



November 14, 2013

TO: Members, Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: LAFCo File No. 13-5--Proposed Reorganization of Granada Sanitary District into a Community Services District adding the Service of Park and Recreation

Summary

The Granada Sanitary District (GSD) has filed an application with LAFCo to reorganize into community services district in order to provide park and recreation service in El Granada, Princeton and Miramar in addition to the current services of sanitary sewer and garbage collection. In adopting the application, which also requests amendment of the District's sphere of influence boundaries, GSD adopted a mitigated negative declaration which is attached to this report. Community services districts are authorized by Government Code Section 61000 which provides that a community services district may provide all municipal services provided by a city except land use. If the reorganization is approved, provision of any additional service beyond sewer, garbage collection and park and recreation would require application to LAFCo. District reorganization is subject to registered voter approval if the proposal is approved by LAFCo. The application proposes funding park and recreation service in the unincorporated portion of the District with existing property tax revenue. Because GSD boundaries overlap the northern portion of the City of Half Moon Bay, the application proposes a property tax pass-through agreement between the community services district and the City for the area of the District located in the City.¹

It is anticipated that the Commission will receive additional public comment at your hearing of November 20 and it is recommended that the Commission receive the Executive Officer's report, open the public hearing, accept comment, and continue the hearing to allow staff and the District time to respond to questions and requests for information received at the hearing prior to formulating a recommendation to the Commission.

¹ The overlap area represents 18.2% of the total property tax revenue generated within GSD boundaries. GSD proposes a pass through agreement of 18.2% of property tax revenue appropriated for Park and Recreation annually.

Background/Project Description

GSD is one of four independent special districts that provide essential municipal services to the unincorporated Midcoast. Sewer service is provided by GSD for El Granada, Princeton and Moss Beach and the northern portion of Half Moon Bay and by Montara Water and Sanitary District (MWSD) in areas to the north of GSD. Water Service is provided by Coastside County Water District within the City of Half Moon Bay and the GSD boundaries and by MWSD to the majority of the developed urban area in the boundaries of MWSD except the Pillar Ridge Mobile Home Park, the Half Moon Bay Airport and many residential parcels are served by wells. The Coastside Fire Protection District includes the City of Half Moon Bay, surrounding rural unincorporated areas to the east and south and the urban Midcoast from El Granada to Montara and rural areas to the east and north. Garbage collection service for unincorporated areas is provided by franchise by GSD and MWSD.² The County of San Mateo is responsible for sheriff services, roads, street lighting and limited storm drain infrastructure in the unincorporated area. The County's Parks Department operates regional parks including Fitzgerald Marine Reserve in Moss Beach and Quarry Park in El Granada.

Other regional, single-purpose special districts that include the study area are: San Mateo County Harbor District which operates Pillar Point Marina, San Mateo County Resource Conservation District, San Mateo County Mosquito and Vector Control District and Midpeninsula Regional Open Space District.

The District's proposal is for a sphere of influence amendment and reorganization into a community services district to add the service of park and recreation for the urban unincorporated area in GSD boundaries. (Please see application including plan for providing services, budget-map Attachment A). The District has adopted a mitigated negative declaration addressing the potential impacts of the reorganization. The District's application includes a plan for service identifying potential park and recreation facilities on lands including the broad medians in El Granada, Quarry Park, Mirada Surf property and school lands. The plan for services also cites partnering/contracting with the Cabrillo Unified School District, City of Half Moon Bay and Midpeninsula Regional Open Space District. The Plan for Service indicates that the level and range of service would initially involve maintaining District owned lands and would expand in a phased approach and developed based on community input.

