

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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## Action Minutes

### San Mateo Local Agency Formation Commission Meeting

March 20, 2019

In the Board of Supervisors' Chambers, 400 County Center, Redwood City, California, Chair Draper called the Wednesday, March 20, 2019 meeting of the Local Agency Formation Commission (LAFCo) to order at 2:30 pm.

#### 1. Roll Call

Members Present: Commissioners Joshua Cosgrove, Rich Garbarino, Don Horsley, Ric Lohman, Mike O'Neill, Warren Slocum, and Chair Ann Draper

Staff Present: Martha Poyatos, Executive Officer  
Rebecca Archer, Legal Counsel  
Rob Bartoli, Management Analyst  
Janneth Lujan, Commission Clerk

#### 2. Consent Agenda

- a. Approval of Action Minutes: January 16, 2019
- b. LAFCo File 18-10 - Proposed Annexation of 28 Arastradero Road, Unincorporated Santa Clara County (APN 182-34-061) to West Bay Sanitary District

Commission Action: Commissioner Horsley moved to approve the consent agenda consisting of the Action Minutes for January 16, 2019 and LAFCo File 18-10 - Proposed Annexation of 28 Arastradero Road, Unincorporated Santa Clara County (APN 182-34-061) to West Bay Sanitary District. Commissioner O'Neill seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

#### 3. Public Comment for Items Not on the Agenda

None

**COMMISSIONERS:** ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

**ALTERNATES:** KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

#### **4. Update from the Sequoia and Peninsula Health Care Districts**

Executive Officer Poyatos referred to the cover memo dated March 13, 2019 and the attached reports from the Sequoia and Peninsula Health Care Districts concerning their activities that included services aimed at meeting the needs of the medically underserved within and outside of their boundaries. She said a recommendation in the Municipal Service Review for the Districts was for LAFCo and Districts' staff to work on the potential for expanding the Districts' boundaries to include underserved areas not presently within district boundaries. She said the updates provided information as to what the Districts were doing regarding that.

Ms. Poyatos said the Chair had asked for clarification on the status of the below market rate (BMR) units at the Peninsula Health Care District Trowsdale facilities of 101 units for assisted living and 23 units for residents. She said the District committed to providing 10 BMR units. She said five of those units had been rented and 61 of all the units had been rented to date. She said the District had a stated commitment of 10% BMR units in the Peninsula Wellness Community development, which was still in the planning stage with construction expected within two and a half to three years. She said at this time an actual number of units to be provided had not been determined. Ms. Poyatos said Cheryl Fama and Pamela Kurtzman from Sequoia and Peninsula Health Care Districts were present if the Commission had questions for them.

Commissioner O'Neill said the report indicated work with the Sequoia Union High School District to help students transition from elementary to middle to high school. He said there were many more issues than transitioning and referred to situations he was aware of regarding foster children and asked what was being done to expand services.

Pamela Kurtzman, Sequoia Health Care District, said the District had an extensive school health program with \$4.5 million annually paid into eight local school districts. She said their major focus was on mental health tier one support services. Replying further to Commissioner O'Neill, she said the District was helping to track homeless and foster children in the school districts to determine the extra support needed and to provide teachers with training in that regard. Replying to Commissioner Horsley, she said that they fund 10 school nurses full time and several licensed vocational nurses.

Replying to Chair Draper, Executive Officer Poyatos said she would work with Districts' staff on the recommendation of expanding services as commented upon earlier in her opening remarks.

#### **5. LAFCO File 19-01 – Proposed Emergency Outside Service Extension for Sewer by the City of San Carlos to an Existing Single-family Home at 252 Club Drive (APN 049-050-050), unincorporated San Mateo County**

Management Analyst Bartoli said the subject property's septic system had failed,

documentation of which was sent to LAFCo and the City of San Carlos by San Mateo County Environmental Health. He said the City of San Carlos on March 11, 2019 approved a resolution for the outside service agreement stipulating that the property owners would apply for pre-zoning and annexation to the City and LAFCo within 30 days of San Carlos' resolution. He said the property owners had consented to future annexation by the City as part of the agreement and LAFCo confirmed with the City that the property owners have submitted their application and paid their fees for pre-zoning annexation. He said the LAFCo conditions for the annexation were for the applicants to conduct the pre-zoning and annexation process with the City of San Carlos, submit an annexation application to LAFCo, conduct the permit process with County Environmental Health regarding the septic system abandonment, submit all required permits to County Planning and Building for the sewer connection, and pay all required permit fees prior to issuance of a LAFCo approval letter.

