indicators that support investigating consolidating municipal service under a County Service Area and contract are the comparative cost per call and cost per capita data for BPPD and CFPD and taking into consideration the need for these agencies to levy parcel taxes over and above their share of the 1 percent property tax. Absent annexation to the City of Daly City, a full-service provider, it is recommended that a fiscal analysis **study be considered** of the benefits of formation of a County Service Area and contracting for services currently provide by single-purpose special districts.

A potential benefit of this government structure alternative could be a lower parcel tax for current BPPD taxpayers while maintaining a similar or higher level of service. Consolidating the three services in the form of a County Service Area would streamline contract management and provide for transparency and accountability for municipal services. The BPPD, the County of San Mateo, and the City of Daly City should consider undertaking a joint study to evaluate the fiscal and operational impacts of this option if there is demonstrated community support or future fiscal circumstances merit examining this alternative.

**Recommended Municipal Service Review Determinations**

Based on the information, issues and analysis presented in this report, proposed MSR determinations, pursuant to Government Code Section 56430, are presented below for Commission consideration:

<i>Growth and population for affected area.</i>	The District serves a population of approximately <b>4,633</b> residents according to recent US Census data. By 2035, the Association of Bay Area Governments (ABAG) projects that the service population will grow by approximately 10 percent to <b>5,096</b> .
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the Broadmoor Police Protection District.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the Broadmoor Police Protection District.
<i>Financial ability of agencies to provide services.</i>	The District currently provides a minimum level of service, two officers on duty, using a combination regular officer and reserve officer staffing model. Funding is adequate for the current level of service.
<i>Status of, and opportunities for, shared facilities.</i>	Dispatch services for BPPD are provided by the County of San Mateo through a joint powers agreement. The District uses the Colma Police Department’s rifle range through mutual agreement. All vehicle repair services for the BPPD fleet are provided by an outside vendor.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. Meetings are open to the public and are held in the BPPD headquarters. Agendas are posted on the District’s website and in three additional locations: BPPD headquarters, Colma Fire Department headquarters, and the Broadmoor Community Center.  The BPPD’s website provides basic contact information, meeting notices, agendas, and minutes, and a community events calendar. No District budget or audit information is posted. Including budget and audit information on the

	<p>website would increase public access to important financial data and enhance District transparency. This addition to the website should be seriously considered by the District.</p> <p>Three government structure alternatives have been identified for the Broadmoor Police Protection District:</p> <p><b><i>Status Quo</i></b></p> <p>BPPD has a long history with the unincorporated Broadmoor and Colma areas and has developed strong community ties with its service population. Response times, as reported by the District, are generally comparable to other police departments within the study area. District finances, supported by property taxes and special parcel tax revenue, are generally stable. Over time, as additional annexations to Daly City occur, and territory is removed from BPPD, BPPD may incur additional fiscal stress which could impact service levels or create additional pressure to increase the special parcel tax.</p> <p><b><i>Merge Broadmoor Police Protection District with City of Daly City</i></b></p> <p>Merging BPPD with the City of Daly City (with concurrent annexation of BPPD's service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. San Mateo LAFCo has identified Daly City (through adoption of the City's current sphere of influence) as the long-term, logical service provider for both Broadmoor and unincorporated Colma. Daly City has its own full-service police department with its headquarters located less than one-quarter mile from the BPPD headquarters. The merger option provides the potential for Broadmoor and unincorporated Colma residents to receive a similar or higher level of police services with a potential of reduction or elimination of their current assessment fee. Although such a merger may be politically infeasible at this time, consideration should be given by both Daly City and the BPPD to jointly studying the long-term benefits to the tax payers of this government structure alternative. The study recognizes Daly City's stated policy of not initiating annexation and</p>
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	<p>that the City accepts pre-zoning applications from individual property owners in anticipation of annexation.</p> <p><b><i>Form a County Service Area (CSA) and Contract with the County or Daly City for Services</i></b></p> <p>Unincorporated Broadmoor Village is designated an existing “urban neighborhood” in the County of San Mateo General Plan. The community is represented by an active property owner’s association. An existing urban residential neighborhood is defined as unincorporated areas which are primarily devoted to residential land uses and are general functionally integrated with adjacent incorporated areas. General Plan Policy 7.24 encourages cities to annex urban unincorporated areas within designated city spheres of influence.</p> <p>The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The County maintains 8.8 centerline road miles in Broadmoor Village and 1.41 centerline road miles in Unincorporated Colma and as well as street lights in both areas. Broadmoor Village is included in the City of Daly City garbage franchise. In addition, residents benefit from City of Daly City library and park facilities.</p> <p>Service delivery by multiple single-purpose and multi-purpose providers typically results in a total higher cost of municipal service. Indicators that support investigating consolidating municipal service under a County Service Area and contract are the comparative cost per call and cost per capita data for BPPD and CFPD and taking into consideration the need for these agencies to levy parcel taxes over and above their share of the 1% property tax. Absent annexation to the City of Daly City, a full-service provider, it is recommended that the <b>County</b> pursue a fiscal analysis of the benefits of formation of a County Service Area and contracting for services currently provide by single-purpose special districts.</p> <p>A potential benefit of this government structure alternative could be a lower parcel tax for current BPPD taxpayers while maintaining a similar or</p>
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	higher level of service. Consolidating the three services under in the form of a County Service Area would streamline contract management and provide for transparency and accountability for municipal services. The BPPD, the County of San Mateo, and the City of Daly City should consider undertaking a joint study to evaluate the fiscal and operational impacts of this option if there is demonstrated community support or future fiscal circumstances that merit examining this alternative.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

**Recommended Sphere of Influence Update/Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The Broadmoor Police Protection District’s service boundaries total 0.55 square miles and include single- and multi-family housing, and commercial and retail development. The area is largely developed with limited planned growth in the foreseeable future.
<i>Present and probable need for public services and services in the area.</i>	Based on a review of ABAG population projections, growth within the unincorporated areas of Broadmoor and Colma is expected to be limited over the next 20 years.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The single small police facility appears to be adequate for routine police operations with the present two-patrol operation plan. Joint or mutual aid response capability should be enhanced for increased reliability of the District’s service plan.
<i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the Broadmoor Police Protection District service territory.

**Recommended Sphere of Influence:** Reaffirm the current zero sphere of influence for the Broadmoor Police Protection District, which indicates that the District’s public service responsibilities and functions should be reallocated to another unit of government and that, ultimately, the District should be dissolved.

## CITY OF PACIFICA

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### Overview/History

Pacifica is the location of the oldest European discovery of the San Francisco Bay. An expedition led by Gaspar de Portola sighted the Bay by climbing the hills of Sweeney Ridge in Pacifica on October 31, 1769. Earlier Spanish maritime explorers of the California coast had missed the San Francisco Bay because heavy fog so frequently shrouded the entrance of the Bay into the Pacific Ocean.

Pacifica remained primarily agricultural until after the San Francisco Earthquake in 1906. Land speculators, encouraged by the construction of the Ocean Shore Railroad in 1905, subdivided and developed a series of small coastal communities, including Edgemar, Vallemar, and the areas now known as Sharp Park, Pedro Point, and Rockaway Beach. These unincorporated communities, together with Pacific Manor, Westview, Fairway Park, and Linda Mar, incorporated in 1957 – a relatively recent occurrence in the history of San Mateo County. The City takes its name from a sculpture named “Pacifica” created by Ralph Stackpole for the 1939 Golden Gate International Exposition held on Treasure Island. Pacifica represented world peace and neighborliness, and was chosen through a contest held in 1957 to name the newly formed City. A close runner-up was the name “Coastside.”

Today, the City of Pacifica shares a northern border with the City of Daly City, and eastern borders with the Cities of South San Francisco and San Bruno. To the east and to the south are unincorporated portions of San Mateo County and the ridges of the Coast Range. Much of the land to the southeast and south is preserved as open space and protected wetlands.

**Table IV-73, City of Pacifica Profile**

General Information			
<i>Agency</i>	City of Pacifica		
<i>Address</i>	170 Santa Maria Avenue, Pacifica, CA 94044		
<i>Principal Act</i>	General Law City		
<i>Date Formed</i>	November 22, 1957		
<i>Service Area</i>	12.66 square miles		
<i>Services Provided</i>	Admin; Parks, Beaches & Rec; Police; Fire; Public Works; Planning; and Wastewater		
<i>Contact Person</i>	Lorie Tinfow, City Manager, <a href="mailto:ltinfow@ci.pacifica.ca.us">ltinfow@ci.pacifica.ca.us</a> (650) 738-7408		
<i>Website</i>	www.cityofpacifica.org		
Governance			
<i>City Council Membership</i>	5 members (elected at large): John Keener (2018); Sue Digre (2018); Mary Ann Nihart (2016); Karen Ervin (2016); Mike O’Neill (2018)		
<i>Compensation</i>	\$700/month; \$920/month for health insurance; \$119/month City paid contribution towards medical premium; pension through CALPERS; \$148.16/mo. auto expense		
<i>Public Meetings</i>	2 <sup>nd</sup> and 4 <sup>th</sup> Mondays, 7:00 PM		
Operations			
<i>Population Served</i>	38,606 (U.S. Census, 2013 population estimates)		
<i>Number of Employees</i>	157 FTE (Full Time Equivalent); 100 Part Time		
<i>Residents/City Employee</i>	245		
<i>Last SOI Update</i>	1994 (reaffirmed)		
<i>Contract Services</i>	City attorney services; interim staff support services; building inspection and permit services, engineering services(when needed); police communications outsourced to the South San Francisco Police Department; animal control services are provided by contract with San Mateo County.		
Budget Information- FY 2012-2013, FY 2013-2014			
Revenues	2012-2013 (Audited)	2013-2014 (Revised Budget)	Difference +/-
<i>Property Taxes</i>	\$10,701,810	\$10,786,380	\$ 84,570
<i>Sales Tax</i>	\$1,588,277	\$1,483,000	(\$105,277)
<i>Other Taxes*</i>	\$4,770,450	\$5,708,000	\$937,550
<i>Depart./Program Revenues</i>	\$8,438,215	\$9,765,000	(\$1,596,788)
<i>Motor in lieu fees**</i>	\$2,923,573		
<i>Other Revenues***</i>	\$ 521,744	\$144,000	(\$377,744)
<i>Transfers In</i>	\$ 410,000	0	(\$410,000)
<i>Total General Fund</i>	\$29,354,069	\$27,886,380	(\$1,467,689)
Expenditures			
<i>General Government***</i>	\$4,294,792	\$3,137,271	(\$1,157,521)
<i>Police Department</i>	\$ 13,572,060	\$8,883,890	\$763,316
<i>Fire Department****</i>	Included above	\$5,451,486	Included above
<i>Planning &amp; Building</i>	\$1,378,014	\$1,297,479	(\$80,535)
<i>Public Works</i>	\$4,088,408	\$2,444,454	(\$1,643,954)
<i>Parks, Beaches, Recreation</i>	\$3,880,586	\$3,870,575	(\$10,011)
<i>Non-Departmental</i>	\$2,037,476	\$998,317	(\$1,039,159)
<i>Transfers Out</i>	----	\$1,257,000	----
<i>Total General Fund Use</i>	\$29,251,336	\$27,340,472	(\$1,910,864)

<i>Net Surplus/(Deficit)</i>	\$ 102,733	\$545,908	\$443,175
Notes: * Franchise Taxes and Other Taxes as listed in 2013 CAFR ** Motor in lieu fees listed in 2013 CAFR *** Other revenues interest on investments, gain on sale of assets and miscellaneous from 2013 CAFR **** Police & Fire Departments in one category in 2013 CAFR			

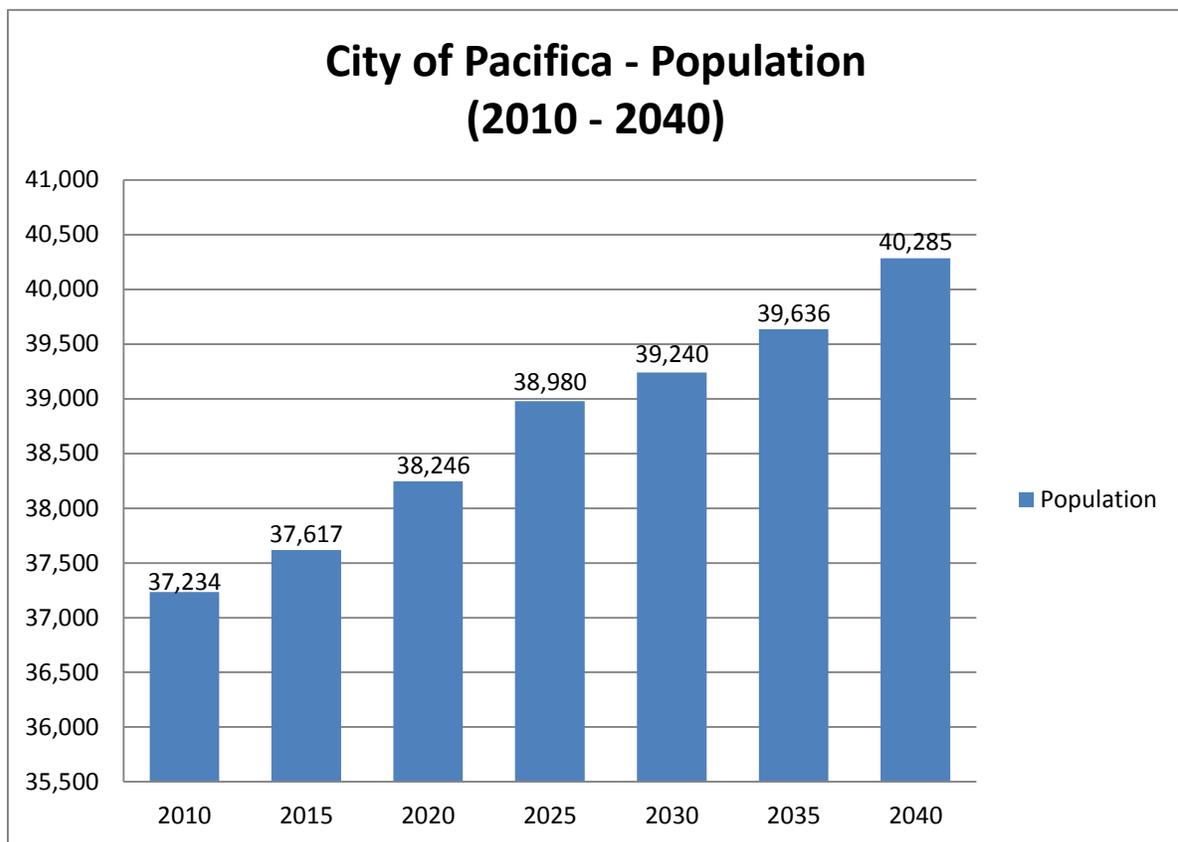


## Growth and Population

The City of Pacifica grew rapidly in the 1950s and 1960s, and most of its current housing was built during those decades. Growth slowed in the 1970s and then slowed further in the following decades due to a scarcity of developable land and infrastructure constraints. In the 20-year span between 1990 and 2010, approximately 1,210 residential units were constructed in the City.

