



LOCAL AGENCY FORMATION COMMISSION

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November 9, 2022

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
 Sofia Recalde, Management Analyst
Subject: Adoption of a Municipal Service Review for the City of South San Francisco

Summary and Background

LAFCo prepared comprehensive Sphere of Influence (SOI) studies and adopted SOIs for cities and special districts in 1985 and has subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the new requirement to prepare MSRs in conjunction with or prior to SOI updates, LAFCo began the process of preparing Municipal Service Review (MSR) and SOI updates in late 2003. This Final Municipal Service Review (MSR) is the first MSR for the City of South San Francisco.

The City of South San Francisco was incorporated in 1908 with a population of 1,900 and has now grown to a population of 66,105 and a land area of 9.14 square miles. The City is a full-service city and provides the following services: law enforcement, fire, parks and recreation, library, transportation and streets, wastewater (with the exception of the Westborough neighborhood), storm water and solid waste.

The City is in a strong financial position and has healthy reserves funds. The City has been able to meet service demands and is in the process of updating the City's General Plan to plan for future growth.

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School.

Country Club Park is developed with single family homes, churches, and residential care facilities. While the majority of these properties are developed with on-site septic systems, several

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properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years. As more redevelopment occurs, within the Country Club Park, the City should evaluate service delivery patterns in this unincorporated area and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

The boundaries of the Westborough Water District (WWD) overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR does explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.

Updates to the Final Circulation MSR

LAFCO staff held a virtual public workshop for the Draft Circulation MSR on October 17th, 2022. Staff did not receive any comments during the workshop that impact the content of the Final MSR.

Several minor updates were made between the Draft Circulation MSR and the Final MSR based on comments received from the City of South San Francisco. These changes include statements acknowledging the following:

- The City's General Plan Update includes an action to conduct a study that considers long-term planning for the unincorporated sphere of influence, which is intended to be completed in the next 6-10 years (page 18).
- The City's policy for individual annexation includes a request for protest waivers as a condition of receiving services (page 18).
- If demand for sewer services continues, the City intends to fund a master sewer plan/study for the unincorporated area of Country Club Park, which would identify infrastructure costs, including sidewalk, curb, gutters and right of way (page 18).
- Additional information regarding the findings of a 2015 Grand Jury report that recommended that the Cities of South San Francisco and Daly City along with WWD discuss the possibility of Daly City and/or South San Francisco assuming WWD's water services. The City does not currently desire to become a water utility (page 29).
- LAFCO supports the continued engagement and collaborative working relationship between the City and the San Mateo County Harbor District related to the operation of the Oyster Point Marina (page 30).

All edits are shown in red in the MSR.

Current Key Issues

Key issues identified in compiling information on the City of South San Francisco include the following:

- South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School.
- Unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.
- The boundaries of the Westborough Water District, an independent special district, overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.
- While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.
- The City is in a strong financial position and has healthy reserves funds. The City has comprehensive fiscal policies, performs annual independent audits, and demonstrates high levels of transparency.
- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Proposed MSR Recommendations

As required by State law, there are seven areas of determination, including local policies as set forth in Section 56430.

1. Growth and population projections for the affected area.

2. The location and characteristics of any disadvantaged unincorporated communities¹ within or contiguous to the SOI.
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 SOI.
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 LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

For the final circulation, LAFCo has the following determinations and recommendations:

Growth and Population Determination

The latest estimate of the population of the City was 66,105. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030, a projected increase of 983 new residents a year, representing a growth rate of 1.4%. It is anticipated that City services will be adequate for this potential increase in population. The City should consider a plan for service and capital improvements for development in the City's unincorporated areas.

Disadvantaged Unincorporated Communities Determination

While there are no Disadvantaged Unincorporated Communities within the City's SOI, unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

¹ "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. This area of determination does not apply to the study area.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The proposed General Plan update calls for an annexation study for the City's unincorporated area and has a policy that will allow for individual annexations.