Process:

GSD's resolution of application was submitted to LAFCo in April of 2013 and LAFCo subsequently collected data and comments from affected agencies and parties. On May 17, 2013 LAFCo issued a certificate of incomplete application indicating that while the application contained the required application materials, additional time was necessary for the District to

² GSD territory in the City of Half Moon Bay is covered under the City of Half Moon Bay Franchise.

conduct outreach with the public and affected agencies. In response, the District sought input from affected agencies and the application was on the agenda of the following public agencies:

County Parks and Recreation Committee, June 6, 2013

HMB Parks Commission, August 28, 2013

Midcoast Community Council, August 28, 2013

Cabrillo Unified School District, September 12, 2013

HMB City Council October 15, 2013

County Agricultural Advisory Committee Meeting, October 15, 2013³

GSD Special “Town Hall Meeting” at El Granada Elementary School, October 17, 2013

Coastside Fire Protection District, October 23, 2013

On October 22, 2013, LAFCo issued a certificate of complete application, scheduled the application for hearing and published notice in a 1/8 page display advertisement in the Half Moon Bay Review.

LAFCo Consideration

The Cortese Knox Hertzberg Act gives the Commission discretion to may approve, approve with amendments, approve with conditions, or deny application for reorganization.

If approved, the Act requires that San Mateo LAFCo hold a protest hearing in which landowners and voters from within the annexation area may submit written protest. Unless majority protest is received, Community Services District law requires LAFCo to request the Board of Supervisors call an election on the proposal. Reorganization of GSD as a community services district would require majority approval of registered voters residing in the proposed boundaries of the district.

Summary of Agency and Departmental Reports

Upon receipt of the District’s application, LAFCo staff forwarded the application to affected agencies for comment and collection of data pertinent to the annexation application. The following summarizes initial comments and data provided.

County Assessor: The net assessed value of the proposed reorganization area is \$1,520,631,247 and includes 3,690 parcels. The boundaries of the proposal do not divide assessment parcels.

County Clerk: The number of registered voters in the annexation area as proposed is 4,373.

³ The City Council received a presentation from the District and did not take action to formally comment. It is anticipated that the Council will consider formal comments at the November 19, 2013 meeting and LAFCo staff will prepare a supplemental report .

County Planning Division:

The estimated population of the proposal area is 10,900 persons. Overtime, enhanced recreation services might encourage population growth and /or increase in families with children. Over time the proposal might reduce demand on County Park facilities or State beaches. County general plan land use designations range from general open space, agriculture and public recreation to high density residential, commercial and industrial as stated in part C of the application.

Applicable San Mateo County General Plan policy provisions are:

- a. Policy 6.35 calls for providers of park and recreation facilities to cooperate and coordinate their efforts to achieve efficient and effective park and recreation services which meet identified needs and avoid duplication.
- b. Policy 6.28 discourages conveyance of county park facilities unless certain criteria are met. However, no conveyance is proposed at this time.

San Mateo County Parks & Recreation Division: The Parks Division considered the proposal at the June 6, 2013 Parks Commission meeting. The June 11, 2013 letter (Attachment B) from Interim Parks Director states that following public comment the Commission supports the GSD proposal to use property tax revenues to respond to unmet midcoast park and recreation needs, notes that the proposal does not address the needs of the entire midcoast but could be seen as the first phase towards addressing the needs of the complete midcoast. The letter states that consideration should be given to expanding the boundaries to include the midcoast or at a minimum encourage GSD to with other midcoast jurisdictions in provision of park and recreation services.

As noted in the letter, speakers at the June 6 Parks Commission hearing who supported the GSD proposal included: Leonard Woren, GSD Board; Mike Ferreira, Sierra Club, Loma Prieta Chapter; Lennie Roberts, Committee for Green Foothills and Fran Pollard, El Granada resident.

The letter also noted that individual commissioner comments included the need to consider the needs of all midcoast visitors and not just GSD rate payers and the potential for loss of regional park services oversight and provision.