Mr. Bartoli said the sewer extension was consistent with Section 56133 and existing policies of San Mateo LAFCo and consistent with the draft Outside Services Extension policy that would be discussed later on the agenda. He said the recommended action was that the Commission by motion approve LAFCo File 19-01 pursuant to government section 56133 and direct the Executive Officer to send a letter of approval to the City of San Carlos and the property owners conditioned upon submittal of the pre-zoning annexation application and fees.

Chair Draper asked if there was public comment on the item. There was none.

Commission Action: Commissioner Garbarino moved to approve LAFCo File No. 19-01 – Proposed emergency outside service extension of sewer by the City of San Carlos to an existing single-family home at 252 Club Drive (APN 049-050-050) (unincorporated San Carlos) pursuant to Government Code Section 56133 (0.15 acres) and direct the Executive Officer to send a letter of approval to the City and the property owner, conditioned upon submittal of pre-zoning and annexation applications and fees to the City and LAFCo. Commissioner O'Neill seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

## **6. Consideration of Adoption of Proposed Work Program and LAFCo Budget for Fiscal Year 2019-20**

Executive Officer Poyatos referred to the staff report dated March 12 and highlighted a correction that the net operating budget cited in Paragraph 1 Line 2 should read \$498,019 and not \$376,639. She said all the other information in the report and the spreadsheet were correct. She said the report provided background on the requirement that the Commission adopt the fiscal year budget in two hearings and the funding formula that mandated the Commission's budget be apportioned in thirds to the County, the 20 cities and the 22 independent special districts. She said the share of the one-third apportionment to cities and

special districts was based on each agency's revenue in proportion to the total revenue for the cities or districts.

Ms. Poyatos said the proposed work program and budget of \$602,612 was reviewed by the Budget Committee (Commissioners Horsley, O'Neill and Cosgrove), and they recommended presenting it to the full Commission for approval. She said the net operating budget of \$498,019 resulted in one-third apportionment of \$166,006 to the three funding groups.

Ms. Poyatos said the 2019-20 fiscal year budget represented the first full year of the Commission being staffed at 2.5 full time employees, including the Executive Officer, Management Analyst and a half time clerk. She said that staffing level and overall appropriations were consistent with other urban LAFCos. She said the report on the recommended fee revision, the next agenda item, included a table providing a comparison of urban and suburban LAFCos of similar size in terms of budget and staffing. She said the budget was also based on an estimated actual 2018-19 budget so the numbers might change with new information when the budget came back to the Commission at the May meeting. She said the estimated actual budget was \$79,593 less than the adopted budget. She said those funds would be carried over as a fund balance with a recommendation that those funds be used to offset the cost to the three funding groups rather than building a reserve.

Ms. Poyatos said staff's recommendation was to open the public hearing and accept public comment; consider and approve by resolution the proposed budget of \$602,612; and direct the Executive Officer to schedule the Final 2019-20 Budget for a public hearing at the May 15, 2019 Commission meeting and circulate it with any necessary amendments to the County, cities, and independent special districts.

Commissioner Horsley moved to open the public hearing. Commissioner O'Neill seconded the motion, which was approved unanimously by voice vote.

Chair Draper opened the public hearing. There were no speakers.

Commissioner Horsley moved to close the public hearing. Commissioner Lohman seconded the motion, which was approved unanimously by voice vote.

Commissioner Lohman said he had attended a meeting of the Independent Special District Association the evening before and the general consensus was the proposed budget, the work program, and the level of staffing were appropriate.

Commission Action: Commissioner Garbarino moved to approve by resolution the proposed budget of \$602,612 and direct the Executive Officer to schedule the Final 2019-20 Budget for a public hearing at the May 15, 2019 Commission meeting and circulate it with any necessary amendments to the County, cities, and independent special districts. Commissioner Horsley seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

## **7. Consideration of Adoption of Revised LAFCo Schedule of Processing Fees**

Management Analyst Bartoli said the staff report provided background on the process for establishing fees for LAFCo applications the Commission received. He said as part of the 2019-20 Budget, LAFCo staff reviewed the existing fee schedule that was last revised in 2014. He said the proposed update to the fees considered increased salaries and benefits, the addition of a full time management analyst, and shared secretary position, and the varying complexity and requirements related to processing different types of applications.

Mr. Bartoli said the updates to the fee schedule achieved reasonable cost recovery and processing. He reviewed the changes to the scheduled as outlined in the staff report noting fee comparisons with other LAFCos throughout the state based on budget, staff and other fee types in Attachment C. He identified fees that had been added to the schedule. He said language was revised regarding fees for Fish & Wildlife, CEQA filing fees and State Board of Equalization fees to have a reference rather than an exact fee as those agencies' fees tended to change annually. He said the Budget Committee on March 5, 2019 recommended approval of the revised fee schedule and also recommended that the Commission adopt a policy to review and update LAFCo fees biennially with the next review in 2021.