Recommendation -

1. LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. The annexation plan should evaluate infrastructure needs, including sewer and right-of-way improvements, of the unincorporated areas as well. The annexation plan should address infrastructure improvements, identify funding for these improvements, and assess different approaches to annexation of the areas.

Financial Ability Determination and Recommendations

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of "low", "moderate", and "high" risk, the City of South San Francisco is classified as "moderate" as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

The City conducts annual independent audits and has a finance division among its staff. Therefore, the City has ample financial oversight and the ability to provide services. The City continues to seek enhancements to revenue sources. Measure W is a local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that has been used to fund large capital improvement projects such as a new Civic Center Campus development which includes a new police station, library, parks and recreation facilities and council chambers. As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens' Oversight Committee. The Oversight Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

Like many public agencies, the City continues to address maintaining current levels of services as costs continue to rise. To address pension costs, the City established a CalPERS Stabilization Reserve to address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns. The City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

The City is well aware of these financial liabilities and a comprehensive MSR is unlikely to contribute additional valuable information.

Shared Service and Facilities Determination and Recommendations

The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the San Mateo County Harbor District. The City provides sewer service to several parcels in Country Club Park. The City is also the first responder for emergency fire and medical calls in this unincorporated neighborhood. LAFCo is not aware of any other opportunities that are not being utilized.

Recommendation -

1. LAFCo supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Accountability, Structure, and Efficiencies Determination of this report.
2. LAFCo supports continued engagement between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.

Accountability, Structure, and Efficiencies Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2020, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment policy, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

However, the City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. While there is no proposal for reorganization of either agency at this time, the MSR should evaluate potential reorganization options.

Recommendation -

1. WWD has a Sphere of Influence designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District's SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

- a. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco City Council serving as the governing board of the subsidiary district and the sewer water service

becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates for those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCSD transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.

- b. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCSD transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service
- c. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City's system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

Other Issues Determinations and Recommendations

The City is engaged in activities to address natural hazard mitigation and sea level rise for residents, businesses, and infrastructure.

Recommendation -

1. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.

Sphere of Influence Determination

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(e)):

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

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. Country Club Park is developed with single family homes, churches, and residential care facilities. The City's proposed General Plan update would maintain these residential and open space land uses.

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

The majority of Country Club Park is developed, and most properties utilize is on-site septic systems. However, several properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years as properties have redeveloped or when septic systems have failed.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco.

Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services, as well as wastewater service for several parcels. The City's proposed General Plan update calls for an annexation planning study for the City's unincorporated area and has a policy that will allow for individual annexations.

As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. The annexation plan should evaluate infrastructure needs, including sewer and right-of-way improvements, of the unincorporated areas as well. The annexation plan should address infrastructure improvements, identify funding for these improvements, and assess different approaches to annexation of the areas.

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

The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

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.

The unincorporated areas in the City's SOI are wholly surrounded by the City. The City and these unincorporated areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the Sphere of Influence of the City of South San Francisco is proposed at this time.

Public/Agency Involvement

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budget, reports, policies, etc. On August 31, 2022, a Notice of Public Hearing for the Draft MSR was released by LAFCo and published in the San Mateo County Times. On September 14, 2022, a Notice of Availability was released by LAFCo that requested written comments from the public and stakeholders by October 17, 2022. No written comments were received from the public or stakeholders. In addition, notices were sent to every "affected agency", meaning all other agencies and school districts with overlapping service areas. Finally, LAFCo staff held a virtual workshop for the public during the comment period for both City of South San Francisco and Westborough Water District MSRs on October 17, 2022.

California Environmental Quality Act

The MSR is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for the of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The MSR collects data for

the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The MSR is also exempt from CEQA under the section 15061(b)(3), the common sense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA.

The MSR and SOI update will not have a significant effect on the environment as there are no land use changes associated with the documents.

Recommendation

1. Open the public hearing and accept public comment.
2. Accept the Final Municipal Service Review for the City of South San Francisco; and
3. Adopt the Municipal Service Review Determinations and Recommendations contained in this report.