According to the most recent US Census data, Pacifica has 38,606 residents<sup>44</sup>. The Association of Bay Area Governments (ABAG) projections indicate that the City will grow to approximately 40,285 residents by 2040, a relatively modest increase of 1,679 residents over the next 25 years (see **Table IV-74**).

**Table IV-74, City of Pacifica Population Trends**



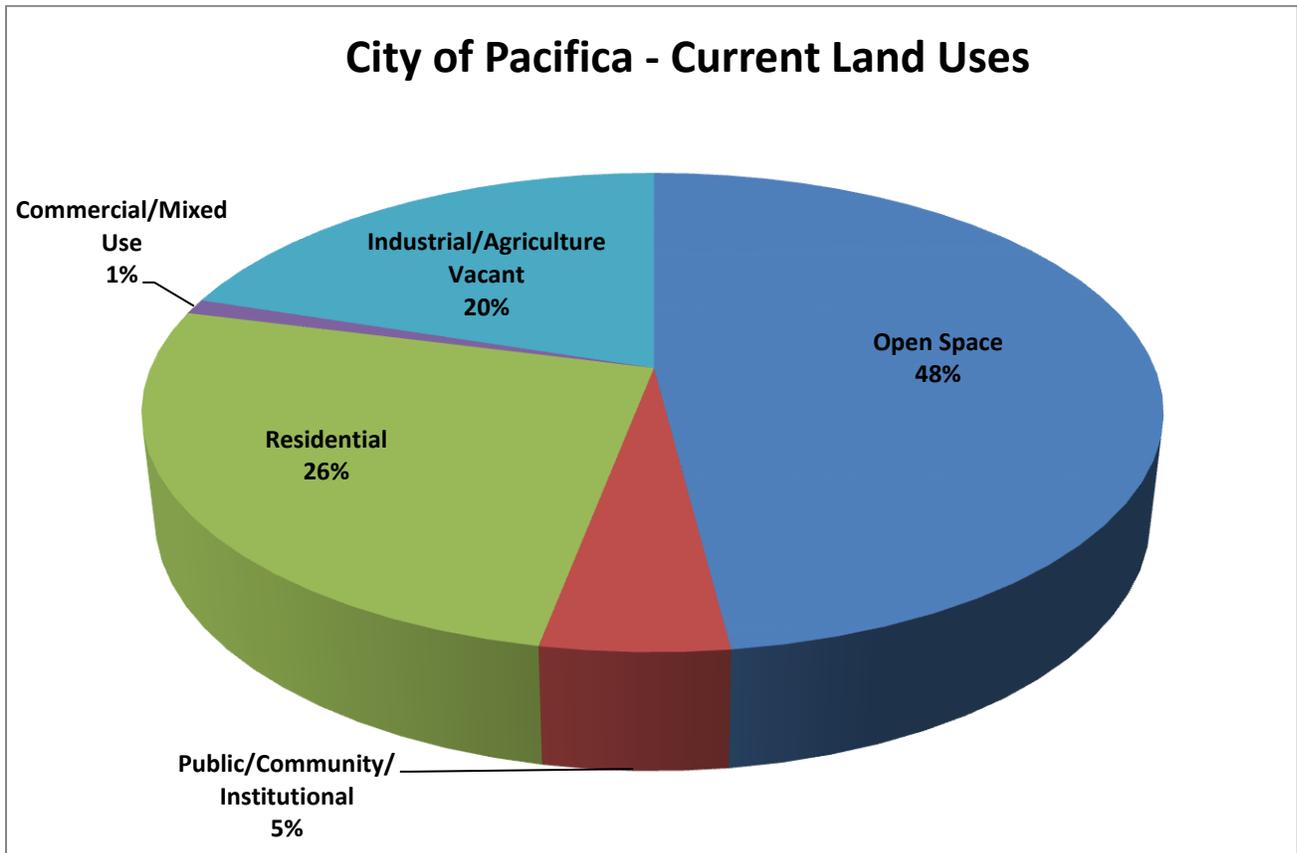
Source: U.S. Census 2013 Population Estimates

Pacifica's current boundary covers 7,660 acres. Almost one half (47 percent) of the land within Pacifica is preserved as permanent open space, which includes the Golden Gate National Recreation Area, Sharp Park Golf Course, San Pedro Valley County Park, and Pacifica State Beach. According to the City's General Plan, residential uses make up 26 percent of the City and are the predominant land use in the Pacifica's five valleys, along the coast, and in the highlands bordering Daly City and South San Francisco.

<sup>44</sup> U.S. Census, 2013 Population Estimates

Commercial uses comprise 108 acres that are located primarily within the City’s shopping centers. Pacifica also has a small amount of office uses (4.3 acres) and industrial land (18 acres). The balance of the City’s land uses consist of public and institutional uses – schools, libraries, and police and fire stations.

**Exhibit IV-13, City of Pacifica Land Uses**



### Sphere of Influence

San Mateo Local Agency Formation Commission (LAFCo) reviews and approves spheres of influence for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service plan and boundary for an agency. SOIs can be the same, larger, or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a “zero” sphere of influence that means, in the long term, LAFCo has determined that the agency should be dissolved and that an alternative agency should take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

Currently, the City of Pacifica’s sphere of influence includes territory south and southeast of the current City’s boundaries (see **Exhibit IV-12**). These areas are predominantly open space lands, including

portions of the Golden Gate National Recreational Area, the State and County park systems, and protected watersheds.

**Disadvantaged Unincorporated Communities**

Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory (containing 12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual household income (MHI). The MHI data is derived from the U.S. Census Bureau – American Community Survey 2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80 percent of that figure, or \$48,706.

State law requires identification and analysis of service issues within DUCs as part of the Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) reviews. State law also places restrictions on annexations to cities if a proposed annexation is adjacent to a DUC. There are no Census Tracts within or adjacent to Pacifica that have an annual household income below \$48,706. Therefore, no additional DUC analysis is required as part of this MSR/SOI update.

**Municipal Services**

With the exception of municipal water, Pacifica is a full-service municipality that provides a wide range of municipal services to its 38,606 residents through eight departments, including: General Government (includes the City Manager’s Office, City Clerk and contract City Attorney; Economic Development, Human Resources, Risk Management, Finance and Information Technology); Parks, Beaches and Recreation; Police; Public Works; Planning; Wastewater; and Fire. A description of the key municipal services is summarized below in **Table IV-75**, and is discussed in detail on Pages 186 - 194 of this report.

**Table IV-75, City of Pacifica Municipal Services**

Pacifica Municipal Services	Description of Services
<b>Police</b>	<p><i>Field Operations:</i> patrol, traffic enforcement, canine unit, police reserve unit, police explorer unit program, participation in the North San Mateo County Gang Task Force.</p> <p><i>Investigative Services:</i> investigation of serious offenses not solved by the Field Operations Division.</p> <p><i>Communications:</i> City contracts with the City of South San Francisco to provide police communication services for the Pacifica Police Department.</p> <p><i>Records:</i> business calls, citations, subpoenas, fingerprints, court dispositions, State-mandated statistical data.</p> <p><i>SWAT:</i> City is a contributing member to the multi-agency SWAT Team hosted by the Daly City Police Department since 2004.</p> <p><i>Support and Administrative Services:</i> emergency preparedness, CERT (Community Emergency Response Team).</p>

Pacifica Municipal Services	Description of Services
<b>Fire</b>	Provided through the North County Fire Authority (serving Pacifica, Daly City, and Brisbane). <i>Operations:</i> emergency response, training. <i>Fire Prevention:</i> safety inspections, planning and review, public education, fire investigations.
<b>Public Works</b>	Maintenance and repair of City infrastructure, including: parks and playfields, streets and street medians, trails, trees, beaches, city facilities, and fleet vehicles.
<b>Wastewater</b>	Maintenance and operation of the City’s wastewater system, including the Calera Creek Water Recycling Plant, sewage lift stations, and storm water drainage pump stations.
<b>Animal Control</b>	Provided through contract with San Mateo County Joint Powers Authority (JPA) with the Peninsula Humane Society.
<b>Solid Waste</b>	Provided through City franchise agreement with Recology.
<b>Library</b>	Library services provided through the San Mateo County Library system, a Joint Powers Authority; two libraries are located within Pacifica.

**Police**

Following incorporation in 1957, Pacifica initially contracted with the San Mateo County Sheriff’s Department for law enforcement services. In March 1959, the City Council approved the formation of its own police department staffed by a Chief and nine officers. By 1969, the Department had grown to 38 total employees. In 1971, the Department began the “Community Contact Patrol,” which assigned a specific officer to a specific beat to encourage the building of relationships and trust between officers and the area’s citizens. This innovative program was a precursor to the “community-oriented policing” practices that began to be employed by many police departments nationwide in the 1990s.

Today, the Pacifica Police Department is comprised of three primary divisions to carry out its specialized duties: Field Services, Investigations, and Administrative. Field Services, which conducts both patrol and traffic enforcement, is the primary contact for residents within Pacifica. Volunteers within Field Services include officers in the Police Reserve Unit, and youth volunteers of the Police Explorer Unit. The Canine Unit provides support to both Field Services and Investigative personnel. The Criminal Investigation Division handles criminal investigations, undercover surveillance, undercover investigation, and stakeouts of suspects and problem locations throughout the City. This Division also assists the San Mateo County Narcotics Task Force when necessary.

The Administrative Division is comprised of the department Records Unit and the police communications liaison. In October 2011, Pacifica contracted with the City of South San Francisco to provide police communication services for the Pacifica Police Department. The South San Francisco Communications Center provides 24-hour service for all emergency and non-emergency police, fire, and medical calls. The Communications Center also provides 911 initial contact for police, fire and medical calls. The Pacifica Police Department’s Records Division processes all files and written documents

required by law and internal policy including, but not limited to, permit applications, citations, subpoenas, victim letters, clearance letters, records checks, vehicle releases, juvenile records sealing, fingerprints, and court dispositions.

Since 2004, the Pacifica Police Department has been a contributing member to the multi-agency SWAT (Special Weapons and Tactics) team comprised of members belonging to a variety of County law enforcement agencies. The team is often used on high-risk search warrants where it assists agencies such as the Federal Bureau of Investigation (FBI) and Immigration and Naturalization Service (INS) with securing residents or locations of suspects with violent histories.

There are four or more common performance measures that can generally be used to evaluate effectiveness of services in law enforcement: Sworn Officer Personnel per 1,000 population, Annual Composite Crime Rate, Response Time, and Incident Rates (for major crimes). As can be seen in the following table, Pacifica has the lowest ratio of sworn police personnel per 1,000 population of the comparable North County area agencies.

**Table IV-76, Sworn Officer Personnel (per 100,000 population)**

Agency	Population	# Sworn Police Personnel (SPP)	SPP/1,000 Population
City of Daly City	104,739	111	1.06/1,000
City of Brisbane	4,443	11	2.5/1,000
<b>City of Pacifica</b>	<b>38,606</b>	<b>33</b>	<b>0.9/1,000</b>
City of So. San Francisco	66,174	83	1.3/1,000
City of Richmond	107,571	285	2.7/1,000
Town of Colma	1,492	19	12.8/1,000
Broadmoor PPD	4,633	11	2.37/1,000

*Source: Calculation from Agency Budgets and Surveys*

The Composite Crime Rate is determined annually by the California Attorney General for cities as a calculation of all violent crimes (murder, assault, robbery, and rape) and property crimes (burglary, theft, and auto theft) per 100,000 population. **Table IV-77**, below, indicates that Pacifica’s composite crime rate ranks well below the statewide composite crime rate. In addition, from 2007 to 2013, the City’s annual composite crime rate has fallen substantially from 2,161 to 1,593 or 26 percent. It should be noted, however, that according to the Pacifica Police Department Draft Annual Report, the crime rate rose in 2014 in several major crime categories.

**Table IV-77, Annual Composite Crime Rate Comparison (per 100,000 population)**

Year	California Average	City of Pacifica
2008	3,436	2,161
2013	3,061	1,593

*Source: California Attorney General*

Law enforcement response times must be quick in order for crimes to be averted and public safety maintained. Response time is generally defined as the amount of time it takes a police officer to reach the scene of a reported crime or incident after the officer has received the dispatch call from the 911 operator. Police calls for service receive priority rankings, with “Priority 1” calls considered the most

serious. Priority 1 calls are defined as those that require immediate response and/or when there is reason to believe that an immediate threat to life exists.

**Table IV-78, Police Response Time Comparison – Priority 1 Calls**

Year	National Average	Pacifica City Average
2012	8-9 minutes	4 minutes, 38 seconds
2014	8-9 minutes	4 minutes, 25 seconds

Source: Pacifica Police Department

Incident Rates

The most current California Attorney General Annual Report available (2013) indicates that several major crime categories (robberies, auto thefts, and thefts) in Pacifica are down from 2008 to 2013 by approximately 39 percent. During this same time period, the crimes of burglaries, motor vehicle thefts and aggravated assault were up by approximately 23 percent. This may be at least partially attributable to the recent five-year economic recession.

Cost of Police Services per Call for Service

Another point of reference for evaluating the cost effectiveness of police services are calls for services and costs per call. The Fiscal Year 2012-13 operating budget for the City of Pacifica Police Department was \$8,626,253. The department responded to 18,294 requests for service equating to an estimated cost per call of service of \$471.53.

The Pacifica Police Department appears to be performing at acceptable or higher levels based upon available statistics and funding.

**Fire**

The City of Pacifica entered into an agreement in 2003 along with other neighboring cities to form the North County Fire Authority (NCFA), a Joint Powers Authority (JPA) that provides fire protection, emergency medical, and other hazardous assistance and public services to the Cities of Brisbane, Daly City and Pacifica. The NCFA is a somewhat unique staffing arrangement. Overall administrative services are provided by the NCFA for the three cities within the JPA. Actual department staffing, station maintenance, equipment, and infrastructure costs are provided to individual cities by each member city.

The NCFA oversees and manages the delivery of these services through three bureaus: Operations, Support Services, and Fire Prevention and Administrative Services. The JPA is overseen by an appointed board of directors consisting of two members from each of the three City Councils and an Administrative Committee of the three City Managers. The JPA calls for a meeting of each oversight group at least once per year or more often as needed.

Nine strategically located fire companies and stations provide rapid assistance for medical, fire, or other hazardous situations. Emergency and support personnel provide all risk emergency and non-emergency services to an area of approximately 60 square miles serving a population of over 185,000 citizens.

NCFA has maintained service levels and staffing over the prior seven years despite the financial pressures of the economic recession.

Fire departments are typically assigned both field services and code compliance inspections for property and building safety. These services can be measured in the following three areas: (1) emergency medical service/structure fire response times; (2) cost per call of service; and, (3) site/facility inspections for code compliance completed within designated time frames. Statistics for these measures have been compiled by city fire departments and the San Mateo County Dispatch Agency and are summarized in the tables below. Response Reflex Time is generally defined as the amount of time it takes fire/emergency personnel to reach the scene of a reported incident after receipt of the call by dispatch and notification of the closest engine company (in station or in the field).

