

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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Action Minutes

San Mateo Local Agency Formation Commission Meeting

January 17, 2018

In the Board of Supervisors' Chambers, 400 County Center, Redwood City, California, Vice Chair Draper called the Wednesday, January 17, 2018 meeting of the Local Agency Formation Commission (LAFCo) to order at 2:30 pm.

1. Roll Call

Members Present: Commissioners Don Horsley, Harvey Rarback, Joe Sheridan, Warren Slocum, and Vice Chair Ann Draper

Members Absent: Commissioners Joshua Cosgrove, Rich Garbarino, and Chair Mike O'Neill

Staff Present: Martha Poyatos, Executive Officer
Rebecca Archer, Legal Counsel
Jean Brook, Commission Clerk

Vice Chair Draper noted that Commissioner Sepi Richardson (Alternate Public Member) was present in the audience.

2. Consent Agenda

a. Approval of Action Minutes: November 15, 2017

b. LAFCo File 17-18—Proposed Annexation of 30 Holden Court, Portola Valley (APN 079-092-150) to West Bay Sanitary District and Subsequent Annexation to the On-site Wastewater Disposal Zone (1.27 acres)

Commission Action: Commissioner Horsley moved to approve the consent agenda consisting of the Action Minutes for November 15, 2017 and LAFCo File 17-18—Proposed Annexation of 30 Holden Court, Portola Valley (APN 079-092-150) to West Bay Sanitary District and Subsequent Annexation to the On-site Wastewater Disposal Zone. Commissioner Sheridan seconded the motion, which passed unanimously. (Ayes: Commissioners Horsley, Rarback, Sheridan, Slocum, and Vice Chair Draper; Abstentions: None; Noes: None.)

3. Public Comment for Items Not on the Agenda

None.

COMMISSIONERS: MIKE O'NEILL, CHAIR, City ▪ ANN DRAPER, VICE CHAIR, Public ▪ JOSHUA COSGROVE, Special District ▪ RICH GARBARINO, City
DON HORSLEY, County ▪ JOE SHERIDAN, Special District ▪ WARREN SLOCUM, County

ALTERNATES: KATI MARTIN, Special District ▪ HARVEY RARBACK, City ▪ SEPI RICHARDSON, Public ▪ DAVE PINE, County

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ JEAN BROOK, COMMISSION CLERK

4. Legislative and Policy Committee

a. Legislative Report—INFORMATION ONLY

Executive Officer Poyatos referred to her January 10 staff report with background information on AB 272 (Gipson) and SB 778 (Hertzberg) concerning consolidation of local water systems. She said that the Committee has asked CALAFCO for additional information about these bills.

b. Review and Consideration of Adoption of CALAFCO Legislative Policies as Local Policies

Commissioner Sheridan asked what changes had been made to local LAFCo policies. Ms. Poyatos said the Committee had added new issues from CALAFCO 2018 legislative priorities. She said that these priorities aid the Committee in formulating the positions that LAFCo takes on legislation that affects LAFCos.

Commission Action: Commissioner Horsley moved to review and adopt CALAFCO legislative policies as local policies. Commissioner Rarback seconded the motion, which passed unanimously. (Ayes: Commissioners Horsley, Rarback, Sheridan, Slocum, and Vice Chair Draper; Abstentions: None; Noes: None.)

c. Review and Consideration of Adoption of Policy Language Regarding Water Resiliency and Climate Change

Vice Chair Draper provided background on what the Committee had discussed about water supplies, sea-level rise, and being more resilient locally. She noted proposed policy language that the Committee would like the Commission to consider adopting at the March 21 meeting. Ms. Poyatos stated that in the meantime, the language would be circulated to the cities and special districts and the public, and there would be an opportunity to provide comment prior to the meeting.

Commissioner Rarback proposed adding “stormwater recapture” to the parenthetical “including, but not limited to, recycling and desalination.” Ms. Poyatos said the circulation of the language would include his suggested revision.

Commissioner Slocum asked for clarification on the phrase, “supports governance models.” Vice Chair Draper said it was a very broad statement that was meant to include the many different approaches statewide taken by different cities and special districts to allow for broader use of water sources. She said the approaches could include, for example, joint powers authorities, consolidations, adding on of additional services.

d. Consideration of Legislative and Policy Committee Recommendation on Possible Measures and Policy to Encourage Annexation of Unincorporated Islands

Vice Chair Draper stated that the Committee had discussed the implications of the language in the policy: “in anticipation of annexation.” She said the Committee discussed the question of whether they had that anticipation when considering an annexation for a particular item.