Comments from other agencies & organizations (Attachment C)

San Mateo County Harbor District

The Harbor District's May 14, 2013 letter cites overlap of the GSD boundaries with service area responsibility of the Harbor District and Harbor District facilities. The letter lists the parcels

owned by the District, references LAFCo policy that discourages overlapping service responsibility and cites the omission in the GSD application of reference to the Harbor District. The Harbor district cites reference in the Midcoast Park and Recreation Governance Alternatives Study of the Pillar Point Harbor as a regional facility that helps satisfy local demand for passive recreation such as beach combing, picnicking and hiking. (Please see discussion below under the heading of GSD responses to comments)

Midcoast Community Council (MCCC): The MCCC letter supports the reorganization and cites the County studies identifying Midcoast park needs, GSD ownership of land in the Burnham strip and the ability of GSD to coordinate efforts to beautify traffic medians throughout El Granada. The letter suggests that a community services district could assist with maintenance of El Granada School playing fields.

Midpeninsula Regional Open Space District (MROSD): MROSD's June 6, 2013 and July 1, 2013 letters indicate support for the GSD proposal based on the numerous studies that identify the need for park and recreation facilities on the Midcoast and based on the assumption that the GSD proposal would fund service with existing property tax.

San Mateo County Resource Conservation District (RCD): RCD commented that there is no apparent plan or budget for resource management or conservation and recommended a memorandum of understanding between GSD and RCD to contract with RCD to conduct resource management on lands acquired by the proposed community services district. RCD also noted that RCD receives limited property tax and that acquisition of land by public agencies further erodes the RCD's limited property tax base. The letter recommends a memorandum of understanding between GSD and RCD for offset of revenues lost due to GSD land acquisitions. The letter requests that both memoranda of understanding be conditions of approval of the application.

Coastside Fire Protection District: None

Cabrillo Unified District: None

Coastside Land Trust:

The Coastside Land Trust is a non-profit organization with a mission to protect the urban region of the San Mateo County coast, which includes lands within the communities and regions of Half Moon Bay north to Montara. The Coastside Land Trust letter indicates support for the GSD proposal in order to fulfill the need for additional parks and recreational facilities on the Midcoast that have been identified in numerous reports. The letter cites the GSD ownership of land in the Burnham Strip and the ability of the proposed district to restore and beautify medians throughout El Granada.

The Burnham Strip Committee of the Midcoast Park Lands

The Burnham Strip Committee supports the GSD proposal and states that the Reorganization of GSD into a community services district is the only logical and least expensive means of achieving park and recreation services.

Louie Figone, Coastside Farmer and Affected Property Owner

Mr. Figone's letter, dated May 13, 2013, expresses concern about the potential use of eminent domain to acquire lands for parks if the community services district is formed. He notes that while he has been assured that the District would only acquire land from willing sellers, he requests GSD enter into a memorandum with the San Mateo County Farm Bureau that the proposed Granada Community Services District will only purchase agricultural property (PAD lands) from willing sellers and that in the event that they locate park land next to agricultural land, that a proper buffer zone be implemented to protect the agricultural operation from any park activities including trails, picnic areas or any other activity that could be detrimental to agricultural. (See discussion below regarding GSD responses to public input.)

GSD Responses to Public Input: GSD has submitted a response to San Mateo County Harbor District comments, responses to public input and provided information regarding a Memorandum of Understanding with the San Mateo County Farm Bureau and provided supplemental mitigation measures related to agricultural resources which are attached and summarized below. (Please see GSD letters-Attachment D)

GSD Response to San Mateo County Harbor District Comments:

GSD's October 18, 2013 letter responding to comments from the Harbor District states that the Harbor District's request to be excluded from the proposed community services district boundaries are not supported. The letter states that the services provided by the community services district are qualitatively different than those provided by the Harbor District noting that the Harbor District's charge to provide shoreline access are not the same as community parks and recreational opportunities. The letter emphasizes that GSD has no intention of competing with the Harbor District but would welcome the opportunity to collaborate with the Harbor District where appropriate.