Attachment

- A. Final Circulation of the Municipal Service Review for the City of South San Francisco
- B. Resolution No. 1298 for City of South San Francisco Municipal Service Review and Sphere of Influence
- C. City of South San Francisco Comment Letter Dated October 17, 2022



**Municipal Service Review and Sphere of Influence
Review for the City of South San Francisco**

Final Draft

Released November 9, 2022

Municipal Service Review and Sphere of Influence Review for the City of South San Francisco

SUBJECT AGENCY:

City of South San Francisco

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**Circulation Final
LAFCo Municipal Service Review
and Sphere of Influence Update
City of South San Francisco
November 9, 2022**

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EXECUTIVE SUMMARY

The following Municipal Service Review (MSR) focuses on City of South San Francisco (City). The City was incorporated in 1908 with a population of 1,900 and has now grown to a population of 66,105 and a land area of 9.14 square miles. The City is a full-service city and provides the following services: law enforcement, fire, parks and recreation, library, transportation and streets, wastewater (with the exception of the Westborough neighborhood), storm water and solid waste.

The City is in a strong financial position and has healthy reserve funds. The City has been able to meet service demands and is in the process of updating the City's General Plan to plan for future growth.

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The boundaries of the Westborough Water District (WWD) overlap with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of "status quo", which has been maintained since 1987. This SOI designation anticipates no change in the district's boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR does explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.

Section 1: Overview

This report is a MSR and SOI update for the City. California Government Code Section 56430 requires that the Local Agency Formation Commissions (LAFCos) complete MSRs and SOI reviews on all cities and special districts. LAFCo is an independent entity with jurisdiction over the boundaries of cities and special districts. An SOI is a plan for the boundaries of a city or

special district. The MSR and SOI update do not represent a proposal¹ for reorganization of agencies, but rather a State-mandated study of service provisions of an agency.

Once adopted, the service review determinations are considered in reviewing and updating the SOI pursuant to Section 56425. The SOI, which serves as the plan for boundaries of a special district, is discussed in the second part of this report. This State-mandated study is intended to identify municipal service delivery challenges and opportunities and provides an opportunity for the public and affected agencies to comment on city, county, or special district services and finance; and opportunities to share resources prior to LAFCo adoption of required determinations.

San Mateo Local Agency Formation Commission

San Mateo Local Agency Formation Commission (LAFCo or “the Commission”) is a State-mandated, independent commission with county-wide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations, and dissolutions. LAFCo also has authority over extension of service outside city or district boundaries and activation or divestiture of special district powers. Among the purposes of the Commission are discouraging urban sprawl, preserving open space and prime agricultural lands, planning for the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. LAFCo operates pursuant The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) contained in Government Code Sections 56000 and 57000. The Commission includes two members of the County Board of Supervisors, two members of city councils from the 20 cities, two board members of 21 of the 22 independent special districts, a public member, and four alternate members (county, city, special district, and public).

LAFCo prepared comprehensive SOI studies and adopted SOIs for cities and special districts in 1985 and has subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the CKH Act and the new requirement to prepare MSRs in conjunction with or prior to SOI updates, LAFCo began the process of preparing MSR and SOI updates in late 2003. Studies were first prepared on sub-regional and County-wide independent special districts, followed by South County cities and special districts. This is the first MSR for the City of South San Francisco.

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County, 20 cities, 22 independent special districts, five subsidiary districts governed by city councils, and 33 County-governed special districts. It merits emphasis that the County plays a dual role that differs from cities or districts. Districts provide a limited set of services based on enabling legislation, while cities generally provide basic services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the

¹ An application for annexation may be submitted by 5 percent of the voters or landowners of territory proposed for annexation or by resolution of the District.

State, provides a vast array of services for all residents, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. Along with independent water, sewer, and fire districts, the County also provides basic municipal services for residents who live in unincorporated areas. According to Census 2020 data, 63,205 of the County’s total 765,417 residents live in unincorporated areas.

Purpose of a Municipal Service Review/Sphere of Influence Update

This MSR/SOI Update examines the City of South San Francisco.