As shown in **Table IV-79**, below, as reported by the NCFA and supplemented by information from the San Mateo County Dispatch Agency (SMCDA), the average Pacifica response time for fire and emergency medical services was achieved within 90 percent of the national standard in both Fiscal Years 2011-12 and 2012-13. When all incident calls are considered by SMCDA data, in 2014, Pacifica arrived on scene within seven minutes 87.6 percent of the time. However, for emergency medical priority 1 and fire response incidents, Pacifica consistently arrives on scene within seven minutes over 90% of the time.<sup>45</sup> Although there may be some variances in how time records are documented, it appears that on average, the fire department meets their established response criteria.

**Table IV-79, Structure Fire & Emergency Medical Response (Minutes/% of Times)**

Year	National Standard (minutes/% of times)	Pacifica (minutes/% of times)
2011-12	7 minutes/90%	7 minutes/94%
2012-13	7 minutes/90%	7 minutes/93%

*Source: North County Fire JPA Report*

**Table IV-80**, below, compares the cost per call of service among the Cities of Brisbane, Pacifica, Daly City, and the Colma Fire Protection District during FY 2012-13. The cost per call is a cost calculation based on the amount each agency budgets for fire department expenses, the number of reported calls, and the service population. Of the four agencies surveyed, Pacifica has the second-highest cost per call for service.

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<sup>45</sup> **Advanced life support, paramedic, and ambulance medical emergency transport services in San Mateo County are being provided via a Joint Powers Authority including the County, cities and fire districts that contracts with American Medical Response (AMR). AMR and member agencies must maintain response times at a compliance level of at least 90% in each of the five zones for both paramedic first response vehicles and emergency ambulances. The paramedic first response time is 6:59 minutes in urban/suburban areas.**

**Table IV-80, FY 2012-13 Cost of Service, Fire and Emergency Response\***

Agency	Brisbane	Pacifica	Daly City	Colma FPD
Budget (Fire)	\$2,247,447	\$5,451,486	\$15,334,632	\$1,361,500
Service Population	4,443	38,606	104,739	5,668
Per Capita	\$505.84	\$141.21	\$146.41	\$240.21
# of Calls for Service for FY 2012-13	706	1,873	7,179	728
Cost per Call	\$3,183	\$2,911	\$2,136	\$1,870

\* Calls do not include scheduled calls for safety inspections or non-emergency contacts.  
Source: Agency Budgets and CAFR Documents

In addition to responsibilities for fire suppression and emergency medical response, fire departments are also responsible for ensuring that buildings and property comply with the latest fire codes and standards. This is usually accomplished through a building inspection process as new buildings are constructed or existing buildings are remodeled. As shown in Table IV-81, in both Fiscal Years 2011-12 and 2012-13, Pacifica completed 99 percent of all site/facility inspections within the established timeline. This exceeds the national standard for cities of a similar size, which is 90 percent of inspections within established timelines.

**Table IV-81, Site/Facility Inspections (Property/Building Inspections Completed w/in Established Timeline)**

Year	National Standard	Pacifica
2011-12	90%	99%
2012-13	90%	99%

Source: North County Fire JPA Phone Interview (March 2015)

**Public Works**

The City of Pacifica’s Public Works Department is comprised of two divisions, Engineering and Field Services. The Engineering Division handles the design and construction of City Capital Improvement Projects, provides plan reviews and inspections for private developments and handles the transportation, storm water pollution prevention and mapping needs of the City. Field Services provides maintenance and repair of the City’s infrastructure, including storm drains, parks, beaches, street medians, public streets, trails, streetlights, trees, public buildings, fleet vehicles, and equipment for various City departments. These responsibilities are further detailed below:

- Fleet Services, within the Field Services Division, maintains and repairs over 120 motorized vehicles and equipment.
- Building Maintenance, also with the Field Services Division, is responsible for the maintenance of all City-owned buildings and facilities, including City Hall, the Community Center, the police station, two fire stations, City planning, building and code enforcement offices as well as engineering offices, child care buildings, and beach/recreation offices.

- The Public Works Department maintains over 1,770 streetlights and maintains five of the 11 signalized intersections within City limits. The remaining six signal lights are maintained by Caltrans.
- Pacifica Public Works crews perform maintenance on city trees within four-foot-wide planting strips along City streets. Maintenance of these trees involves removing/pruning hazardous limbs, removing lower foliage for street and sidewalk clearance, and/or complete removal of a tree.
- As part of the City's Storm Water Pollution Protection Program, the Public Works Streets Division cleans over 88.9 miles of streets with 989 catch basins, averaging about 48 cubic yards of waste removal each year.

### Street Pavement Condition

The Bay Area's local streets and roads form the foundation of the regional transportation system, providing access to jobs, homes, schools, shopping, and recreation for motorists, bicyclists and pedestrians. The Bay Area's street network includes almost 42,500 lane miles of roadway in addition to curbs and gutters, sidewalks, storm drains, traffic signs, signals, and lights. The Pavement Condition Index (PCI), developed by the United States Army Corps of Engineers, is widely used to indicate the general condition of a pavement. PCI is a statistical measure that requires a visual survey of the pavement. The result of the survey is a numerical value between 0 and 100, with 100 representing the best possible condition and 0 representing the worst possible condition.

According to the Bay Area Metropolitan Transportation Commission, in 2013, pavement on Bay Area streets and roads remained in "fair" condition with an overall PCI of 66. This is the fifth consecutive year with the same regional PCI for the Bay Area and is indicative of stagnation in performance gains over the past few years. While local governments continue to work to improve pavement conditions, aging infrastructure remains a challenge for the region.

The City's street system includes 88.9 center line road miles. Pacifica's PCI of 56 places the City within the "at risk" PCI range and ranks significantly lower than the regional PCI for the Bay Area. Additionally, Pacifica's PCI is the lowest among the four cities studied within the Municipal Service Review Study Area. The City's Fiscal Year 2014-15 Budget states that additional funding needs to be placed toward infrastructure maintenance when funds become available. Currently only Gas Tax, Measure A and Measure M funds are allocated to roadway repair and replacement.

### Water

The delivery of potable and recycled water to Pacifica's residential and commercial customers is provided by the North Coast County Water District (NCCWD), an independent special district formed in 1944. The District is governed by a five-member Board of Directors elected at large. Please see the separate chapter on the NCCWD in this report for detailed information on the District's water supply

and operations. A comparison of the average customer cost per month for a residential consumer among North County water providers is included in **Table IV-82**, below:

**Table IV-82, Agency Water Rate Comparison (monthly)**

Agency	City of Brisbane/GVMID	Town of Colma (CA Water Service Co.)	City of Daly City	North Coast County Water District (Pacifica)
Residential Fixed Service Charge (*)	\$11.34	\$10.50	\$13.04	\$13.36
Commodity Charge (7 CCF**)	\$31.90***	\$34.13	\$27.91	\$25.66
Typical Total Residential Cost (1 month)	\$43.24	\$44.63	\$40.95	\$39.02

\* Monthly for 5/8-inch Meter

\*\* CCF = 100 Cubic Feet

\*\*\* Brisbane adopted a Capital Projects Fee in 2014 that is Included in the Commodity Rate

Wastewater

Pacifica’s wastewater collection system is designed to convey water and waste from homes, businesses, schools, and other public and private buildings to the City’s Calera Creek Water Recycling Plant (CCWRP) for treatment. The system includes approximately 82 miles of gravity sewer mains, four miles of pressure mains, and five sewage pump stations. All wastewater is pumped via the three large pump stations (Sharp Park, Linda Mar, and Rockaway) to the CCWRP.

According to the City’s most current Sewer System Master Plan (2011), the primary sewer pipe material in the collection system is vitrified clay pipe with some areas of asbestos cement pipe and plastic materials used for newer sewer construction and rehabilitation. A large portion of the system was constructed in the 1940s and 1950s, with some newer areas (e.g., Park Pacifica and Fairmont) developed in the 1960s. There has been relatively little new sewer construction since that time, although the City has continued to rehabilitate and replace aging pipes in poor condition.

The City is on a 20-year plan to replace all of the in-ground sanitary sewers throughout the City – the result of two court orders: (1) a Cease and Desist Order with the State and Regional Water Quality Control Board, and (2) a Consent Decree with Our Children’s Earth Foundation. A comparison among North County sewer providers of the average cost per month for a residential customer is included in **Table IV-83**, below:

**Table IV-83, Sewer Rate Comparison by Agency**

	<b>City of Brisbane/GVMID</b>	<b>City of Pacifica</b>	<b>Daly City/Town of Colma/North San Mateo Co. San Dist.</b>	<b>Bayshore Sanitary District</b>
	1,897 EDUs Av. Dry Weather Flow: 260,000 GPD	11,659 EDUs Av. Dry Weather Flow:2,350,000 GPD	22,942 EDUs Av. Dry Weather Flow: 6,600,000 GPD (3-year average)	2,372 EDUs Av. Dry Weather Flow: 260,000 GPD
<b>Residential</b>				
Fixed Charge (3/4")	\$68.87	\$91.13	\$5.74/HCF	\$125/Year per EDU
Meter EDU				
Flows up to 8 CCF				\$5/CCF
Total Bi-Monthly Cost (Typical at 15 CCF)	144.97	\$182.27	\$86.10	\$75.00
Annual Cost	\$869.82	\$1,093.62	\$516.60	\$575.00
<b>Commercial</b>				
Fixed Charge	\$68.87	---	Same as above	\$125.00
Flows to 15 CCF	84.34	\$91.13x.90*	Same as above	\$5/CCFx.90*
Total Bi-Monthly Cost	\$153.21			\$67.50*
Annual	\$919.26	\$984.20	Same as above	\$530.00
Sewer Connection Charge per EDU	\$2,532/EDU	\$2,835.28/EDU	\$2,600/EDU	Residential - \$3,414/EDU; Commercial \$17.01 per GPD Est.

EDU = Equivalent Dwelling Unit  
CCF = Hundred Cubic Feet  
GPD = Gallons per Day

**\* This example reflects a strength factor of 0.9; the strength factor may vary from 0.90 to 2.41 affecting the flow change accordingly.**

**Library and Recreation Services**

*Library Services*

The City of Pacifica is a member of the San Mateo County Library System, a Joint Powers Authority (JPA), which also includes the cities of Atherton, Belmont, Brisbane, East Palo Alto, Foster City, Half Moon Bay, Millbrae, Portola Valley, San Carlos, Woodside, and the unincorporated portions of the County.

There are two libraries located within the City of Pacifica: Pacifica-Sharp Park Library (located at 104 Hilton Way, Pacifica) and the Pacifica-Sanchez Library (located at 1111 Terra Nova Boulevard, Pacifica). Both libraries offer computers with Internet access, copy machines, and meeting/study rooms for patron usage. The City owns both library facilities; County library staff operates the libraries through the provisions of the JPA.

### Parks and Open Space

Almost one half of Pacifica is protected open space or park land. In addition to over six miles of coastline and beaches, Pacifica also maintains City parks in a variety of sizes to meet the active and passive recreation needs of its residents. City parks generally fall into one of three categories based on size and amenities: one “district” park, Frontierland Park, located on the eastern edge of the City containing 63 acres; six “neighborhood” parks, ranging in size from four to 20 acres; and 11 “pocket” parks sized from one to two acres.

Pacifica’s City parks and playfields total approximately 250 acres, providing 6.5 acres per 1,000 Pacifica residents.<sup>46</sup> This exceeds both the State Recreation Commission standard (2.6 acres per 100 dwelling units) and the National Park and Recreation Commission standard (4 to 5 acres per 100 dwelling units).

Also located in Pacifica are the County-operated San Pedro Valley Park, and the Sharp Park Golf Course which is owned and operated by the City and County of San Francisco.

### Animal Control

Pacifica is one of 20 cities and communities within San Mateo County that contracts with the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society (PHS), a private non-profit organization, to enforce all animal control laws, shelter homeless animals and provide a variety of other services.

PHS has been in operation for over 50 years and is one of the largest humane organizations in the United States. It operates out of two locations in San Mateo County: 12 Airport Road, San Mateo, and 1450 Rollins Road, Burlingame.

### Solid Waste

On March 11, 2013, the Pacifica City Council entered into an amended franchise agreement with Recology of the Coast for collection services of recyclable materials, organic materials and solid waste. The agreement began on March 12, 2013 and extends to December 31, 2017. The City has the right to extend the agreement term for an additional five years.

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<sup>46</sup> *Pacifica General Plan*

Recology is a parent company to over 40 subsidiaries that provides integrated waste recovery services to over 670,000 residential and 95,000 commercial customers in California, Oregon, Nevada and Washington.

### Financing Constraints and Opportunities

The City of Pacifica operates as a General Law city and prepares an Operating Budget each year. Over the past five to six years, Pacifica has responded to initial budget shortfalls by implementing a number of cost-reduction strategies, including reductions in staff compensation by freezing salaries, increasing employee contributions to pension costs, and capping the City's financial contribution toward healthcare costs. Over that same time period, the City reduced the number of employees by approximately 12 percent with cuts that impacted all departments. Fee increases and tax revenue increases created by an improving economy are generating some additional funding but are not enough to keep up with increasing costs.

City staff has also developed a number of structural and policy changes to help bring the budget into balance. Some examples include:

- **Pursuit of Cost Recovery of Special Services:** The City completed a Cost Allocation Plan and Fee Study in 2013 to better understand the true cost of delivering many municipal services. The City has moved forward in recovering those costs with adjusted fees and charges.
- **Budgeting Annual Expenses at or below Annual Revenues:** The City relied on reserves for several years to balance the budget and provide time to implement the necessary structural changes to adapt to the economic downturn. The approved Fiscal Year 2014-15 Budget accomplished that goal by balancing revenues to expenses.
- **Align One-time Money to Cover One-time Expenses:** The City has been moving toward this practice for some time as a "best practice" and has implemented this policy in several ways described below.
- **Pension Obligation Bond Restructuring:** The City issued pension obligation bonds (POBs) in 2010 to reduce the long-term financial liability associated with employee pension costs and to save interest costs of approximately \$80,000 per year. Over the next five-year period, the Police POBs will be paid off and expenses reduced by almost \$1 million per year. Just beyond this time frame, the Fire POBs will also be paid off with an expense reduction of approximately \$750,000 per year. Given these are more short-term demands for cash, City staff recommended and the City Council approved using internal borrowing to "smooth" the payments through the end of the decade so that the total costs would be approximately \$2 million annually. The Waste Water Treatment Department has a fund that is designated for plant replacement needs after 20 years of operation. Until the funds are needed for a major facility or system

upgrade/replacement, the funds accrue principal and interest. This fund was designated as the source of an interagency loan that would allow the payment smoothing.