GSD Response to Public Input at Town Hall Meeting:

On October 17, 2013 GSD held a "town hall hearing" at the El Granada Elementary School Auditorium to solicit public input. GSD's November 12, 2013 letter responds to public comments received at the hearing. The letter notes that some speakers questioned the overlap of GSD in the City of Half Moon Bay and notes that it was explained that the proposed community services district would not provide park and recreation service in the overlap area but would pass property tax revenue through to the city to for park and recreation funding for residents in the overlap area.

The letter also addresses one speaker's concern that the District should focus on sewer service because the beaches near Pillar Point Harbor have a documented pollution problem, noting that the Healthy Beach Report Card cites storm drain run off as the greatest source of pollution to local beaches and that a recent study by the San Mateo County Resource Conservation District found that the main source of fecal pollution at Deer Creek is bovine followed by canine.

In response to comments from several speakers that questioned the lack of detail in projects to be implemented by the proposed community service district, the letter cites the District's application identifying specific projects such as park use on District owned land on the Burnham Strip, pocket parks in the broad avenues of El Granada, construction of a community center and partnering with the County at Quarry Park. The District states that projects cannot be finalized in the application because the District does not yet have park and recreation powers. The letter also notes the District's intent to partner with the City of Half Moon Bay and Cabrillo Unified School District to help efficiently supply parks and recreation services in unincorporated areas and cites several community service district partnerships with cities and school districts around the State.

Agricultural Resources:

In responding to concerns about potential impacts of park and recreation facilities and services on agriculture, GSD referred to agreements and mitigation measures implemented by the Midpeninsula Regional Open Space District (MROSD) for the MROSD Coastal Annexation. While the scope and scale of the GSD proposal is much smaller than the MROSD proposal, the spirit and intent of the MROSD agreements and mitigation measures address concerns about the potential impacts the proposal could have on agriculture. Two key actions taken by GSD include adoption of mitigation measures related to agriculture and a memorandum of understanding with the San Mateo County Farm Bureau. (Attachment E)

Mitigation Measures:

Mitigation measures related to agricultural resources address CEQA review of individual projects to identify and mitigate potential negative effects on agricultural resources, policies to ensure that projects would not result in conversion of prime agricultural land, provision for buffers between park and agricultural uses, measures related to pesticide use and adoption of project specific land use management plans for protection of rare, threatened and endangered species, ecological systems and resources more specifically described in the Supplemental Mitigation Measures.

Memorandum of Understanding with San Mateo County Farm Bureau:

The Memorandum of Understanding with the Farm Bureau includes the following provisions:

- a) GSD adoption of an ordinance prohibiting the District's use of the power of eminent domain on land zoned PAD (unless mutually acceptable to the landowner) for the purpose of providing parks and recreation services. The District has agreed to adopt such an ordinance and to have such adoption made a condition of any LAFCo approval of the District Reorganization Project. The memorandum of understanding also incorporates the above noted mitigation measures.
- b. The District will consult with the Farm Bureau in the development of site-specific parks and recreation services, uses, and management plans on or adjoining land zoned PAD.
- c. When considering proposed acquisition of land for, or provision of, parks and recreation services or uses on or adjoining land zoned PAD, the District will provide the Farm Bureau prior written notice of any hearings at which acquisition, site services or uses, and/or management plans, reviews or amendments will be considered. Further, the District will provide a prior opportunity for the Farm Bureau to review and comment on any such acquisition, site services or uses, and/or plans. This will insure that the Farm Bureau has the opportunity to share its expertise, resources and viewpoints with the District prior to any decision concerning future acquisition, use or management of such lands. In addition, District staff will meet with representatives of the Farm Bureau from time to time on an informal basis upon request of either party to consult regarding development of such plans.

The Farm Bureau has agreed to the above provisions in the Memorandum of Understanding and does not oppose the reorganization proposal based on the agreement.