LAFCo prepares the MSR and SOI update based on source documents that include Adopted Budgets, Basic Financial Reports and Audits, Capital Plans, Urban Water Management Plans, and Planning Documents, including the General Plan. Draft MSRs and SOI updates are then circulated to the agencies under study, interested individuals and groups. The Final MSR and SOI update will include comments on the circulation draft and recommended determinations for Commission consideration. MSR determinations must be adopted before the Commission updates or amends an SOI.

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
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 SOI.
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 LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

² “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. This area of determination does not apply to the study area.

Sphere of Influence Determinations:

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425):

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 a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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

As established by LAFCo in 1976, reaffirmed in 1992, and amended in 2001, the SOI designation for the City of South San Francisco includes areas of unincorporated San Mateo County including County Club Park and the California Golf Club.

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to "disadvantaged unincorporated communities," including the addition of SOIMSR determination #35 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or "DUCs," are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. The City of South San Francisco provides wastewater and fire protection, however there are no Disadvantaged Unincorporated Communities within the City's Sphere of Influence.

Section 2. Summary of Key Issues

Key issues identified in compiling information on South San Francisco include the following:

- South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated

islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School.

- Unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.
- The boundaries of the Westborough Water District, an independent special district, overlaps with the City of South San Francisco. The City provides sewer service to residents in the City, with the exception of WWD. WWD has a SOI designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.
- While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD, including the formation of a subsidiary district, merger with South San Francisco, or dissolution.
- The City is in a strong financial situation and has healthy reserve funds. The City has comprehensive fiscal policies, performs annual independent audits, and demonstrates high levels of transparency.
- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Section 3: City of South San Francisco

Background

In 1852, Charles Lux established a cattle operation in the area known today as South San Francisco and San Bruno. Later, this operation was purchased by Gustavus Swift and established a new stockyard and marketplace. In keeping with his naming his other business locations (South Omaha and South Chicago), he created the South San Francisco Land and Improvement Company. A decade later, on September 19, 1908, the City of South San Francisco formally incorporated. At the time of incorporation, the population totaled 1,989³. Over the decades, the City annexed territory to expand its boundaries, with numerous annexations from the 1950s to the 1990s. A number of these annexations converted former agricultural operations into residential developments.

³ City of South San Francisco 1999 General Plan and South San Francisco Fiscal Year 2022-23 Adopted Budget

Boundaries

The City has a population of 66,105⁴ and a land area of 9.14 square miles. The City shares its boundary with the cities of Brisbane and Daly City and the Town of Colma to the north, San Bruno and the San Francisco International Airport to the south and the City of Pacifica to the west. The eastern proportion of the City boundary is the San Francisco Bay. The original SOI included San Bruno Mountain and the San Francisco Airport. This was reviewed in 1976 removing San Bruno Mountain and the Airport from the SOI and including the Rod McLellan Nursey, Country Club Park, the California Golf Club, and Ponderosa Elementary School. Subsequent annexations included: several annexations in 1979, portions of San Bruno Mountain in 1983, and Rod McLellan Nursey in 1997. (Attachment A).

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. These boundaries can be seen in Figure 1.

Mission Statement

The adopted mission statement of the City of South San Francisco is to provide a safe, attractive and well-maintained City through excellent customer service and superior programs and to have a work ethic that will enhance the community's quality of life.

To that end, the City will strive to nurture a partnership with the community by recruiting a diverse and highly skilled workforce, be an active partner in quality education and attract and retain a prosperous business community, all of which will foster community pride and understanding.⁵

Structure and Governance

The City of South San Francisco is a municipal corporation operating under the general laws of the State of California⁶. The City is a legally separate and fiscally independent agency. It can issue debt, set and modify budgets, collect fees for services, sue and be sued.

The City operates under the Council-Manager form of government with a five-member council elected by district⁷. The positions of City Treasure and City Clerk are also elected positions. The City Manager serves as the administrative head of city government overseeing the departments of fire, police, city attorney, city clerk, economic and community development, finance, human resources, Information Technology, library, parks and recreation, and public works.