- **Redirect Annual Vehicle Replacement Funds:** There were several needs that could be met with one-time funds, and staff recommended that the contribution to the Vehicle Replacement Fund be reduced by \$230,000 to free up funds for the following special purposes: \$40,000 for roof repair in the building that houses the Planning Department and the Parks, Beaches, and Recreation Department; \$100,000 to create a legal reserve; and, \$90,000 to fund several other project needs (i.e., Palmetto land use designations as part of the General Plan Update, community engagement regarding the Highway 1 project, and updating the Americans with Disabilities Act Transition Plan). The City Council approved this action with the condition that when Educational Revenue Augmentation Funds (ERAF) are received, or other one-time expenses are met, the Equipment Replacement Fund would be reimbursed.
- **Adjust Fees and Charges and Create Parking Enterprise Fund:** Some fees charged for City services are set at a flat dollar amount (i.e., recreation class fees), while others are a calculated reimbursement rate. In August 2013, the City began charging for parking in two areas—the Linda Mar Beach parking lots and the Crespi Beach parking lot—as a way to generate revenue to increase services at the beach. The funding now pays for three rangers to patrol the beach area, monitor restrooms, provide information to visitors, etc., as well as cover other costs associated with parking management. To increase visibility and transparency, a single Parking Enterprise Fund was created that collects all parking-related revenue and expenses.
- **Reduce Funding for Non-Governmental Organizations:** In prior years, the City provided \$171,000 in funding to four Non-governmental organizations (NGOs) that provide services to the community: (1) \$75,000 to Friends of San Mateo County Library for additional operating hours at the two libraries; (2) \$10,000 to the Chamber of Commerce toward the costs of operating the Visitor Center; (3) \$3,000 to the Pacifica Beach Coalition as a contribution to Earth Day activities; and, (4) \$83,000 to the Pacifica Resource Center.<sup>47</sup> In recognition of the City's difficult fiscal position, staff recommended eliminating this funding due to limited resources. The City Council agreed to discontinue the funding as part of the operating budget and instead allocated funding at past levels for the Pacifica Resource Center and the Pacifica Beach Coalition from excess Educational Revenue Augmentation Funds (ERAF) expected in 2015. To implement this direction, staff returned to the City Council in early 2015 with an update about excess ERAF funding and an appropriation request for these two organizations.

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<sup>47</sup> Pacifica Resource center is one of five non-profit community centers in San Mateo County that works in partnership with the San Mateo County Human Services Agency to provide a wide variety of services to local residents. Services include crisis intervention services and emergency material assistance, preliminary casework and counseling, and comprehensive information and program referral.

- Increasing Financial Transparency:** At the direction of the City Council, staff has focused on developing and sharing financial information to engender trust in how the City manages the public’s money. City staff used new tools in the budget development process, including a model for financial forecasting that included transparent revenue and expense assumptions as well as a revised format for the Fiscal Year 2014-15 Operating Budget document designed to provide a comprehensive summary view of the City’s fiscal health.

Pacifica’s *All Funds* Budget Summary, adopted by the City Council on June 16, 2014, is shown in **Table IV-84**, below. Taken in total, the City’s funds are clearly “in the black” and able to cover obligations. However, according to the Fiscal Year 2012-13 CAFR, the City has a functional deficit of approximately \$11,000,000 as of June 30, 2013. The City also has debt liabilities in 2014 for the Redevelopment Agency drawdown of approximately \$9,450,000 payable over the next 20 years, with a required payment in 2014 of \$170,000. The complicating factor is that most of the budget funds are restricted to the types of expenses eligible for the funds. This makes tracking the revenues and expenses for each fund necessary, and repaying or replenishing the deficits a requirement.

A requirement for calculation and establishment of an expenditure maximum amount was approved by voters in 1979 as the Gann Appropriation Limit, which must be adopted by resolution annually by each city and special district. The City of Pacifica City Council adopted a Gann Appropriation Limit of \$34,897,143 on June 23, 2014. Calculations for FY 2014-2015, using the adjustment formulas, indicate that the City revenues subject to limitation are \$17,024,576, only about 49 percent of the allowable amount.

**Table IV-84, City of Pacifica All Funds Budget Summary FY 2014-15**

Fund #	Fund Name	Fund Balance 6/30/14 (est.)	Adopted Revenues/Transfers in 2014-15	Adopted Expenditures/Transfers Out 2014-15	Fund Balance 6/30/2015 (est.)
01	<b>General Fund</b>	\$1,359,949	\$26,889,000	\$26,889,000	\$1,359,949
	Reserve – Gen Fund	0	0	0	0
	Reserve – Childcare	877,051	0	135,000	742,051
	Reserve – Narc Forfeiture	50,751	0	0	50,751
	Reserve – Senior Svcs	11,438	0	0	11,438
	Reserve – Legal	0	100,000	0	100,000
	Reserve for Advance-RDA	2,516,375	0	0	2,516,375
38	<b>Disaster Accounting Fund</b>	(\$985,094)	\$438,750	\$457,000	(\$1,003,344)
	<b>Special Revenue Funds</b>				
07	Sup Law Enforc Svcs Fund	294,384	100,000	267,207	127,177
08	Fire Assessment Fund	7,404	0	7,404	0
10	Gas Tax Main Fund	284,925	984,390	1,068,817	200,498
16	NPDES Storm water Fund	211,740	242,600	414,875	39,465
24	Housing In-Lieu Fund	330,640	0	0	330,640
25	Parking In-Lieu Fund	22,000	0	0	22,000
26	Park In-Lieu Fund	(116,899)	50,200	43,900	(110,599)
	<b>Capital Project Funds</b>				
09	Street Construction Fund	244,391	1,435,300	1,421,912	257,779
	Outstanding receivable from loan to Fund 22	2,218,700	0	0	2,218,700

Fund #	Fund Name	Fund Balance 6/30/14 (est.)	Adopted Revenues/Transfers in 2014-15	Adopted Expenditures/Transfers Out 2014-15	Fund Balance 6/30/2015 (est.)
12	Hwy 1 Improvement Fund	71,024	11,880,000	11,868,450	82,574
14	Manor Drive Imp Fund	949,861	1,000	3,000	636,061
15	Aircraft Noise Project	42	0	42	0
19	Planned Local Drain Fund	638,061	1,000	3,000	636,061
22	General Capital Imp Fund	(1,083,049)	452,500	461,000	(1,091,549)
	Outstanding Loan Repayment Obligation to Fund 09	(2,218,700)	0	0	(2,218,700)
	Reserve-Frontierland Remediation	350,000	0	350,000	0
	<b>Debt Service Funds</b>				
40	Debt Service Fund	612,437	4,081,500	3,985,274	708,663
	Reserve-Bond Req.	355,113	0	0	355,113
	<b>Trust Fund</b>				
27	Roy Davies Trust Fund	3,455,536	1,800	3,584	3,453,752
	<b>Enterprise Funds</b>				
18	Sewer Charge Fund	10,700,304	13,658,700	13,543,843	10,815,161
34	Sewer Facility Con. Fund	7,433,547	2,922,600	6,415,786	3,940,361
35	Beach Parking Fund	0	557,000	557,000	500
	<b>Internal Service Funds</b>				
65	Self-Funded Dental Plan	173,717	152,400	159,500	166,617
66	Self-Insur Fund (Comp)	616,947	750,500	953,000	414,447
67	Self Insur Fund (Liability)	(28,260)	380,000	250,000	101,740
71	Motor Pool Operations	(223,036)	946,503	920,800	(197,333)
72	Motor Pool Replacement	2,920,253	122,500	839,000	2,203,753
	<b>TOTAL ALL FUNDS</b>	<b>\$32,051,552</b>	<b>\$66,148,743</b>	<b>\$71,545,444</b>	<b>\$26,654,851</b>

**General Fund and “Other Funds” Summary**

A city’s General Fund is the main fund of an agency providing revenues and tracking expenditures for core services, including administration, accounting, non-enterprise, or business services. Revenue sources that are typically allocated to the General Fund are property taxes, general taxes such as sales tax and fees, and interest income on invested funds. The City of Pacifica has not completed an audit of Fiscal Year 2013-14, so that data is not available for this report.

It should be noted that the City’s unique geography and large proportion of lands within the City dedicated to open space, while a valuable natural resource and asset to the region, presents a constraint to the City’s financial health because as publicly owned lands, they do not contribute to the City’s property tax base. Unlike other San Mateo County cities, Pacifica lacks the diversity of land use that would enable the City to pursue economic development to augment key revenue sources of property tax, sales tax, and transient occupancy tax described below.

Property Tax

The single largest source of revenue to the City of Pacifica is property taxes. The recent economic recession placed stress on property tax revenues, but the recovery over the past two years appears to

be correcting this situation. In Fiscal Year 2013-14, the City estimated that \$10.8 million in property tax would be received - this is approximately 1 percent more than property tax received in Fiscal Year 2012-13. Any new development in the City will also add property tax revenues in future years.

#### Sales Tax

Sales tax, collected from retail businesses in the City, is a much smaller source of revenue for Pacifica than many cities at approximately \$1.5 million or six percent of the budgeted revenues. Also impacted by the recent recession, this revenue source is forecast to improve slightly in the next few years.

#### Transient Occupancy Tax

Transient Occupancy Tax is a levy on hotel and motel occupancies to offset to cost of use of city services by visitors.<sup>48</sup> The approximately \$1.2 million in revenues the City received in Fiscal Year 2012-13 is a slight increase over prior years, yet is not a major source of funding at 4 percent of revenues. Any increase in business or tourism activity should result in an increase in this revenue source.

#### Other Revenues

The City collects several other types of revenues, including franchise fees, gas taxes, fees for services, and use of facilities and interest earned on fund balance investments. These additional revenues result in approximately \$16 million or about 55 percent of total revenues.

#### Other Funds

Pacifica's full budget includes more than just the General Fund. The General Fund is comprised of discretionary revenues often referred to as Governmental Funds and is focused on the City's operations. The majority of staff expenses are funded from the General Fund.

The General Fund also has a variety of designated reserve funds including, among others: a legal reserve fund of \$100,000 to pay for extraordinary legal expenses, which are subject to approval by the City Council; and, a reserve of \$2.5 million for potential repayment of a Redevelopment Agency loan under the new Successor Agency structure.

Other reserve funds of note within the Pacifica budget include:

- *Fund 38 Disaster Accounting Fund:* This fund is used to track revenues and expenses related to unexpected catastrophic events. The most recent event (Winter Storms) occurred in 2010, and full recovery of all costs from sources other than the City is not expected. The City will likely be responsible for some portion of the approximately \$1 million deficit.
- *Fund 25 Parking In-Lieu Fund:* This fund holds developer fees paid for meeting parking requirements in lieu of providing the actual parking spaces required for a project. The budget

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<sup>48</sup> In 2010 Pacifica voters approved a ballot measure to increase the transient occupancy tax from 10% to 12%.

reported that in November 2012, a sizable portion of the fund (\$308,000) was mistakenly included in information reported to the State of California as part of the Redevelopment Agency and transferred to the State. Further research showed this not to be the case. The balance shown in the 2014-15 Budget represents the true status.

- *Fund 26 Park In-Lieu Fund:* The deficits shown in this fund have resulted from projects such as the construction of a dog park and studies related to the Beach Boulevard project, which are unfunded at this time. The City staff expects to recoup these costs in the future by collecting park in-lieu fees.

#### Capital Project Funds

- *Fund 09 - Street Construction Fund:* This fund loaned approximately \$2.2 million to Fund 22 in 2003. No repayment toward the loan to date has been found, so the entire amount is shown as an “outstanding receivable” or “amount due” to the Fund 09 fund. City staff is investigating ways to identify funding to offset this loan.
- *Fund 22 - General Capital Improvement Fund:* In this fund, there are two items of note: (1) as of June 2014, the fund’s deficit amount totals approximately \$1.08 million; the City has been completing projects that were not fully funded and advancing funds from reserves to cover costs; (2) in parallel to Fund 09, the inter-fund loan of \$2.2 million is identified as an “outstanding loan repayment obligation.” Both of these situations should be corrected as soon as possible.

#### Internal Service Funds

- *Funds 65, 66 and 67 Various Self-Insurance Funds:* All three of these funds are projected to be in the black by the end of next fiscal year; however, the trend of annual revenues being less than expenses is of concern. It appears that the fund balance has been decreasing over time. In the budget report, staff states that they plan to look more closely at these three funds and evaluate trends over a longer period of time to have a more complete view and develop alternative solutions.
- *Funds 71 and 72 Motor Pool Funds:* Staff reports that sometime in the past, a decision was made to underfund Fund 71 (revenues consist of transfers from each department to pay for vehicle maintenance services shown as expenses), but charges for work continue to accrue to this fund.

### **Dissolution of the Redevelopment Agency**

As a part of the State's attempt to balance its budget for fiscal 2012, all redevelopment agencies were dissolved effective February 1, 2012. The Pacifica Redevelopment Agency (RDA) owed significant debt to the City's General Fund, the repayment of which was used to fund operating costs. Because the property taxes that once were allocated to the Redevelopment Agency are now distributed to all taxing entities, there is some offset to the loss of revenue to the General Fund.

The City elected to become the Successor Agency to the RDA for purposes of assets and liabilities of approximately \$2.4 million and established a Recognized Obligation Payment Schedule (ROPS) as required by law. The City will continue to receive property tax from the former RDA when the property tax is greater than the amount needed to pay recognized obligations and pass through payments. The net cost to the City in Fiscal Year 2013-14 was approximately \$145,000 for interest only and is expected to be ongoing until loans and debt balances are paid off. The annual amount due is calculated every six months by the Successor Agency and processed by the City. Ongoing reporting to the State is required, and copies of these reports are available through the City website.

The City Council authorized appointment of an Oversight Board for the Successor Agency in 2013. That Oversight Board consists of appointed City Council members, staff and public members. The Oversight Board was reconstituted in 2014 and new officers were elected in 2015. The amount determined to be owed to the City is now \$2,341,185 for loans made from 1988 to 1994. The schedule of loans and reports are available on the City website.

### **State Approval of Enforceable Obligations**

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the Department cannot be determined at this time. The City expects such amounts, if any, to be immaterial. The latest ROPS amount is \$2,341,185, and interest due by June 30, 2015 is \$145,069. The law was changed in 2014 to provide for each county to consolidate all city Successor Agency operations under one County Oversight Board by July 1 2016, at which time all assets and liabilities will be transferred to this new agency for processing.

### **State Asset Transfer Review**

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011. The amount, if

any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time.

### **Correcting the Fund Deficits**

At the end of Fiscal Year 2013-2014, five funds were in a deficit situation from prior actions to expend more funds than available revenues. Both the loan from Fund 09 (Street Construction Fund) and the under-collection of motor pool operations (Funds 71 and 72) should be recouped and those funds replenished from applicable resources. As noted by the City Manager in her Fiscal Year 2014-15 Budget Report, better cost tracking and oversight of expenditures is also recommended.