Application and Plan for Service

In preparing their reorganization application, GSD prepared a Plan for Providing Service and a sample Granada Community Services District Five Year Budget that reflects a separate budget unit for sewer and solid waste and a separate budget unit for parks and recreation.

The Plan for Providing Service is a requirement of Government Code Section 56653, which states that whenever a local agency submits a resolution of application it shall submit a plan for providing services which shall include enumeration and description of services to be provided, the level and range of services, an indication of when services can feasibly be extended, indication of improvements or upgrading the public agency would require and information with respect to how services will be financed.

The GSD plan for service states that the District would continue to provide sewer and garbage disposal and provide park and recreation service in the unincorporated area of the amended district boundaries. With the intent of providing for both active and passive recreation, the plan for service contemplates beginning with public engagement in establishing a program that would include Burnham Strip, benches and picnic tables or trails on the medians in El Granada, contracting or partnering with the County of San Mateo regarding Quarry Park and/or Mirada Surf parkland and partnering with the Cabrillo Unified School District and City of Half Moon Bay as well as other potential agencies including MROSD. In the longer term the District proposes

implementing phased expansion of park and recreation improvements including development of neighborhood parks along the medians in El Granada, County-owned Quarry Park and Mirada Surf and school facilities. The District's Five Year Budget proposes a phased approach of allocating \$50,000 in the first year of operation and increasing the allocation by \$50,000 through year five.

As noted above, GSD proposes a pass through agreement with the City of Half Moon Bay that would result in the City receiving 18% of the total property tax revenue GSD allocates for parks and recreation. This formula reflects the proportion of property tax the overlap area bears to total property tax received by the District. This allocation is shown on page 5 of the Five Year Budget under 1c "Partner with Half Moon Bay". The individual allocation in Years 2 through 4 exceeds the 18% formula and allocation in Year 5 equals 18% of the annual property tax revenue allocated for park and recreation.

Comment Letters:

Concerns in comment letters include adverse fiscal impact due to property tax revenue loss to the Resource Conservation District (RCD) and the lack for resource management planning on District owned lands, potential impacts on agriculture, and the fact that the proposal does not address park and recreation needs for the entire midcoast area. The District has adopted mitigation measures addressing potential impacts to agriculture and is in the process of entering into a Memorandum of Understanding with the San Mateo County Farm Bureau that would take effect if the proposal is approved.

The Resource Conservation District has requested that a Memorandum of Understanding between the GSD and RCD to address potential fiscal loss and resource management be a condition of approval. LAFCo has the discretion to approve proposals with conditions.

Factors to be considered pursuant to Section 56668

The Cortese Knox Hertzberg Act sets forth factors that the Commission is required to consider in evaluating any proposed boundary change as discussed below (Gov. Code §56668).

a) Population, Land Area & Use, per capita assessed valuation topography proximity to other populated areas, likelihood of significant growth in the area and adjacent areas in the next 10 years.

The Census 2010 population for the City of Half Moon Bay and unincorporated areas was 20,713 persons. The Census 2010 population for City of Half Moon Bay was 11,324 persons, of which approximately 1,860 person reside in GSD boundaries. The estimated population of the reorganization area is approximately 10,909 residents based on 2010 Census data for El Granada, Princeton and Moss Beach and the estimated population of the overlap area.

While the Association of Bay Area Government (ABAG) forecast projects growth of approximately 20% for the urban coastside by 2025, population growth in the study area and surrounding areas is limited by water, sewer and road infrastructure constraints.

b) The need for organized community services, the present cost and adequacy of governmental services; probable future needs; and probable effect on cost and adequacy of services in the area and adjacent areas.

The GSD "Plan for Providing Services within the Affected Territory," as required by Government Code §56653, is attached. The proposed community services district area is served by various local agencies including, but not limited to, the City of Half Moon Bay, Coastside County Water District, Coastside Fire Protection District, and County of San Mateo. As proposed, in the long term the proposed community services district would augment park and recreation services and reduce demand by unincorporated residents on County and City of Half Moon Bay park and recreation facilities.