⁴ 2020 US Census

⁵ City of South San Francisco, <https://www.ssf.net/our-city/about-south-san-francisco/mission-statement>

⁶ General law cities are governed by the California Government code. Charter cities are governed by the adoption of charters

⁷ In 2020, the City transitioned from at-large representation to district elections

The five city council members are elected to four-year terms. Elections are held in even-numbered years. Three members are elected together, and the other two are elected in the next election. In 2020, residents within District 2 and District 4 voted for one councilmember each. In 2022, elections will be held for District 1, 3, and 5. The election for the positions of City Treasure and City Clerk remain at-large.

The City has eleven council-appointed commissions that are devoted to various aspects of community life including planning, recreation, public arts, bicycle and pedestrian access, and the public library.

The City Council meets on the second and fourth Wednesdays of every month at 7:00 pm at the Municipal Services Building at 33 Arroyo Drive, South San Francisco, CA 94080.

Agendas, staff reports, and minutes are available on the City's website. The City publishes a newsletters and sends several emails a week with updates from City administration and the Council.

Since the Governor's Order in March 2020, the City council has held hybrid meetings allowing for both in-person and remote participation, except during COVID-19 spikes when all meetings were virtual. City committees, boards and commissions have met via Zoom and allowed for public participation since March 2020.

In Fiscal Year 2021-22, the City employed a total of 581.22 full-time equivalent employees (FTEs) consisting of 7 elected officials, 469 full-time FTEs, 6.56 Part-time regular positions, and 98.66 Hourly positions.

Municipal Services

As a general-purpose city, South San Francisco provides essential municipal services. Municipal services provided by the City and reviewed in the MSR include:

- Law enforcement
- Fire
- Parks and Recreation
- Library
- Transportation and streets
- Wastewater (with the exception of the Westborough neighborhood)
- Storm water
- Solid waste

The City provides some service outside of its boundary area, some of which were extended outside of the City prior to the requirements for LAFCo approval. South San Francisco provides some wastewater service to parcels within the unincorporated Country Club Park area.

Section 4: Affected Agencies

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a SOI. Notice shall be provided at least 21 days in advance and mailed notice shall be provided to each affected local agency or affected County, and to any interested party who has filed a written request for notice with the LAFCo Executive Officer. Per Government Code Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (including proposed changes to the SOI).

The affected local agencies for this MSR/SOI are:

County and Cities:

County of San Mateo

City of South San Francisco

School District:

Brisbane Elementary School District

South San Francisco Unified School District

Independent Special Districts:

Westborough Water District

Section 5: Potentially Significant MSR Determinations

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most, or all, of the determinations are not significant, as indicated by “no” answers, the Commission may find that an MSR update is not warranted.

	Growth and Population		Disadvantaged Unincorporated Communities
	Capacity, Adequacy & Infrastructure to Provide Services		Financial Ability
X	Shared Services	X	Accountability, Structure, and Efficiencies
X	Other		

1) Growth and Population

Growth and population projections for the affected area.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?			X
b) Will population changes have an impact on the subject agency’s service needs and demands?			X
c) Will projected growth require a change in the agency’s service boundary?			X

Discussion:

a) Anticipated growth: The City of South San Francisco is the land use authority within city boundaries, while San Mateo County is the land use authority for unincorporated areas in the City’s SOI. The City is currently in the process of updating their general plan, which was last adopted in 1999. The current population of the City is 66,105 as estimated by the US Census. This is an increase of approximately 4,000 residents from 2010. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030. However, per the California Department of Finance, the City’s population decreased by 0.9% in 2021 over the previous year.