While City staff continues to review historical data to better understand the answer to this question, their primary focus is on resolving the current and future budget challenges. Temporary deficits (even over years) that are due to lags between receiving grants or reimbursement of expenses are common and generally accepted practices. In addition, loans between funds can be good practice to minimize the costs of borrowing funds or to meet immediate cash flow requirements. An important part of these actions, however, is to thoroughly document all transactions and include a plan for repayment or replenishment.

Fortunately, remedying the approximately \$4 million total deficit shown across several funds is a problem that is not required to be fixed overnight. The City has stated that it will continue to meet its obligations and that City services will continue to be provided. Over the course of several years, the City Manager plans to bring these funds into balance through an installment plan using several possible revenue sources, such as:

- Applying future annual revenues (for funds other than the General Fund) received by the City that are eligible for transfer into deficient funds;
- Assigning a portion of General Fund balance revenues to reduce deficits;
- Using one-time revenues such as the proceeds from the sale of the Beach Boulevard property; or
- Directing available excess Educational Revenue Augmentation Fund (ERAF) revenues toward these deficits.

A result of this approach is that some planned activities over the next few years may be delayed or possibly eliminated. The City Manager plans to produce a report in Fiscal Year 2014-15 with a preliminary plan to address the deficits based on information collected between now and then, including a “second opinion” by a financial service professional to confirm or modify these results.

### **Looking Forward**

The City of Pacifica faces several challenges, similar to other California cities, of declining revenues and escalating costs of service. In the most recent City Budget message, the City Manager outlined this situation and stated that a full analysis would be done in FY 2014-15 and presented to the City Council. Once that analysis is completed, a plan of action is anticipated shortly thereafter. At the time this report

is being drafted, the analysis and plan of action have not been presented to the City Council for consideration.

While meeting daily operating needs tends to be the City’s primary focus, the potential continued deterioration of Pacifica’s infrastructure (e.g., streets, storm water system, and civic buildings) is an even larger challenge to be addressed.

**Tables IV-85 and IV-86**, below, present a short-term projection of revenues and expenditure trends estimated by the City Manager in the FY 2014-15 Budget:

**Table IV-85, General Fund Summary: Year-End Estimates**

	FY 2013-14	FY 2014-15	2015-16
Revenues	\$27,886,380	\$26,889,000	(\$997,380)
Expenditures	\$27,340,472	\$26,889,000	(\$451,472)
Net	(\$545,908)	\$0	(\$545,908)

**Table IV-86, Estimated Reserve Fund Balances 6/30/2015**

Fund	Ending Balance
General Fund	\$1,359,949
Disaster Accounting Fund	(\$1,003,344)

**Table IV-87, General Revenue Per Capita – Bay Area Cities**

City	FY 2009-10	FY 2010-11	% Change +/-
Town of Colma	\$3,635	\$3,669	0.1%
Brisbane	\$2,978	\$2,656	-10.8%
Richmond	\$992	\$1,065	7.4%
So. San Francisco	\$681	\$736	8.1%
Daly City	\$479	\$544	13.6%
<b>Pacifica</b>	<b>\$470</b>	<b>\$508</b>	<b>8.1%</b>

As can be seen from the above General Fund Reserve balances, the City’s reserves and overall fiscal situation is challenging at best. With less than a 5 percent reserve fund balance for general operations, any major disaster or renewed economic downturn will prove difficult to handle. A rule of thumb in city municipal finances is to maintain at least a three- to 12-month operating reserve. For Pacifica, that would translate to approximately \$7,000,000 to 13,000,000 not counting enterprise operations or capital projects, which often have separate funding sources. The City must take additional steps to address this financial need and increase both operating and long-term reserve funding.

Another important step in managing the finances of a city, particularly one in financial distress, is to have current and accurate financial data and reports. At the time of preparing this report, the required annual **audit (a Comprehensive Annual Financial Report) was completed for Fiscal Year 2013-14 and presented to the Pacifica City Council in June 2015.** A turnover in key staff and the need to review several prior accounting actions **had** delayed the completion of the audit. **The CAFR identified more**

**current financial conditions and activities through June 30, 2014, including previously known deficits in several Funds that need to be corrected over time.** The City Council and management can benefit by making current financial data available as early as possible in the budgeting and planning process. City staff are working on this as of the writing of this report.

### Shared Services & Opportunities

The City has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. These include, but are not limited to, the following:

- The Police Department currently outsources its communication services to the South San Francisco Police Department.
- The City contracts with Burke, Williams & Sorensen for legal services and has been able to reduce the budget for legal counsel.
- Pacifica contracts with Regional Government Services (RGS), a Joint Powers Authority, for interim staff resources. Currently, the Interim Recruitment Services Manager is working through a service contract with RGS.
- Building Official, plan check, and inspection services, and interim engineering services are all provided to the City through contract with a private consulting firm.
- The North County Fire Authority (NCFA) Joint Powers Authority (JPA), which includes Pacifica, Brisbane and Daly City, was established as a single public authority to manage and coordinate the provision of fire and emergency medical services. The NCFA also has the authority to coordinate fire and medical services with jurisdictions outside the JPA, when advisable, to achieve the most effective and efficient delivery of services for all the communities involved.
- Pacifica is a member of the San Mateo County Pre-Hospital Medical Services Group JPA, which provides countywide ambulance/paramedic first-responder services.
- The City is a member of the San Mateo County Emergency Services Council JPA, which provides emergency planning and training for 20 incorporated cities and the County of San Mateo. The JPA also funds the San Mateo County Hazardous Materials Response Team, which provides services to all members of the JPA.
- The Pacific Police Department, on an annual basis, enters into agreements with other San Mateo agencies to jointly provide traffic enforcement and alcoholic beverage law enforcement services; the Department also has agreements with the County's Narcotics Task Force and Gang Investigation Unit.
- The Pacifica Police Department has a Memorandum of Understanding (MOU) with the Daly City Police Department and the Colma Police Department for the shared tactical police response as part of the Daly City Police Department's Special Weapons and Tactics (SWAT) team.
- Pacifica is a member of the San Mateo County Library JPA.
- The City participates in a pool with other cities for Worker's Compensation coverage through the Municipal Pooling Authority (MPA) and participates in the "Plan Corporation" administered by the Association of Bay Area Governments (ABAG) for risk management and insurance coverage.

- Pacifica is a member of the Housing Endowment and Regional Trust JPA, which provides affordable housing resources and services.

### Accountability & Alternative Governance Options

Pacifica is governed by five-member City Council, elected at large for four-year terms. The Mayor is selected from among the members of the City Council annually. The Council meets on the second and fourth Mondays of the month at 7:00 pm.

Council members earn \$700 per month for their service and have the following benefits:

- \$920/month cafeteria plan for healthcare in addition to \$119/month City-paid contribution towards medical premium.
- 2.5 percent @ 55 CalPERS retirement plan (for members who entered prior to January 1, 2013) or 2 percent @ 60 CalPERS retirement plan.
- \$148.16/month auto allowance.

Council meetings are held in the City Council chambers and are open to the public. City Council meetings are also broadcast live on the City's local cable channel. Pacifica's comprehensive, user-friendly website provides the public Internet access to City Council agendas and minutes, public notices, announcements, events, budgets, audits and capital improvement programs. The City's website also provides contact information for key City personnel. The website has an interactive calendar that provides a useful tool for tracking all City-related meetings.

Three government structure alternatives were identified for the City of Pacifica:

- **Status Quo:**  
With the exception of municipal water, Pacifica is a full-service city. The City faces an uphill battle in terms of expenses outpacing revenues. As reported in the City Budget transmittal report, revenue shortfalls have resulted in City leaders implementing a series of actions to reduce fiscal stress, including, but not limited to, employee reductions, fee increases, salary freezes, and increased employee contributions for pension and healthcare benefits. Many of the City's needed infrastructure improvements have been delayed due to budget constraints. Drawing new business to Pacifica, encouraging development where possible, and a slightly improving economy have been identified by the City as the primary avenues at this time for growing revenues. Steps taken over the last two to five years to balance revenues and expenditures should result in a status quo situation for the City barring any new challenges.
- **Merge the City of Pacifica and the North Coast County Water District:**  
The boundaries of the City of Pacifica and the North Coast County Water District (NCCWD) are almost identical. Both agencies have developed a strong relationship through the joint development of recycled water resources. Dissolution of the NCCWD with the City of Pacifica assuming operations and maintenance of the water system may have the potential to realize overall operational efficiencies while reducing overall administrative overhead. By having the

water system operations in house, Pacifica may also benefit in their land use and infrastructure planning activities. Once the City of Pacifica has made anticipated financial changes to improve fiscal conditions, Pacifica and NCCWD should consider a joint study to determine the operational and fiscal feasibility of this alternative.

- Consider a reduction in the City’s SOI to remove permanent open space areas south and southeast of the City’s boundaries:

Currently, the City of Pacifica’s sphere of influence includes territory south and southeast of the current City’s boundaries. These areas are predominantly open space lands, including units of the Golden Gate National Recreational Area, the State and County park systems and protected watersheds. No extension of City services is required to serve these areas in the near or long term. The City already includes a substantial amount of open space and park lands within city limits. The City and LAFCo should consider a reduction in the City’s SOI to remove those properties in which municipal services will never be needed.

### Recommended Municipal Service Review Determinations

Based on the information, issues and analysis presented in this report, proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<i>Growth and population for affected area.</i>	According to the most recent US Census data, Pacifica has 38,606 residents. The Association of Bay Area Governments (ABAG) projections indicate that the City will grow to approximately 40,285 residents by 2040, a relatively modest increase of 1,679 residents over the next 25 years.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the Pacifica’s sphere of influence.
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the Pacifica’s sphere of influence.
<i>Financial ability of agencies to provide services.</i>	The City’s unique geography and large proportion of lands within the City dedicated to open space, while a valuable natural resource and asset to the region, presents a constraint to the City’s financial health because as publicly owned lands, they do not contribute to the City’s property tax base. And unlike other San Mateo County cities, Pacifica lacks the diversity of land use that would enable the City

	<p>to pursue economic development to augment key revenue sources of property tax, sales tax and transient occupancy tax.</p> <p>At the time preparation of the MSR, the City's financial condition was not clear due to lack of verified data and a delayed Fiscal Year 2013-14 audit. The Audit for FY 13-14 was completed in June 2015. The City indicates it will ensure that audits are completed in a timely manner and steps will be taken to correct negative fund balances. Unrestricted fund reserves are below levels generally considered acceptable to adequately address emergency or ongoing economic downturn conditions. The City has embarked on plan for improving revenues and containing expenditures to address future financial needs.</p>
<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>The City has engaged in a number of cooperative and contractual arrangements to increase management and /or operational efficiencies. These include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• The Police Department currently outsources its communication services to the South San Francisco Police Department.</li> <li>• The City contracts with Burke, Williams &amp; Sorensen for legal services and has been able to reduce the budget for legal counsel.</li> <li>• Pacifica contracts with Regional Government Services (RGS), a Joint Powers Authority, for interim staff resources. Currently, the City's Interim Recruitment Services Manager is working through a service contract with RGS.</li> <li>• Building Official, plan check, inspection services, and interim engineering services are all provided to the City through contract with a private consulting firm.</li> </ul>

	<ul style="list-style-type: none"><li>• The North County Fire Authority (NCFA) JPA, which includes Pacifica, Brisbane and Daly City, was established as a single public authority to manage and coordinate the provision of fire and emergency medical services. NCFA also has the authority to coordinate fire and medical services with jurisdictions outside the JPA, when advisable, to achieve the most effective and efficient delivery of services for all the communities involved. The City of Pacifica provides all fire agency facilities and operations personnel to respond to calls for services.</li><li>• Pacifica is a member of the County's Pre-Hospital Medical Services Group JPA, which provides countywide ambulance and paramedic first-responder services.</li><li>• The City is a member of the San Mateo County Emergency Services Council JPA, which provides emergency planning and training for 20 incorporated cities and the County of San Mateo. The JPA also funds the San Mateo County Hazardous Materials Response Team, which provides services to all members of the JPA.</li><li>• The Pacifica Police Department, on an annual basis, enters into agreements with other San Mateo agencies to jointly provide traffic enforcement and alcoholic beverage law enforcement services; the Department also has agreements with the County's Narcotics Task Force and Gang Investigation Unit.</li><li>• The Pacifica Police Department has a Memorandum of Understanding (MOU) with the Daly City Police Department and the Colma Police Department for the shared tactical police response as part of the Daly City Police Department's Special Weapons and Tactics (SWAT) team.</li><li>• Pacifica is a member of the San Mateo County Library JPA.</li><li>• The City participates in a pool with other cities for Worker's Compensation coverage through the Municipal Pooling Authority (MPA) and participates in the "Plan</li></ul>
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	<p>Corporation” administered by the Association of Bay Area Governments (ABAG) for risk management and insurance coverage.</p> <ul style="list-style-type: none"> <li>• Pacifica is a member of the Housing Endowment and Regional Trust JPA, which provides affordable housing resources and services.</li> </ul>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>City Council meetings are held in the City Council chambers and are open to the public. City Council meetings are also broadcast live on the City’s local cable channel. Pacifica’s comprehensive, user friendly website provides the public Internet access to City Council agendas and minutes, public notices, announcements, events, budgets, audits and capital improvement programs. The City’s website also provides contact information for key City personnel. The website has an interactive calendar that provides a useful tool for tracking all City-related meetings.</p> <p>Three government structure alternatives were identified for the City of Pacifica:</p> <p><b>Status Quo:</b></p> <p>With the exception of municipal water, Pacifica is a full-service city. The City faces fiscal challenges in terms of expenses outpacing revenues. As reported in the City Budget transmittal report, revenue shortfalls have resulted in City leaders implementing a series of actions to reduce fiscal stress, including, but not limited to, employee reductions, fee increases, salary freezes, and increased employee contributions for pension and healthcare benefits. Many of the City’s needed infrastructure improvements have been delayed due to budget constraints. Drawing new business to Pacifica, encouraging development where possible, and a slightly improving economy have been identified by the City as the primary avenues at this time for growing revenues. Steps taken over the last two to five years to balance revenues and expenditures should result in a status quo situation for the City barring any new challenges.</p>

	<p><b>Merge the City of Pacifica and the North Coast County Water District:</b>                  The boundaries of the City of Pacifica and the North Coast County Water District (NCCWD) are almost identical. Both agencies have developed a strong relationship through the joint development of recycled water resources. Dissolution of the NCCWD with the City of Pacifica assuming operations and maintenance of the water system may have the potential to realize overall operational efficiencies while reducing overall administrative overhead. By having the water system operations in house, Pacifica may also benefit in their land use and infrastructure planning activities. Once the City of Pacifica has regained financial stability, Pacifica and NCCWD should consider a joint study to determine the operational and fiscal feasibility of this alternative.</p> <p><b>Consider a reduction in the City’s SOI to remove permanent open space areas south and southeast of the City’s boundaries:</b>                  Currently, the City of Pacifica’s sphere of influence includes territory south and southeast of the current City’s boundaries. These areas are predominantly open space lands, including units of the Golden Gate National Recreational Area, the State and County park systems and protected watersheds. No extension of City services is required to serve these areas in the near or long term. The City already includes a substantial amount of open space and park lands within city limits. The City, property owners and LAFCo should consider a reduction in the City’s SOI to remove those properties in which municipal services will never be needed.</p>
<p><i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i></p>	<p>No other issues have been identified.</p>