The District's proposal is based on County studies documenting the lack of park and recreation facilities and services and identification of needs in the study area. As an urban community that existed prior to Proposition 13, park and recreation infrastructure in the study area is limited due to lack of new revenues for park capital improvements and operations. Addition of parks and recreation service by the District, funded with existing property tax is consistent with the State policies directing that property tax funded non-enterprise activities and facilities, would reduce the demand on City of Half Moon Bay service.

The GSD plan for service states that the District would continue to provide sewer and garbage disposal and provide park and recreation service in the unincorporated area of the revised district boundaries. With the intent of providing for both active and passive recreation, the plan for service contemplates beginning with public engagement in establishing a program that would include Burnham Strip, the benches and picnic tables or trails on the medians in El Granada, contracting or partnering with the County of San Mateo regarding Quarry Park and/or Mirada Surf parkland and partnering with the Cabrillo Unified School District and City of Half Moon Bay as well as other potential agencies including MROSD. In the longer term the District proposes implementing phased expansion of park and recreation improvements including development of neighborhood parks along the medians in El Granada, County-owned Quarry Park and Mirada Surf and school facilities.

The GSD board of directors would serve as the governing body for the District, and will ensure that the operations of the District are carried out pursuant to community services district law. The governing Board would continue to hold public meetings, adopt an annual budget, and provide policy direction to the District.

Financing/Budget

The primary source of funding for the proposed community services district includes sewer services fees and property tax revenues.⁴ The proposed five-year budget for the community services district demonstrates how expenditure budgets for sewer service/garbage collection and park and recreation would be segregated and how property tax revenue would be allocated to park and recreation service. Expenditures include continued administrative and operating expenses related to sewer operations and treatment provided by the Sewer Authority Midcoastside (SAM) a joint powers agency that includes the Granada Sanitary District, Montara Water and Sanitary District and the City of Half Moon Bay and garbage collection provided by a franchise agreement with a private company. Park and Recreation Service in the first five years of operation is proposed to include partnering with the County of San Mateo, Cabrillo Unified School District and City of Half Moon Bay, and maintenance of District owned land on Burnham Strip. Revenues for parks and recreation in each year exceed expenditures, resulting in a Parks and Recreation Capital Reserve of \$482,000 at the end of Year Five (FY2017-18). Also of note is that at the end of FY 2016-17, the District will have retired annual debt service in the amount of \$94,000 related to the District's obligation for the SAM treatment Plant.

The budget for sewer system operating shows an increase in sewer service charges of \$348,000 or 27% from \$1,259,000 in the first fiscal year to \$1,607,000 in Year 5. This reflects both anticipated increases in operating costs associated with sewer collection and treatment and reduction of property tax offset. This estimated increase does not factor in retirement of debt service or revenue from repayment of the District's advance to the assessment district.

c) Land Use, Planning and Zoning - Present and Future:

There are a variety of County and City General Plan and zoning designations within the proposed community services district. No changes to the present or planned land uses are requested by the reorganization proposal. Future projects by the District would be subject to development review and permitting.

d) Effect on Maintaining the Physical and Economic Integrity of Agricultural Lands:

District adopted mitigation measures, the Memorandum of Understanding with the San Mateo County Farm Bureau and local land use regulations mitigate potential impacts on the physical and economic integrity of agricultural lands. In addition, each proposed park and recreation project will be subject to individual permitting and environmental review.