She said the Committee gathered information about unincorporated islands throughout the County. She said they are not at a point to take any action, but noted that staff will meet with the City of Redwood City to gather more information. She said another conclusion reached by the Committee is that they needed to have a conversation with the County about its interests. She said that every island has a different set of facts around it and that a “one size fits all approach” doesn’t work.

Vice Chair Draper said the recommended action is to review the report, direct staff to talk to the County, and request that the Committee continue to refine policy and language regarding annexation.

Commissioner Horsley said that these policy discussions may have been prompted largely by the many requests to be connected to the Redwood City water system. He said that about seven years ago, Cordilleras Mutual Water District on the edge of Redwood City in unincorporated territory had a grand total of 18 connections directly to the San Francisco Public Utilities Commission (SFPUC). He said they had asked the City of Redwood City take over service of these properties instead of SFPUC. He said the City at the time wasn’t interested in doing an annexation but said they would consider it if the County agreed to help the City maintain the Bayfront Canal. He said that he wanted to re-engage with SFPUC, the City of Redwood City, and Cordilleras Mutual Water Company to see if there is a possibility to connect these homes to the City water system. He emphasized that SFPUC is not a water retailer and that it’s important to have a single water provider in the event of an emergency.

Commissioner Horsley noted that an unincorporated island that is completely surrounded by a city would probably be better served by that city. He said that he supported annexation in these cases as long as the residents want it, e.g., the current effort by West Menlo Park residents to become part of the City of Menlo Park. He said that LAFCo should try to accommodate these residents.

Ms. Poyatos said she had a few maps that would help with the discussion. She noted that there are two basic provisions of the CKH Act that apply to the discussion. She said that the Island Annexation provision from Government Code Section 56375.3 requires a commission to approve an island annexation that is submitted by resolution of the annexing city if that island is less than 150 acres and it’s substantially surrounded by a city, more than one city, or a body of water. She said the next map clarifies that there are only limited areas that fall under that Government Code section and those include Oak Knoll, an unincorporated area in the Redwood City Sphere, and Kensington Square,

a County-governed sewer district. She said that out of these unincorporated areas, there are 10 County-governed sewer districts that, with the exception of the Fair Oaks Sewer Maintenance District and Emerald Lake Hills, have small customer bases and it makes it very ineffective and very costly for the residents and the County to operate these systems. She said that Kensington Square, as a small sewer district, would be a great pilot project to pursue annexation. She noted that it is a neighborhood that when you drive through it, you don't even know you're leaving Redwood City; it has sidewalks and the same look and feel of the surrounding area in the City of Redwood City.

Ms. Poyatos stated that in addition to Kensington Square, there are two trailer parks east of 101 that are unincorporated and served by the County sheriff. She said that they are not included in a fire district and require a high level of municipal service. She showed Country Club Park in unincorporated South San Francisco, which is an island. She said that this unincorporated area includes Westborough Boulevard, which is an unincorporated road that primarily serves the City of South San Francisco. She added that these are some areas that would be good candidates with which to enter into discussions with the cities.

Ms. Poyatos noted that the other issue the subcommittee looked at is Santa Clara LAFCo's "Making Your City Whole" island annexation program and what was successful about the program. She said that Santa Clara County had many more islands than San Mateo County and they also had cities that can initiate and process their own annexations under State law. She said that the reason that that program was successful was that the County of Santa Clara agreed to participate by in-kind contribution for State Board of Equalization mapping and fees, and making road improvements to bring roads up to standard, which the County here has indicated it would be doing in certain areas. She noted that initiating an island annexation program is explained in the staff report and requires participation and cooperation by the County.

Ms. Poyatos stated that Government Code Section 56133 permitting extension of service outside city boundaries allows LAFCo to approve extension of service outside city or district boundaries in anticipation of a later change of organization. She said that this policy in San Mateo County has been implemented in a manner in that if a parcel is not contiguous to the City and an annexation is not feasible, the fact that it's in the sphere can be considered anticipation of future annexation. She noted that the Commission can also authorize outside sphere of influence extensions if it's to mitigate a public health and safety threat, and that that has happened a couple of times in the past.

Ms. Poyatos referenced the City of Redwood City's water supply assurance and water service area established by SFPUC and referenced the map displaying the water service area boundaries for the City of Redwood City. She noted that the Reiker Act is a federal act that created the SFPUC as a wholesaler of water and established member agencies that include Bay Area cities and special districts. She said that each agency has an established water service area and referenced the service area boundary for Redwood

City that includes unincorporated areas such as Emerald Lake Hills. She noted that the challenge with writing a policy regarding Section 56133 is to not conflict with the established water service areas.