**Recommended Sphere of Influence Update/Determinations**

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<p><i>Present and planned land uses in the area, including agricultural and open-space lands.</i></p>	<p>Almost one-half (47 percent) of the land within Pacifica is preserved as permanent open space, which includes the Golden Gate National Recreation Area, Sharp Park Golf Course, San Pedro Valley County Park, and the Pacifica State Beach. According to the City’s General Plan, residential uses make up 26 percent of the City and are the predominant land use in the Pacifica’s five valleys, along the coast, and in the highlands bordering Daly City and South San Francisco. Commercial uses comprise 108 acres, which are located primarily within the City’s shopping centers. Pacifica also has a small amount of office uses (4.3 acres) and industrial land (18 acres). The balance of the City’s land uses consist of public and institutional uses – schools, libraries, police and fire stations.</p>
<p><i>Present and probable need for public services and services in the area.</i></p>	<p>The City of Pacifica grew rapidly in the 1950s and 1960s, and most of its current housing was built during those decades. Growth slowed in the 1970s and then slowed further in the following decades due to a scarcity of developable land and infrastructure constraints. In the 20-year span between 1990 and 2010, approximately 1,210 residential units were constructed in the City.</p> <p>According to the most recent Census data, Pacifica has 38,606 residents. The Association of Bay Area Governments (ABAG) projections indicate that the City will grow to approximately 40,285 residents by 2040, a relatively modest increase of 1,679 residents over the next 25 years</p>
<p><i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i></p>	<p>The City services for police, fire and general services are adequate. Fire and emergency medical services response times appear to be close to the national standard measurement criteria. The City should review the response capabilities and consider ways to improve response times to calls for services where possible. The roadway infrastructure condition is deteriorating due to lack of sufficient capital replacement and repair during the recent financial recession. Additional</p>

	funds should be allocated to roadway repair to offset the deterioration cycle.
<i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the City of Pacifica.

***Recommended Sphere of Influence:*** Currently, the City of Pacifica’s sphere of influence includes territory south and southeast of the current City’s boundaries, which are predominantly open space lands, including units of the Golden Gate National Recreational Area, the State and County park systems and protected watersheds. No extension of City services is required to serve these areas in the near term. These areas should be evaluated by the City and LAFCo to consider the impacts of removing them from the current City of Pacifica sphere of influence boundary.

## NORTH COAST COUNTY WATER DISTRICT

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### Overview/History

The North Coast County Water District (NCCWD) is an independent water district formed in 1944 under Section 30000 et seq. of the California Water Code. The District's enabling legislation permits the following authorized powers: distribution and conservation for residential, commercial, industrial, and fire suppression; water supply development; water reclamation; generation and sale of electric power in connection with a water conservation project; acquisition, construction and operation of facilities for collection, treatment, and disposal of sewage, waste, and storm water; draining and reclaiming lands; providing fire protection; acquisition, construction, maintenance and operation of facilities appropriate or ancillary to recreational use of water, provided that the recreational use of water shall be subject to the approval of the public health authority having jurisdiction. NCCWD's active powers include: distribution and conservation for residential, commercial, industrial, and fire suppression; water supply development; and, water reclamation. Divestiture (termination) of an active power, or activation of an inactive power, requires application to LAFCo and LAFCo approval.

The District serves the north coastal area of San Mateo County with boundaries nearly the same as the City of Pacifica. Areas where the District's and the City's boundaries are not contiguous are mostly park

and open space lands, including portions of Golden Gate National Recreation Area lands (including Sweeney Ridge) to the east and San Pedro Valley County Park to the south, property owned by the District.

In 2013, with LAFCo approval, the District expanded service outside District boundaries to serve the Caltrans Tom Lantos Tunnels which were constructed to replace California Coastal Route 1 located along the Devil’s Slide area between Pacifica and Montara. The District provides water service for fire suppression in the tunnels and to the Operations and Maintenance Center on the south end of the tunnels, to public water fountains and limited landscaping. Otherwise, the District has very few service connections on lands that are outside Pacifica’s municipal boundary. Recently, however, property owners of Shamrock Ranch, a 200-acre parcel at the southern end of Pacifica which includes a dog kennel, boarding facility, and two residences, have been in discussions with the District to execute **an agreement with the District to provide water service to their property subject to approval of LAFCo.**

The District is located on the western slopes of the coastal mountains overlooking the Pacific Ocean. Highway 1 forms the spine of the District, which is bounded by Daly City to the north, Skyline Boulevard and South San Francisco to the east, Montara Mountain to the south, and the Pacific Ocean on the west. NCCWD is approximately 6.5 miles long and extends approximately one mile inland from the coast at the northern end to as much as three miles inland in the south. NCCWD’s service area covers approximately 12.7 square miles and includes a population of 39,000.<sup>49</sup>

**Table IV-88, Agency Profile, North Coast County Water District**

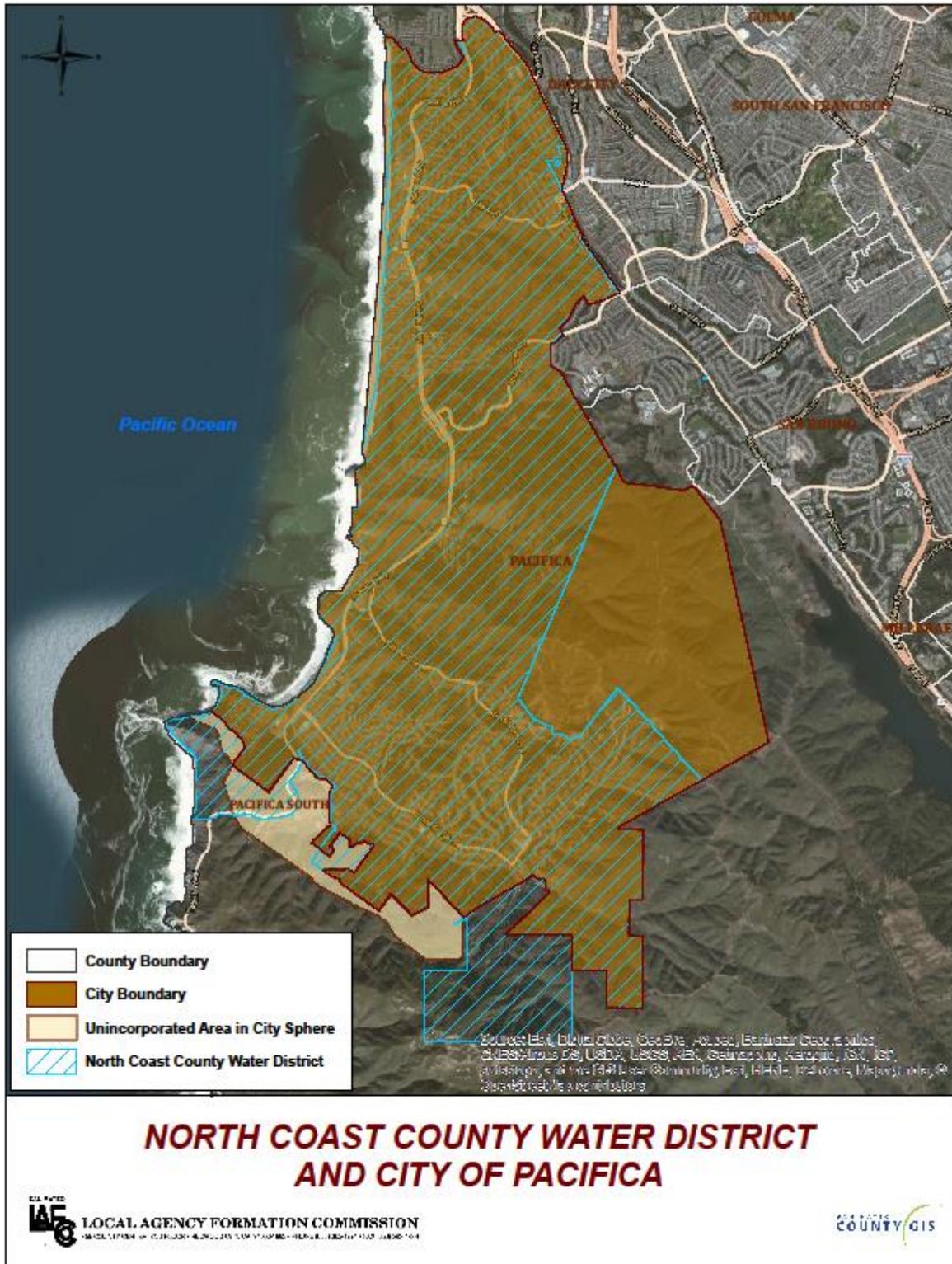
General Information	
<i>Agency</i>	North Coast County Water District
<i>Address</i>	P.O. Box 1039 (2400 Francisco Blvd.), Pacifica, CA 94044-6039
<i>Principal Act</i>	Water Code §30000-33900
<i>Powers</i>	<i>Active:</i> Distribution and conservation for residential, commercial, industrial, and fire suppression; water supply development; water reclamation <i>Authorized:</i> Distribution and conservation for residential, commercial, industrial, and fire suppression; water supply development; water reclamation; generate and sell electric power in connection with a water conservation project; acquire, construct and operate facilities for collection, treatment, and disposal of sewage, waste, and storm water; draining and reclaiming lands; provide fire protection; acquire, construct, maintain, and operate facilities appropriate or ancillary to recreational use of water, provided that the recreational use of water shall be subject to the approval of the public health authority having jurisdiction
<i>Date Formed</i>	August 8, 1944
<i>Square Miles</i>	12.7 square miles
<i>Services Provided</i>	Delivery of potable water and recycled water
<i>Contact Person</i>	Cari Lemke, General Manager, <a href="mailto:clmke@nccwd.com">clmke@nccwd.com</a>
<i>Website</i>	<a href="http://www.nccwd.com">www.nccwd.com</a>
Governance	
<i>Board Membership</i>	5 members (elected at large): Ron Ash (2018); Thomas Piccolotti (2018); Anne De Jarnatt (2018); Jack Burgett (2016); Joshua Cosgrove (2016)

<sup>49</sup> BAWSCA Annual Survey 2012-13

North County Cities and Special Districts MSR-SOI Study  
San Mateo LAFCo

<i>Compensation</i>	\$100.00 per meeting; health, vision, and dental coverage provided		
<i>Public Meetings</i>	Monthly (3 <sup>rd</sup> Wednesday)		
<b>Operations</b>			
<i>Population Served</i>	38,189 (2010 Census/Dept. of Finance)		
<i>Number of Employees</i>	21		
<i>Last SOI Update</i>	1994 (reaffirmed)		
<i>Contract Services</i>	Legal counsel, IT support, engineering, janitorial service, billing software, backflow program management, lab inspection, auditing		
<b>Budget Information- FY 2012-2013, FY 2013-2014</b>			
<b>Revenues</b>	2012-2013 (Audited)	2013-2104 (Audited) *	Net Increase/(Decrease)
Operating Revenues	\$ 8,347,903	\$ 8,536,613	188,710
Other Service Charges	261,610	240,990	(20,620)
Non-Operating Revenues			
Property Taxes	690,607	726,398	35,791
Investment earnings	26,272	30,429	4,157
Rental Income – cell sites	226,553	237,877	11,326
Trans & Storage Income	---	-	-
<i>Total Revenues</i>	\$ 9,552,945	\$ 9,772,309	( \$ 219.364)
<b>Expenditures</b>			
Operating Expenses			
Source of supply	\$ 3,590,153	\$ 3,925,802	335,649
Pumping, transmission & Distribution	1,993,129	1,943,767	(49,362)
Administration/general	2,378,774	2,356,431	(22,343)
Depreciation amortization	967,896	924,663	(43,233)
Net OPEB expense	419,304	435,239	15,935
Interest expense	411,922	203,660	(208,262)
<i>Total Expenditures</i>	\$ 9,761,178	\$ 9,789,562	28,384
<b>Income Before Contributions</b>	(\$205,033)	\$(17,253)	
<b>Add Capacity Charge Revenues</b>	\$14,353	\$55,911	
<b>Recycle Water Project</b>	\$162,262	-	
<b>Change in Net Position</b>	\$3,762,853	\$1,168,897	

Exhibit IV-13, North Coast County Water District



### Growth and Population

Currently, the District services a population of approximately 39,000 customers. The population of the area served by the District has grown slowly in recent years. According to US Census data, between 1980 and 1990, the population grew by 771 people; between 1990 and 2000, the population increased by 610 people; and between 2000 and 2010, there was growth of 610 people. By 2035, the service area population is expected to grow to 42,400 according to the District's Urban Water Management Plan (2011).

Pacifica is primarily residential. The area's major employers are government agencies and retail and commercial uses. The City has no significant industrial employers. Most residents commute to nearby employment centers. According to the Association of Bay Area Governments, there are currently about 6,360 jobs in Pacifica, while there are 19,050 employed residents.

### Sphere of Influence

San Mateo Local Agency Formation Commission (LAFCo) reviews and approves spheres of influence for each city and special district within San Mateo County. Spheres of influence (SOIs) define the logical, long-term service area for an agency. SOIs can be the same (coterminous), larger, or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a "zero" sphere of influence which means, in the long term, LAFCo has determined that the agency should be dissolved and an alternative agency take over its services. Among the factors that LAFCo considers in determining SOIs are: population and growth projections, present and planned capacity and infrastructure, fiscal strength, shared facilities, and accountability/transparency of the agency.

Currently, the North Coast County Water District has a coterminous sphere of influence (meaning its service boundary and SOI boundary are identical) with a recommendation that the District be established as a subsidiary district<sup>50</sup> of Pacifica.

### District Operations

The North Coast County Water District gets virtually all of its water from the San Francisco Public Utilities Commission (SFPUC) owner of the Hetch Hetchy system. The District has rights to the use of a limited amount of surface water from the South Fork of San Pedro Creek for six months of the year, accounting for 1 to 2 percent of the District's water use.

The NCCWD has a long-term contract for water supply from the SFPUC. The District is a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents 24 Bay Area water agencies and purchases treated imported water for distribution. **Table IV-89**, below, outlines: (1) the contracted amount of supply available in hundred cubic feet (CCF) units and million gallons per day (MGD) equivalents; and, (2) the supply purchased by water agencies in the MSR study area over Fiscal Years 2009-10 through 2012-13. As indicated in the Table, the NCCWD has been purchasing less than its allocation for the immediate past three fiscal years.

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<sup>50</sup> A subsidiary district is a district in which a city council is designated as the governing body of the district. A subsidiary district may include territory outside city boundaries as long as at least 70 percent of the land area and 70 percent of the registered voters are located within city boundaries.