⁴ Other revenue includes \$135,000 annually for Repayment of Monies Advanced by the District to the Assessment District. As part of bond issuance financed the Assessment District for treatment plant expansion, the District was required to make two separate advances to the Agency Fund and advances are being repaid.

e) Fair Share of Regional Housing:

LAFCO must consider in the review of a proposal the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the regional council of governments. The proposed reorganization will have no effect on regional housing needs.

f) Assessed Value, Tax Rates and Indebtedness:

The reorganization area is within numerous tax rate areas (TRAs). The assessed value for the proposal area is \$1,520,631,247 based on the 2012-13 roll. GSD receives approximately \$480,000 in property tax revenue (ad valorem). As of June 30, 2012

g) Boundaries and Lines of Assessment:

The reorganization area reflects the exterior boundaries of the Granada Sanitary District reduced to exclude rural lands that are not eligible for urban services and that do not receive solid waste service from the District. GSD territory that includes the City of Half Moon Bay would remain in the boundaries of the District for the purpose of sewer service but would not be included in the GSD service area for park and recreation. GSD proposes an annual park and recreation payment agreement with the City. The proposed boundaries conform to the extent possible with provisions of the County's Local Coastal Program and represent property that currently receives service or could benefit from the augmented park and recreation service.

h) Environmental Justice:

LAFCO is required to consider the extent to which proposals for changes of organization or reorganization will promote environmental justice. As defined by statute, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed reorganization would result in location of park and recreation facilities in an area that has a documented lack of such facilities, correcting an inequity in location of park facilities.

i) Consistency with the Sphere of Influence (SOI) of any Local Agency:

In October 2008, after multiple meetings, LAFCo accepted a municipal service review report and updated spheres of influence for the City of Half Moon Bay and special districts on the Coastsides. In summary the Commission reaffirmed the sphere of influence of the City of Half Moon Bay as single coastsides city and amended the spheres of influence of Granada Sanitary District, Montara Water and Sanitary District and Coastsides County Water District to "Consolidation". The sphere designations identified a community services district for the unincorporated area for the purpose of park and recreation and a regional sewer and water

district for Half Moon Bay and unincorporated areas. The sphere amendments also established boundaries for the districts that are coterminous with the Urban Rural boundary and exclude rural lands.

The Municipal Service Review Determinations included several determinations related to park and recreation. These are shown in italics below.

Infrastructure:

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

Financing:

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

Cost Avoidance:

- b) Potential opportunities for cost avoidance and shared facilities include coordinated efforts by the City of Half Moon Bay, County of San Mateo and Cabrillo Unified School District to fund and provide for facility improvements on Cabrillo Unified School District facilities for recreation purposes.*
- c) Opportunities for partnership between the City of Half Moon Bay, County of San Mateo and other agencies in pooling resources to jointly provide park and recreation that could be explored by the agencies include but are not limited to a contract or agreement with the City of*

Half Moon Bay in which the City of Half Moon Bay provides expanded active recreation programs within the unincorporated area, with the County focusing on resource management of passive recreational lands.

Government Structure Options:

Governance alternatives that include the provision of regional sewer and water service delivery, could also include a community services district for the unincorporated midcoast to better provide for local governance and a more focused approach to recreation and community services.

Analysis:

Consideration of the GSD proposal requires considering the factors pursuant to Section 56668 and weighing the extent to which the proposal is consistent with spheres of influence as well as the benefit of adding park and recreation service funded with existing property tax. It is well documented that the study area is severely lacking in park facilities, primarily because there is no funding source. The District's proposal is consistent with State policies directing that enterprise districts establish rates that recover the cost of providing service and that property tax be used for non-enterprise activities.

In amending the District's SOI, the Commission must consider and prepare a written statement of determination. The GSD proposal relies on the stated preference for a community services district for park and recreation service and proposes a variation of reduced boundaries based on current garbage franchise service. Reorganization of the district as a community services district could be considered a first step in implementing adopted spheres of influence because if approved, it would not preclude future consolidation.

The following discusses the five areas of determination that could be considered in amending the District's sphere of influence.