State law requires that the Association of Bay Area Governments (ABAG) quantify and allocate housing needs to each jurisdiction within the Bay Area. In periodic updates to the general plan’s Housing Element, each Bay Area jurisdiction must then demonstrate how it will meet that need over the next planning period. Recently, ABAG adopted the Regional Housing Need Allocation (RHNA) for the 2023-2031 cycle. The City was allocated 3,956 units. 871 units are for very-low income, 502 for low income, 720 for moderate income, and 1,863 units for above moderate income. The City is currently in the process of updating all sections of its General Plan and will update the City’s Housing Element as well. For the previous RHNA cycle (2015-2022), the City was allocated 1,864 units. As of December 2020, 977 units have been permitted. Of these units, 85% (834 units) are above moderate income, in addition to 80 very low-income units, 5 low income, 58 moderate income units.

b) Change on demand for services: The City has identified housing opportunities well in excess to meet its RHNA of 1,864 housing units between 2014 and 2022 and will undergo a similar review for the 2023-2031 RHNA cycle. The City does not anticipate that growth patterns will expand beyond the City’s current SOI. As part of the City’s General Plan Update, the City has

developed draft land use, safety/climate adaption, and parks and public facilities plans that factor in the City’s projected growth through 2040.

When development projects are proposed in the City, departments review if there will be impacts to services. The City also imposes several impact fees to address any increase or expansion of services provided by the City. Within the near term, it is unlikely that projected growth will have a substantial impact on the City’s ability to serve its residents.

c) Change in boundary to accommodate growth: As there is limited unincorporated territory for growth, the vast majority of this population increase will occur within the existing boundaries of the City via in-fill development. Within the unincorporated area of Country Club Park, development or redevelopment of properties will likely be contingent upon sewer service from the City. While some of the unincorporated properties have existing sewer connections from the City, the majority of properties are served by on-site septic systems.

Growth and Population MSR Determination

The latest estimate of the population of the City was 66,105. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030, a projected increase of 983 new residents a year, representing a growth rate of 1.4%. It is anticipated that City services will be adequate for this potential increase in population. The City should consider a plan for service and capital improvements for development in the City’s unincorporated areas.

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?			X
b) Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?			X
c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated			X

community (if “no” to either a) or b), this question may be skipped)?			
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Discussion:

a-c) Disadvantaged unincorporated communities: The City of South San Francisco provides wastewater and fire protection services that would potentially activate the provisions of SB 244. The Country Club Park neighborhood is an unincorporated island within the SOI of the City and is wholly surrounded by the City of South San Francisco. However, under SB 244, Country Club Park is not considered a disadvantaged unincorporated community per the latest information from the State of California. (A “disadvantaged community” is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income).

As noted, the City does provide service for Country Club Park the California Golf and Country Club. Country Club Park is developed with single family homes, churches, and residential care facilities. While the majority of these properties are developed with on-site septic systems, several properties are connected to the City’s sewer system. In addition, requests for sewer connections have increased in recent years.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco. Emergency fire response is provided by the City via Fire Station 61, only 1.5 miles away (see Figure 2).

Similarly, Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

Disadvantaged Unincorporated Communities MSR Determination

City of South San Francisco provides wastewater and fire protection, however there are no Disadvantaged Unincorporated Communities within the City’s SOI.

Recommendations:

1. While there are no Disadvantaged Unincorporated Communities within the City’s SOI, unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

3) Capacity and Adequacy of Public Facilities and Services

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.	Yes	Maybe	No
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X
d) Are there any significant infrastructure needs or deficiencies to be addressed?			X
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related			X

to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?			
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Discussion:

a-b) Capacity to serve customers: The City of South San Francisco provides core municipal services that are delivered primarily by City staff, including police and fire protection; building permitting and inspection; land use management; and maintenance of roads, public facilities, water, sewer⁸, and storm drainage infrastructures. The primary service providers for the major municipal services discussed in this report are summarized in Table 1.

Table 1: Service Delivery Model by Major Service Function

Major Service Function	Primary Service Provider	Non-City Service Provider, if applicable
Animal Control	Agreement	Peninsula Humane Society & SPCA
Fire and EMS	City	
Law Enforcement	City	
Library	City	
Parks and Recreation	City	
Planning/Building	City	
Solid Waste and Recycling	Agreement	South San Francisco Scavenger Company, Inc.
Streets	City/Agreement	Caltrans (El Camino Real/CA Highway 82)
Stormwater	City	
Utilities		
Electricity/Gas	JPA/Private Company	Peninsula Clean Energy/Pacific Gas and Electric
Water	Private Company/District	Calwater for majority of South San Francisco and unincorporated area and Westborough Water District (Westborough area only)
Sewer	City/District	City of South San Francisco and Westborough Water District (Westborough area only)

Law Enforcement

The City of South San Francisco provides law enforcement and dispatch services within the City limits. The City also provides 911 dispatch services for the City of Pacifica and the Town of

⁸ Westborough Water District provides service to the Westborough neighborhood of South San Francisco

Colma. The South San Francisco Police Department service-provider of indoor firearms range training facilities for the City of Hillsborough, Burlingame, and the U.S. Marshall's Service.