**Table IV-89, Past/Current Water Purchases from San Francisco Public Utilities Commission**

Agency	Supply Guarantee (HCF*)	Supply Guarantee (MGD**)	Actual FY 2009-10 (HCF*)	Actual FY 2010-11 (HCF*)	Actual FY 2011-12 (HCF*)	Actual FY 2012-13 (HCF*)	Actual FY 2012-13 (MGD Equiv.)
City of Brisbane and Guadalupe Valley MID	487,871	0.98	76,601	275,934	280,650	287,290	0.59
City of Daly City	2,094,386	4.29	1,542,719	1,405,660	1,811,358	1,955,442	4.01
North Coast County Water District	1,872,928	3.84	1,471,838	1,585,572	1,380,360	1,192,485	2.44

\* HCF = Hundred Cubic Feet

\*\* MGD = Million Gallons per Day

As a wholesale customer of the SFPUC, the NCCWD has a direct connection to San Francisco’s Hetch Hetchy system. The District’s water transmission system is connected with the San Francisco system via a supply pipeline originating at the Harry Tracy Water Treatment Plant and running along Skyline Boulevard along the hills above Pacifica. In addition, the District has interties with three adjoining water systems. There are two connections with the City of Daly City’s system, three with the City of San Bruno’s system, and two with the Westborough Water District (WWD) system.

The NCCWD system’s 12 storage tanks have a total capacity of 18.8 million gallons – enough to supply the service area with water for seven days at the District’s average daily usage of 2.80 MGD. The District’s contract with the SFPUC allows for a maximum purchase of 3.84 MGD. Demand from the residential sectors is expected to increase by about 328 acre feet per year (AFY) through the next 25 years. Under the terms of the contract with the SFPUC, the District’s maximum wholesale allocation is 4,299.2 AFY. The existing allocation is sufficient to meet the needs of the District from the present through 2035.<sup>51</sup> **As mentioned in the Introduction Section, the NCCWD has been assigned a conservation standard of 8 percent by the SWRCB based upon the 2013 water usage calculation on a per-capita basis.**

Conservation

Water use in the North Coast County Water District has been steadily declining in recent years due to conservation programs and infrastructure repair throughout the system. Water conservation will be important in coming years. In 2008, the San Francisco Public Utilities Commission (SFPUC) capped the amount of water it takes from the Tuolumne River and delivers to water retailers. The push for water conservation is also coming from the State, which has recently strengthened its requirements for water districts and local jurisdictions. The Water Conservation Act of 2009, or SB 7, sets an overall target to reduce urban per capita water use by 20 percent by the end of 2020, with an interim target of 10

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<sup>51</sup> BAWSCA Annual Survey 2012-13

percent by the end of 2015. As discussed in the earlier section, the current four-year drought has resulted in more immediate rules for reduction of domestic and municipal water use **beginning on June 1, 2015**.

NCCWD has approval to proceed on the first phase of a project that would pump treated wastewater from the City's Calera Creek Water Recycling Plant through a new system of pipes for use as irrigation water at Sharp Park Golf Course, playing fields at Oceana High School and I.B. Lacy Middle School, landscaping along Highway 1 and Fairway Park. The first phase of the project is estimated to have the potential to save up to 40 million gallons of drinking water annually.

### **Infrastructure Needs**

NCCWD's water transmission lines and storage reservoirs are aging and in need of modernization. NCCWD's current Capital Improvement Plan (CIP) is focused on minimizing the risk to the water supply that could result from a major seismic event. NCCWD replaced two major water tanks (Gypsy Hill, and Royce.) in recent years, and has completed the installation of back-up generators at five (5) storage tanks. The transmission main that brings water to Pacifica from the regional system is located above the San Andreas Fault as it follows Skyline Boulevard in San Bruno.

The District is finalizing a 20-Year Master Plan and projects under consideration include:

- Christian Hill Reservoir and Christian Hill Transmission Line: out of service since 2010; the District recently went out to bid to seek cost proposals to replace these facilities.
- Sheila and Nelson Tank Replacement & Site Improvements:
- Expand Recycled Water

All projects will go through the CIP request process for the Board of Directors' consideration.

NCCWD is also committing resources both to short-term pipe inspection and repair along the main transmission pipeline and to completing a feasibility study evaluating alternative water sources. Beyond these modernization efforts, Pacifica and NCCWD are dependent upon the safety and durability of the Hetch Hetchy system. California Assembly Bill 1823 identifies nine projects essential to the maintenance of water supply following a major earthquake, and requires that they be carried out. In 2002, the SFPUC adopted a \$2.9 billion capital improvement program to implement a system upgrade.

### **Cooperative Programs**

NCCWD has a number of agreements with other agencies and private companies to increase operational efficiencies, including:

- Interties with Westborough Water District , City of San Bruno and City of Daly City for emergency water needs
- Contract services for legal counsel (Hanson Bridgett), IT support (Clear Design), District engineers, billing software support (Incode), audits (JJACPA, Inc.), and mail support (Data Prose)

**Cost Avoidance Opportunities**

Since the District overlays the City of Pacifica, there are opportunities to study cooperative programs and administrative functions with the City. Potential programs are administration and operations management, finance administration, and equipment maintenance. All of these functions can be evaluated to determine if efficiencies and possible cost savings could be realized. **The District has become a participant in the Articulation Committee in conjunction with the City of Pacifica, the Jefferson Union High School District, and the Pacifica School District. The Committee meets bi-monthly to discuss planning and feasibility of shared services and ways in which the agencies can find efficiencies and cost savings.**

**District Financial Overview**

The NCCWD is an enterprise retail water delivery district with close to a built-out service area. The District’s revenue sources are primarily service charges **and water sales** (90 percent), property tax (6 to 7 percent), plus miscellaneous revenues. The revenue versus expenditure trends are positive overall with the cost of purchasing water increasing gradually over the past five to ten years along with pumping electrical charges and other related expenses. The District has established an unallocated reserve fund and has been investing in the repair and upgrade of its infrastructure. The District appears to be operating in a positive financial manner overall.

***Table IV-90, North Coast County Water District 3-Year Revenue/Expenditure Budget Trends***

Revenues	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Water Sales & Service	\$8,432,937	\$8,609,513	\$8,491,000
Non-Operating Revenues	\$916,960	\$946,632	\$975,000
Total Revenues	\$9,349,897	\$9,556,145	\$9,466,000
Expenditures			
Operating Expenses	\$9,024,718	\$8,929,952	\$8,083,175
Non-Operating Expenses	\$294,451	\$831,226	\$150,000
Total Expenses	\$9,319,169	\$9,761,178	\$8,581,207
<b>Revenues/Expenditures</b>	<b>\$30,728</b>	<b>(\$205,033)</b>	<b>\$884,793</b>

**Ratios of Revenue Sources**

The District has relied predominantly upon water sales and system service charges for revenues, which have averaged 87 percent of NCCWD’s operating revenues over the past three years. Property taxes only comprise about 7 percent of revenues. Both revenue sources have been consistent over time, and the District can be expected to continue services at their existing level.

**Gann Appropriation Limit Resolution**

The voters in California approved Proposition 4 in 1979 that requires each local agency in the state that uses property tax revenues to calculate and adopt by resolution annually the upper limit of revenues that may be derived from property tax sources. The calculation is adjusted each year based upon population within the agency or county and a Consumer Price Index (CPI) change from the base year.

The NCCWD Board of Directors approved the most recent Gann Resolution on July 9, 2014, setting the limit at \$1,060,526, well above the most recent tax revenue level of the agency.

#### Ratio of Reserves or Fund Balance to Annual Expenditures

NCCWD has an Unrestricted Fund balance of \$8,920,574 that represents an approximately 10-month operating reserve, considered in many agencies to be sufficient. However, since the District has aging facilities and an increasing other post-employment benefits (OPEB) obligation, a somewhat larger reserve should be a goal in the next few years.

#### Annual Debt Service Expenditures to Total Annual Expenditures

The District reports that it has restructured an outstanding debt of \$6,110,000 in 2013. The interest rate is between 2 and 4 percent over the 15-year payoff period (2028).

#### Capital Improvement Program

The District budgets for Capital Improvement Projects annually on a projected-need basis and for contributions to developer or regional projects. Fiscal Year 2013-14 provides \$2,668,000 of funding, including debt service, on the refinanced loan. Projects include:

- Christen Hill Tank Replacement (2.3M)
- Annual pipeline improvements (\$145,000 - \$150,000 per year)
- Tank repair and coating (\$75,000 - \$125,000 per year)
- Meter replacements (\$50,000 per year)
- Fire hydrant replacement (\$30,000 per year)
- Development of recycled water project over three years (\$250,000 remaining to be spent)

#### Rate Structure

Water charges for NCCWD customers, based on a typical residential household, are \$93.79 for a two-month period. A typical residential household is defined as four persons, with a 5/8 or 3/4-inch meter, using 15 hundred cubic feet (CCF) of water each two-month billing period. **Table IV-91**, below, provides a cost comparison among North County water agencies.

#### Water Rates

Typical water rates for agencies providing water service in the North San Mateo County area are illustrated in **Table IV-91**, below.

**Table IV-91, Agency Water Rate Comparison (monthly)**

Agency	City of Brisbane/GVMID	Town of Colma (CA Water Service Co.)	City of Daly City	North Coast County Water District (Pacifica)
Residential Fixed Service Charge (*)	\$11.34	\$10.50	\$13.04	\$13.36
Commodity Charge (7 CCF**)	\$31.90***	\$34.13	\$27.91	\$25.66
Typical Total Residential Cost (1 month)	\$43.24	\$44.63	\$40.95	\$39.02

\* Monthly for 5/8-inch Meter

\*\* CCF = 100 Cubic Feet

\*\*\* Brisbane adopted a Capital Projects Fee in 2014 that is Included in the Commodity Rate

### Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory (containing 12 or more registered voters) that constitute all or a portion of a community with an annual median household income that is less than 80 percent of the Statewide annual household income (MHI). The MHI data is derived from the U.S. Census Bureau – American Community Survey 2006-2010. The State MHI for this period was \$60,883. The qualifying income for a DUC is 80 percent of that figure, or \$48,706.

State law requires identification and analysis of service issues within DUCs as part of the Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) reviews. State law also places restrictions on annexations to cities if a proposed annexation is adjacent to a DUC. There are no DUCs within or adjacent to the North Coast County Water District service territory; no further analysis is required.

### Government Structure Alternatives/Accountability

The North Coast County Water District (NCCWD) is governed by a five-member Board of Directors elected at large from residents within the District. The Board meets every third Wednesday of the month at 7:00 PM in the District’s Board Room. All meetings are open and accessible to the public. Meeting agendas are posted five calendar days prior to meetings on the NCCWD website. Regular and Special Board Meetings are held in the evenings; Committee and Advisory Committee meetings are held in the afternoon.

The NCCWD website is both comprehensive and user-friendly. Among other items, it includes agency agendas and minutes; budgets, audits, and capital improvement plans; educational resources; agency contacts; and a district calendar of events. **The District received the Special District Leadership Foundation (SDLF) Transparency Certificate of Excellence, the first public agency to do so in San Mateo County.**

Four government structure alternatives have been identified for the NCCWD:

- **Status Quo:**

The NCCWD is an enterprise retail water delivery district with close to a built-out service area. The District's revenue sources are primarily service charges and **water sales** (90 percent), and property tax (6 to 7 percent), both of which have been consistent over time. The District has established an unallocated reserve fund and been investing in repair and upgrade of its infrastructure. The District appears to be operating in a positive financial manner overall.

- **Establish NCCWD as a subsidiary district of the City of Pacifica:**

The District's boundaries are almost identical to the City of Pacifica. Reorganizing NCCWD as a subsidiary district of the City of Pacifica may have long-term operational and fiscal benefits by eliminating the District's Board of Directors and associated administrative overhead. Placing the Pacifica City Council as the legal authority for the District's budget and operations may also benefit the City in aligning the City's long-term land use planning and water supply needs under one agency. This alternative could be viewed as a transitional step toward an eventual full merger of the District and the City of Pacifica. The City of Pacifica and NCCWD should consider pursuing a joint study evaluating the merits of this alternative once the City stabilizes the budget and has up to date financial information.

- **Merge NCCWD with the City of Pacifica:**

As the District's boundaries are almost identical to the City of Pacifica, a study of eventually adjusting the District boundaries to be coterminous with the City and merging the two agencies could be warranted. If merged, the City could serve any areas currently outside the City until those areas consider annexing to the City or on a contracted basis. A full merger could result in long-term operational and administrative cost savings to the City and customers. A study of potential efficiencies and savings should be undertaken to determine the fiscal and operational impacts of this alternative once the City stabilizes the budget and has up to date financial information.

- **Provide water service to Shamrock Ranch by contract as permitted by Government Code Section 56133:**

Shamrock Ranch, consisting of 200 acres at the southern boundary of Pacifica, was initially used as agriculture, poultry and dairy in the 1930s before being converted to horse stables and dog kennels. The land has been under the same family ownership since 1944 and presently includes an active dog kennel, boarding facility, and several residences served by wells. Since the construction of the Caltrans bridge for the Tom Lantos Tunnel, the property owners have raised concerns about the viability of the wells and inquired about water service on several occasions. Most recently the staff from the Regional Water Board has contacted LAFCo about the process for a water connection for the Ranch.

**Recommended Municipal Service Review Determinations**

Based on the information, issues and analysis presented in this report, the following proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<p><i>Growth and population for affected area.</i></p>	<p>According to US Census data, between 1980 and 1990, the District’s service population grew by 771 people; between 1990 and 2000, the population increased by 610 people; and between 2000 and 2010, there was also a population growth of 610 people. By 2035, the service area population is expected to grow to 42,400 according to the District’s Urban Water Management Plan (2011).</p>
<p><i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the North Coast County Water District (NCCWD).</p>
<p><i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i></p>	<p>There are no disadvantaged unincorporated communities (DUCs) located within, or contiguous to, the NCCWD.</p>
<p><i>Financial ability of agencies to provide services.</i></p>	<p>The NCCWD is an enterprise retail water delivery district with close to a built-out service area. The District’s revenue sources are primarily service charges <b>and water sales</b> (90 percent), and property tax (6 to 7 percent) plus miscellaneous revenues. The revenue versus expenditure trends are positive overall with the cost of purchasing water increasing gradually over the past five to 10 years along with pumping electrical charges and other related expenses. The District has established an unallocated reserve fund and been investing in repair and upgrade of its infrastructure. The District appears to be operating in a positive financial manner overall.</p>

<p><i>Status of, and opportunities for, shared facilities.</i></p>	<p>NCCWD has a number of agreements with other agencies and private companies to increase operational efficiencies, including:</p> <ul style="list-style-type: none"> <li>• Interties with Westborough Water District to serve both agencies</li> <li>• Interties with the City of Daly City for emergency water needs</li> <li>• <b>Intertie agreement with the City of San Bruno and service to a housing complex in the City</b></li> <li>• Contract services for legal counsel (Hanson Bridgett), IT support (Clear Design), District engineers, billing software support (Incode), audits (JJACPA, Inc.), and mail support (Data Prose)</li> </ul>
<p><i>Accountability for community service needs, including government structure and operational facilities.</i></p>	<p>The NCCWD is governed by a five-member Board of Directors elected at large from residents within the District. The Board meets every third Wednesday of the month at 7:00 PM in the District’s Board Room. All meetings are open and accessible to the public. Meeting agendas are posted five calendar days prior to meetings on the NCCWD website. Regular and Special Board Meetings are held in the evenings; Committee and Advisory Committee meetings are held in the afternoon.</p> <p>The NCCWD website is both comprehensive and user friendly. Among other items, it includes agency agendas and minutes; budgets, audits, and capital improvement plans; educational resources; agency contacts; and a district calendar of events.</p> <p><b>The District received the Special District Leadership Foundation (SDLF) Transparency Certificate of Excellence, the first public agency to do so in San Mateo County.</b></p> <p>Four government structure alternatives have been identified for the North Coast County Water District (NCCWD):</p> <p><b>Status Quo:</b></p> <p>The NCCWD is an enterprise retail water delivery district with close to a built-out service area. The District’s revenue sources are primarily service charges <b>and water sales</b> (90 percent), and</p>

property tax (6 to 7 percent), all of which have been consistent over time. The District has established an unallocated reserve fund and been investing in repair and upgrade of its infrastructure. The District appears to be operating in a positive financial manner overall.