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

Land uses within the GSD boundary are varied including agricultural and open space lands, and include both incorporated and unincorporated territory. The District territory is under both County and City land use jurisdiction and is subject to the County's Local Coastal Program and the City of Half Moon Bay Local Coastal Plan. There is a variety of County and City General Plan and zoning designations with the District territory including agricultural land use. GSD has or will implement policies, ordinances and agreements that address preservation of agricultural lands.

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

The District boundary contains urbanized areas that have a documented lack of park and recreation facilities and demonstrated need for same.

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

The District lacks adequate land inventory for park and recreation but proposes utilizing district lands, acquiring other lands and improving lands owned by other agencies for the purpose of park and recreation. Current GSD services are provided by contract with the Sewer Authority Midcoastside and through a franchise agreement with a private company. Park and recreation facilities and services proposed by the District are not currently provided by an existing agency and there is no current funding source for these facilities and services. The District receives a portion of the 1% property tax and fees for sewer and garbage collection. The district proposes reallocating property tax for the purpose of park and recreation as outlined in the District's plan for service and application.

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

The proposal area is part of the urbanized, Coastal subregion of San Mateo County comprised of the City of Half Moon Bay, Miramar, El Granada, Moss Beach, Princeton and Montara. The unincorporated area lacks park and recreation facilities and unincorporated residents therefore place a demand on County, State and City of Half Moon Bay park and recreation facilities and programs. While the proposal does not include the entire unincorporated area, it responds to park and recreation needs for a substantial portion of the unincorporated population by allocating existing property tax for park and recreation and in the long term result would reduce the demand on park and recreation facilities and programs of other agencies.

e. The nature, location, extent, functions and classes of service to be provided.

Services to be provided include sewer, garbage collection and park and recreation. Sewer and garbage collection service will continue to be provided throughout the boundaries of the District. Park and recreation service will be provided within the unincorporated boundaries of the District. All other services permitted by community services district law are inactive and would require approval by LAFCo.

Environmental Review

In April of 2013, GSD acting as lead agency under the California Environmental Quality Act (CEQA), adopted the “Revised Mitigated Negative Declaration for the Granada Sanitary District Reorganization Packet”. Environmental review included analysis of impacts related to reorganizing the District as a community services district and adding the services of park and recreation within the unincorporated boundaries of the District. If the reorganization is approved, the District would be subject to the provisions of CEQA in subsequent activities such as land acquisition and park and recreation related land development and activities. The District adopted mitigation measures to minimize potential impacts and found that the reorganization would not have significant impacts on the environment.

As responsible agency under CEQA, the Commission must certify that it has considered the mitigated negative declaration prepared by GSD in making a decision on this application. Staff believes that the Commission can find that the environmental document including mitigation measures adequately address potential environmental impacts of the reorganization of GSD. Furthermore, future projects (land acquisition and improvements) will be subject to environmental review as they are developed by GSD.

Recommendation

It is recommended that the Commission receive the Executive Officer’s report, open the public hearing and continue the hearing to allow LAFCo staff and the District time to address questions and requests for additional information. If at a future public hearing the Commission is to approve the application, considerations for final action would include:

- Certification that the Commission has considered the GSD Mitigated Negative Declaration.
- Acceptance of the Executive Officer’s report
- Adoption of a statement of determinations concerning the sphere of influence amendment and establishing active services of sewer, garbage collection and park and recreation

- Adoption of a resolution amending the sphere of influence and approving LAFCo File 13-05—Proposed Reorganization of Granada Sanitary District as a Community Services District Adding Park and Recreation Service
- Direction and delegation to the Executive Officer to conduct protest proceedings pursuant to Government Code Section 57000 et seq.

Respectfully Submitted,



Martha Poyatos
Executive Officer

Attachments:

- Attachment A: Application, plan for service, map and budget
Attachment B: Letter from San Mateo County Parks Division
Attachment C: Comment letters from other agencies and individuals
Attachment D: GSD responses to comments
Attachment E: Agricultural Mitigation Measures and Draft Memorandum of Understanding with San Mateo County Farm Bureau