Mr. Bartoli said staff requested that the Commission review and approve the draft revised fee schedule and direct staff to bring it back for final approval at the May 15 meeting after circulation to the public and affected users.

Chair Draper asked if there was public comment on the item. There was none.

Vice Chair Cosgrove stated that he believes that staff is attempting to capture costs through application fees as reasonable as possible. He agrees that the fee schedule should be regularly reviewed.

Chair Draper concurred with having the fee schedule reviewed every two years.

Commission Action: Commissioner O'Neill moved to receive and accept the proposed revised LAFCo fee schedule and direct staff to distribute it for final approval at the May meeting. Commissioner Horsley seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

## **8. Consideration of Adoption of Updates to Policy for Extension of Service Outside Jurisdictional Boundaries**

Executive Officer Poyatos said the Commission had a staff report dated March 6, which should have been dated March 13 as it was produced after staff received comments from the City of Redwood City. She said that Government Code Section 56133 stated that a city or district might provide new or extended services by contract or agreement outside its jurisdictional boundary

only if it first requests and receives written approval from the Commission. She said LAFCo may approve a sewer or water extension outside jurisdictional boundaries, but within its sphere of influence in anticipation of future annexation. She said over recent years pursuant to Government Code Section 56133, the Commission had reviewed and approved various applications from various cities and districts (primarily the City of Redwood City) to extend water service outside jurisdictional boundaries.

Ms. Poyatos said for more recent applications the Commission had approved extensions of service conditioned upon a deferred annexation agreement to be recorded to run with the property. She said at the direction of the Commission's Legislative and Policy Committee, staff prepared draft clarifying language to include a requirement for annexation agreements to meet the provisions of section 56133. She said at the Commission's December 2018 meeting, the Commission directed that those draft policies be recirculated for additional time to receive comment. Ms. Poyatos said the City of Redwood City wrote a comment letter to LAFCo on the draft policy, which was included with the staff report. She said the proposed changes were not a change to practice of the Commission to require deferred annexation agreements and that the policy clarified that annexation agreements were a condition of LAFCo approval, bringing the Commission more into compliance with section 56133 as the Commission reviewed such applications.

Chair Draper recognized Alternate Members Kati Martin and James O'Neill present in the audience noting their work with her on the Legislative and Policy Committee.

Chair Draper asked if there was public comment on the item. There was none.

Chair Draper thanked staff for their work on this policy clarification noting that one of the goals of the Legislative and Policy Committee.

Commission Action: Commissioner Garbarino moved to adopt the Extension of Service Outside Jurisdictional Boundaries Clarifying Policy as presented. Commissioner Lohman seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

## **9. Legislative and Policy Committee**

Executive Officer Poyatos referred to the March 11, 2019 staff report that included a recommendation for the Commission to send two letters of support for AB 213 and AB 1253. She said it also provided the California Association of LAFCos (CALAFCO) Legislative Update Report, which tracked legislation that affected LAFCos. She said there was one bill not in the tracking by CALAFCO that affected San Mateo County, which was AB 825. She said that was legislation put forth by C/CAG proposing to convert the San Mateo County Flood Control District into the San Mateo County Flood and Sea Level Rise Resiliency District to address the

impacts of sea level rise in San Mateo County. She said it would revise the governance to a seven-member board including five city council representatives and two county supervisors, expand authorities to address sea level rise, and update funding and financing authorities.

Commission Action: Commissioner Horsley moved to direct staff to send letters of support for both AB 213 and AB 1253. Commissioner O'Neill seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

## **10. California Association of Local Agency Formation Commissions (CALAFCO) Correspondence**

Executive Officer Poyatos referred to the memo dated March 11 that provided background on CALAFCO. She said San Mateo LAFCo had been a member of CALAFCO since the 1970s when it was formed. She said originally a volunteer organization, CALAFCO now was staffed. She said CALAFCO services included legislative updates and advocating for LAFCOs at the state level, and workshops, conferences and training for LAFCo staff. She said the Executive Director at the recent CALAFCO board meeting announced the need to amend the fee structure to cover structural budget deficit with a proposal to increase fees by 16.25% across the board for this year only.

Ms. Poyatos said at the next annual conference a vote would be held on a revised membership dues structure. She said currently the dues formula was based on the county population categories as established by the California State Association of Counties. She said that a vote of the members was required to approve the new formula and dues that would apply in 2020-21, which would be based on the 2018-19 dues and not the increased 2019-20 fees.

## **11. Commissioner/Staff Reports**

None

## **12. Adjournment**

Chair Draper adjourned the meeting at 3:13 p.m.