***Establish NCCWD as a subsidiary district of the City of Pacifica:***

The District's boundaries are almost identical to the City of Pacifica. Reorganizing NCCWD as a subsidiary district of the City of Pacifica may have long-term operational and fiscal benefits by eliminating the District's Board of Directors expenses and associated administrative overhead. Placing the Pacifica City Council as the legal authority for the District's budget and operations may also benefit the City in aligning the City's long-term land use planning and water supply needs under one agency. The City of Pacifica and NCCWD should consider pursuing a joint study evaluating the long-term merits of this alternative once the City stabilizes the budget and has up to date financial information.

***Merge NCCWD with the City of Pacifica:***

A complete merger of the District and City could result in long-term savings from efficiencies from coordinating administrative and operational functions within the City. A study of potential savings should be implemented to determine if feasible once the City stabilizes the budget and has up to date financial information.

***Provide Water Service to Shamrock Ranch area Per Section 56133 to mitigate damaged water source:***

Shamrock Ranch, consisting of 200 acres at the southern boundary of Pacifica, has been under the same family ownership since 1944 and presently includes an active dog kennel, boarding facility, and two residences served by wells. Since the construction of the Caltrans bridge for the Tom Lantos Tunnel, the property owners have raised concerns about the viability of the wells

	and inquired about water service on several occasions. Most recently the staff from the Regional Water Board has contacted LAFCo about the process for a water connection for the Ranch. NCCWD and the landowner should jointly study the fiscal and operational benefits of water extension to Shamrock Ranch to the District.
<i>Any other matter related to effective or efficient service delivery, as required by commission policy.</i>	No additional issues have been identified.

### Recommended Sphere of Influence Update/Determinations

Based on the information, issues, and analysis presented in this report, the following proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The North Coast County Water District's service area is primarily residential with limited retail commercial uses and significant amounts of recreation/open space areas.
<i>Present and probable need for public services and services in the area.</i>	Limited growth is expected with the District's boundaries in the next 25 years. The District's Capital Improvement Program incorporates sufficient infrastructure improvements to serve the projected population increase.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The district has adequate facilities and is implementing identified repairs and upgrades as needed to operate efficiently. The supply of water is adequate until at least 2035. Both NCCWD and the wholesale agency (SFPUC) have implemented appropriate measures to improve conservation efforts and system reliability.
<i>Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	There are no disadvantaged unincorporated communities (DUCs) within or contiguous to the North Coast County Water District service territory.

**Recommended Sphere of Influence:** Reaffirm the North Coast County Water District's coterminous sphere of influence (meaning its service boundary and SOI boundary are identical) with a recommendation that the District be established as a subsidiary district of the City of Pacifica.

## ACRONYMS

ABAG	Association of Bay Area Governments
BPPD	Broadmoor Police Protection District
BSD	Bayshore Sanitary District
CCF	100 Cubic Feet
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CFPD	Colma Fire Protection District
CIP	Capital Improvement Program
CKH	Cortese-Knox-Hertzberg Reorganization Act of 2000
CPUC	California Public Utilities Commission
CSA	County Service Area
DUC	Disadvantaged Unincorporated Community
DWR	Department of Water Resources
EDU	Equivalent Dwelling Unit
GVMID	Guadalupe Valley Municipal Improvement District
LAFCo	Local Agency Formation Commission
MGD	Million Gallons per Day
MSR	Municipal Services Review
NCCWD	North Coast County Water District
NCFA	North County Fire Authority
NSMCSD	North San Mateo County Sanitary District
SFPUC	San Francisco Public Utilities Commission
SOI	Sphere of Influence
SSMP	Sewer System Master Plan
UWMP	Urban Water Management Plan
WMP	Water Master Plan
WPCP	Water Pollution Control Plant
WRF	Water Recycling Facility
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

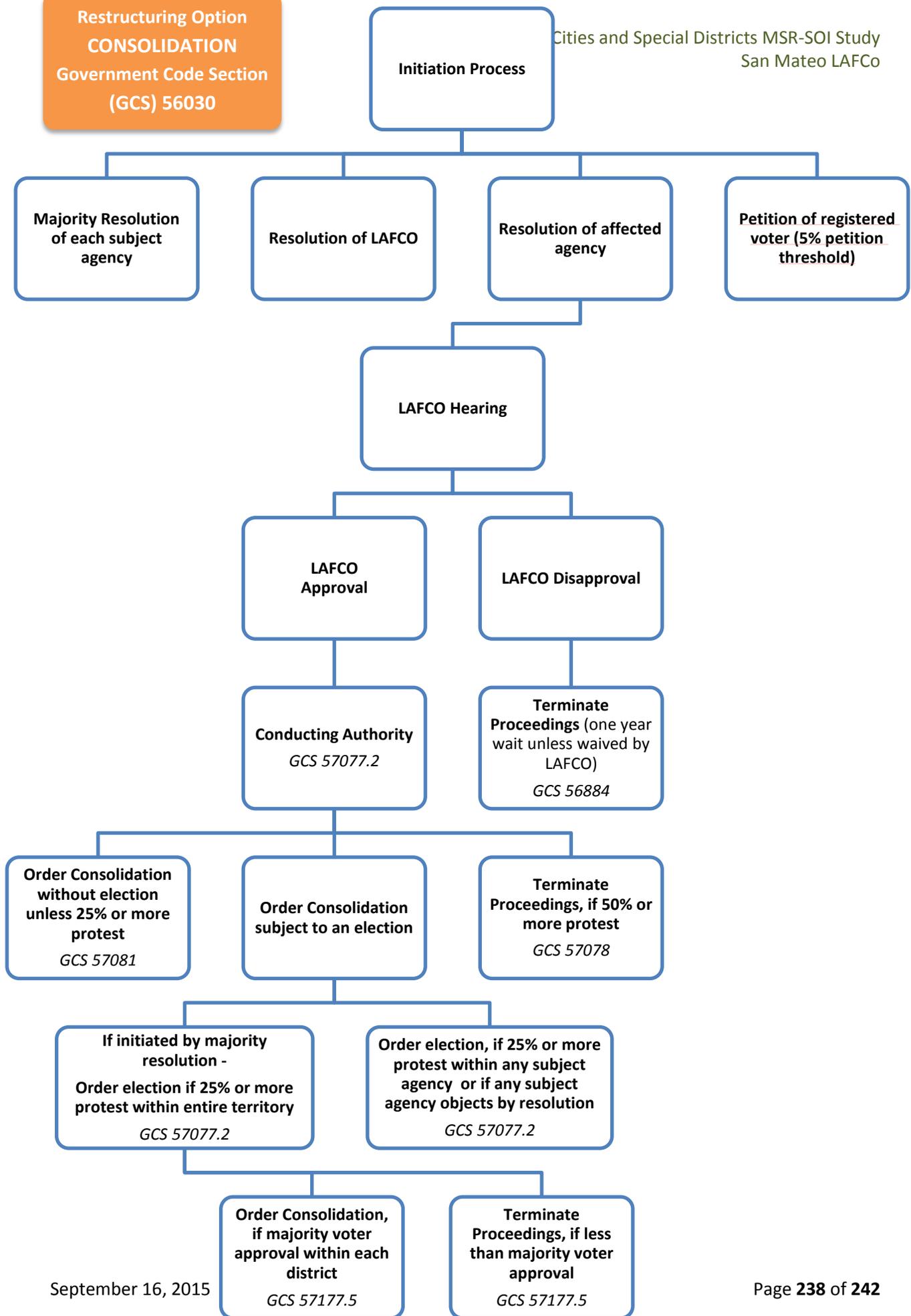
## **LAFCO PROCESSES FOR CONSOLIDATION, MERGER AND DISSOLUTION**

### **Consolidation**

In 1986, the State Legislature added a definition of “consolidation” to the Government Code. Under the law, a consolidation means the joining of two or more cities into a single city or two or more special districts into a single district. The formal definition (*Government Code Section 56030*) is: “The uniting or joining of two or more cities located in the same county into a single successor city or two or more districts into a single new successor district.”

Prior to January 1, 2005, only special districts formed pursuant to the same “principal act” (the laws under which the district was originally formed) could consolidate. Now, consolidation of two or more special districts not formed under the same principal act is permitted if certain procedures are followed. The typical process for initiating and processing a consolidation through LAFCo is illustrated on the flowchart on the following page.

**Restructuring Option  
CONSOLIDATION  
Government Code Section  
(GCS) 56030**

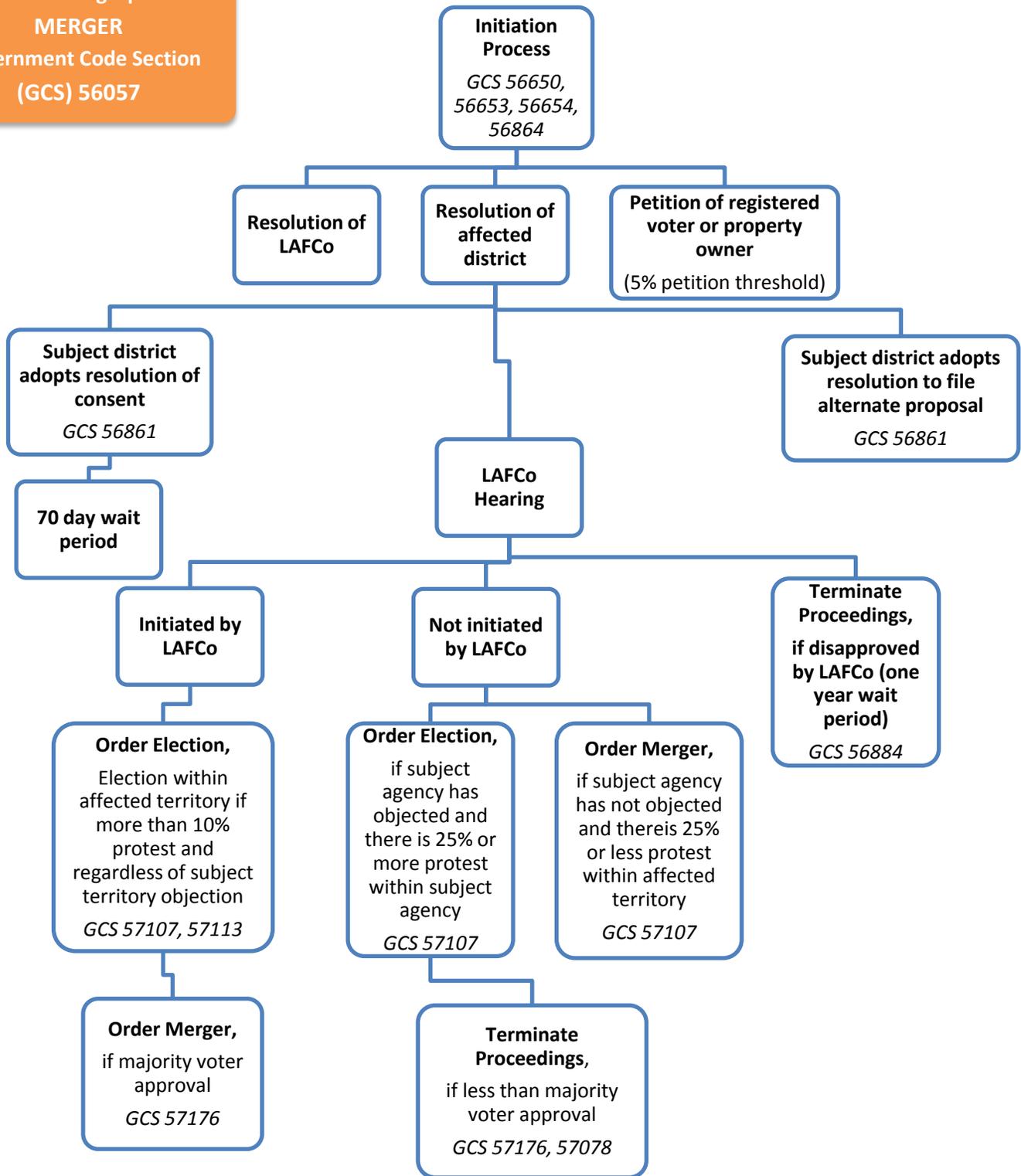


## Merger

A merger occurs when a special district's responsibilities and finances are taken over by a city. The formal definition (*Government Code Section 56057*) is: "The termination of the existence of a district when the responsibility for the functions, services, assets, and liabilities of that district are assumed by a city..."

Prior to 1965, State law required that when an entire special district was included within the boundaries of a city (e.g., through annexation, incorporation or other reorganization), that special district was automatically "merged" into the city, thereby eliminating the special district. In 1965, the law was changed ("District Reorganization Act of 1965") to require that all mergers be subject to LAFCo review. The typical process for initiating and processing a merger through LAFCo is illustrated on the flowchart on the following page.

**Restructuring Option  
 MERGER  
 Government Code Section  
 (GCS) 56057**



## **Dissolution**

Dissolution applies to special districts only. When a special district is dissolved, it no longer exists. The formal definition (*Government Code Section 56035*) is: “Dissolution means the disincorporation, extinguishment, or termination of the existence of a district and the cessation of all its corporate powers except for the purpose of winding up the affairs of the district.” Dissolution (unlike “consolidation”) does not apply to cities. The typical process for initiating and processing a dissolution through LAFCo is illustrated on the flowchart on the following page.

**Restructuring Option  
DISSOLUTION  
Government Code Section  
(GCS) 56035**