In total, the South San Francisco Police Department has 83 sworn officers. During FY 2018-2019, there were 41,363 calls for service. Over the last two years, there were only 11 calls for service in the Country Club Park area.

Fire

South San Francisco Fire Department responded to 7,417 calls for service in FY 2018-19. This includes 149 calls for service in the unincorporated areas of Country Club Park, the California Golf Club, and Westborough Boulevard.

The City's goal for priority one dispatched calls is to have response within 7 minutes of these emergency calls. The Fire Department has an Insurance Services Office (ISO) Class 2 ranking, with Class 1 being the highest ranking. This ranking is based on the City emergency communications systems, fire response, and water supply.

The City is also the only fire department in San Mateo County that operates its own advanced life support and basic life support ambulances for paramedic transport service. These services are provided through the City's service area and includes the unincorporated areas of Country Club Park, the California Golf Club, and Westborough Boulevard.

San Mateo County Public Safety Communications provides dispatch services for South San Francisco Fire Department.

Streets

The City maintains 155 street miles and associated sidewalks, 54 miles of bike lanes, and 4,492 streetlights. Street sweeping is provided by the City. The City's pavement condition index (PCI) for 2018 was 75, which is considered good/fair by the Metropolitan Transportation Commission⁹.

The County of San Mateo maintains 4.8 street miles in Country Club Park as well as the unincorporated portion of Westborough Boulevard between Camaritas Avenue and Junipero Serra Boulevard and a portion of Hillside Boulevard between Stonegate Drive and Holly Avenue. Some small sections of Westborough Boulevard are within city limits owing to the irregular boundary on the west bound side. Westborough Boulevard is a main thoroughfare traffic traveling to and from Interstate 280, Junipero Serra Blvd. and El Camino Real. The roadway does not provide access or egress to unincorporated lands. There is now a maintenance access driveway off of unincorporated Westborough Boulevard to the California Club. LAFCo recommends that the roadway be annexed to the City in the future.

Stormwater

The City's stormwater system is managed and maintained by the City's Public Works Department. The City manages over 96 miles of storm drains. The crew also responds to

⁹ <https://www.vitalsigns.mtc.ca.gov/street-pavement-condition>

mandates imposed by the federal Clean Water Act as monitored by the Regional Water Quality Control Board (RWQCB) to lessen pollution and damage to streets and structures.

San Mateo County Flood and Sea Level Rise Resiliency District manages the Colma Creek Flood Control Zone. The Zone was created in 1964 to construct flood control facilities in Colma Creek to alleviate flooding in the City of South San Francisco. The District, County Public Works, and the City of South San Francisco work in conjunction to address flooding concerns from Colma Creek.

Wastewater

The City's Water Quality Control Plant provides secondary wastewater treatment for South San Francisco, the City of San Bruno, the Town of Colma, and portions of the City of Daly City. It also provides dechlorination treatment of effluent for the Cities of Burlingame and Millbrae and the San Francisco International Airport prior to discharge into the San Francisco Bay. The City also maintains the 120 miles of the sewer lines that transport wastewater to the treatment facility.