Ms. Poyatos stated that one tool used by some cities is requiring property owners who receive water or sewer outside a city's boundaries to execute an irrevocable agreement to annex in the future. She said that document gets recorded so it runs with the property and not the property owner. She stated it's been suggested that in certain areas if a threshold is met (if 51 percent of the property owners have those irrevocable agreements to annex), then the City would initiate an annexation.

Ms. Poyatos explained that the issue in unincorporated South San Francisco, Country Club Park, and adjacent California Golf Club is that the water provider is Cal Water but the sewer provider is the City of South San Francisco. She noted that the Country Club Park area has a mix of larger parcels than those located in the City and there's also institutional uses, including churches and schools. She said there's pretty much a moratorium by the City of South San Francisco on sewer extension and yet there's a demand at the County level for new development or second units. She stated there needs to be some resolution to that to prevent a complete standstill on any new development in that area.

Ms. Poyatos stated that in the case of San Carlos, the City is the sewer provider for all of the City and unincorporated Devonshire and Palomar Park. She noted that there are parcels in the Devonshire area that can only be developed by obtaining City sewer. She stated that the City does have a policy that requires an irrevocable agreement to annex. However, if a parcel is so far from City boundaries that it would have a major infrastructure extension of sewer line, then that's cost prohibitive in itself.

She stated that these are examples of the complication of adopting a policy that would address the various unique conditions in each of the cities and unincorporated areas.

Vice Chair Draper noted that these are some of the issues that the subcommittee started finding and while there are others, she said that the idea was to start researching these issues. She asked if other commissioners had questions.

Commissioner Sheridan stated that when he read the report, it didn't say anything about the 150 acres. He said he represents special districts as a commissioner with the Broadmoor Police Protection District and noted that Broadmoor is an island. He stated this is an island that was created by LAFCo approval of annexations to Daly City. He noted that an annexation was approved a couple of years ago that created another island, but said that the law says that you can't do that – the island has to be annexed. He said as far as he is concerned, if an application is sewer-related, the parcel in question should be annexed to that city or jurisdiction for service. He said that he doesn't believe the residents in Burlingame Hills or the Highlands want to be annexed. He said if there is going to be a Countywide policy or program to start annexing islands, a notification definitely needs to be sent to residents and/or an election needs to be

held for those different areas, which is probably cost-prohibitive. He said he knows that there are people that would like to make sure their voice is heard by LAFCo.

Public Comment:

Sepi Richardson, LAFCo Alternate Public Member, said she thought that the SFPUC would be a good resource for the Legislative and Policy Committee's discussions about annexation policy.

Commission Action: Commissioner Horsley moved to receive the report and consider the Legislative and Policy Committee recommendation on possible measures and policy to encourage annexation of unincorporated islands. Commissioner Rarback seconded the motion, which passed unanimously. (Ayes: Commissioners Horsley, Rarback, Sheridan, Slocum, and Vice Chair Draper; Abstentions: None; Noes: None.)

Vice Chair Draper thanked staff for putting the report together and noted there would be much more consideration.

Commissioner Horsley noted that there may be a need to hire consultants to coordinate the transfer of the Cordilleras water system to Redwood City. He stated that there would be costs associated with infrastructure and said he wasn't sure how the transfer would be funded. Ms. Poyatos stated that she would report back to Commissioner Horsley after reviewing correspondence from the previous effort to transfer the water system. She stated that at the time, SFPUC was willing to pay costs on studies and Redwood City was not willing to proceed.

e. Consideration of Scheduling a Strategic Planning Session in Conjunction with Preparation of the 2018-19 Commission Budget

Ms. Poyatos said that many LAFCos have periodic planning sessions to establish their priorities and budget their resources. She proposed that San Mateo LAFCo should conduct such a session with the help of a consultant with LAFCo experience. She said the workshop would take into account changes in the law, structure of the Commission, and new issues such as climate change. She said that if approved, the Commission would need to transfer funds from reserves to pay between \$2,000-6,000 to hire a consultant.

Commissioner Horsley said he thought the strategic planning session would be a good idea. Vice Chair Draper said she thought a half-day session would be adequate. Commissioner Rarback agreed that four hours would be sufficient.

Commission Action: Commissioner Slocum moved to consider the report and provide direction to staff to solicit cost estimates for a facilitated strategic planning session. Commissioner Horsley seconded the motion, which passed unanimously. (Ayes:

Commissioners Horsley, Rarback, Sheridan, Slocum, and Vice Chair Draper; Abstentions: None; Noes: None.)

5. California Special Districts Association (CSDA) Announces Affiliation with its San Mateo County Chapter

Commissioner Sheridan noted that the CSDA affiliation with its San Mateo County chapter provides the chapter with added resources such as training and legal assistance.

6. Commissioner/Staff Reports

None.

7. Adjournment

The meeting was adjourned at 3:02 pm.