Parks and Recreation

The City Parks and Recreation Department manages nearly 300 acres of parks and open space including:

- 145 acres of 30 parks and playgrounds, including Orange Memorial Park and Centennial Way
- 100 acres of open space at Sign Hill Park, Oyster Point Marina, and a Community Garden
- 14 acres of athletic fields, partially shared with South San Francisco Unified School District
- 24 acres of street medians, 4 acres of green spots, 8 acres of parking lots, and 10.9 acres of other city landscaping

As of FY 2021-22, approximately 16,000 unique individuals per year enroll in Parks and Recreation programs (classes, camps, childcare, sports, senior services, etc.), and the department also received approximately 20,000 individuals for drop-in programs. These numbers do not include the nearly 200,000 people served through the Parks and Recreation Department's special events and private events, nor does it include all park visitors. An additional 200,000 visitors attend programs at the Orange Pool each year.

The Parks and Recreation Department has stated that the waiting lists include about 6,000 individuals, primarily for youth programs, aquatics programs, and childcare services. The Department has sufficient staffing based on the current capacity of City facilities in order to operate existing programs. However, the Department said that it would need additional facilities and staff in order to grow its programs to meet the demand evidenced by its lengthy waiting lists and the City's projected population growth. A new Library and Parks and Recreation Center is set to open in mid-2023 to address this need. Construction of a new preschool center and aquatic center is being explored, with hopes to open in the next few years.

The Department charges fees for classes, sports activities, certain senior services, special events, aquatics programs, rental of facilities, and preschool/childcare. These fees are charged at a higher rate for non-residents.

Library

The City operates two library branches, the Grand Avenue Branch Library which opened in 1917 and the Main Library at 840 West Orange Avenue which opened in 1966. The two libraries typically circulate more than half a million items per year and receive almost 300,000 visitors per year. The Library returned to pre-pandemic open hours in August 2021; circulation in FY 2020-21 was 449,000 items. In addition, the library manages a Community Learning Center (CLC), located on the South San Francisco Unified School District (SSFUSD) Spruce Elementary School campus. The CLC provides afterschool homework programs primarily for Title I school students, computer classes and open lab, citizenship classes and more. The libraries also provide computer and Wi-Fi access to members of the community, with expanded Wi-Fi access and computer lab assistance during the pandemic. Pre-pandemic, the library had over 68,000 attendees at 2,747 programs; with the return of full open hours and expansion of in-library programming, attendance and usage are anticipated to return to pre-pandemic levels. The library system also coordinates efforts with the SSFUSD on various initiatives, including supporting the Big Lift program. South San Francisco Public Library is fine-free. The City is currently constructing a new library and park and recreation center on El Camino Real that will replace the Main Library. The City is studying the conversion of the existing Main Library to a childcare facility.

South San Francisco Public Library is a member of the Peninsula Library System, a consortium of the 34 public and community college libraries in San Mateo County.

Issues related to the City's existing or future capacity to provide services have not been identified. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

c) Adequacy of service: Issues related to adequacy of services have not been identified.

d) Infrastructure needs: The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. The FY 2020-2021 CIP covers sewer, park, and road projects, the construction of a new police and 911 dispatch center, and sea level rise planning at the City's wastewater treatment plant. \$195 million was appropriated for the projects listed in the 2020-21 CIP.

e) Pending legislation: According to City staff, the State Water Resources Control Board has initiated a study regarding the impacts of wastewater discharge and nutrient level in the San Francisco Bay. Depending on the outcome of this study and potential new regulations, the City's wastewater treatment plant may need significant upgrades to address nutrient removal in wastewater.

f) Disadvantaged Unincorporated Communities: No. Please see response to 2a-c.

Capacity and Adequacy of Public Facilities and Services MSR Determination

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a CIP for City owned infrastructure and facilities. A comprehensive General Plan Update is currently under process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

As noted in previous sections of the MSR, the unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The proposed General Plan update calls for an annexation study for the City’s unincorporated area **that is anticipated to be completed in the medium-term (6-10 years) time frame. The City has a policy that will allow for individual annexations, which includes a request for waivers of protests against future annexation from said property owners as a condition of receiving services to preserve the path for orderly development. If demand continues, the City intends to fund a master sewer service plan/study for the unincorporated area of Country Club Park, which would identify infrastructure costs, including sidewalk, curb, gutters and right of way.**

Recommendations:

1. LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City’s public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City’s wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. **LAFCo supports the City’s intention to include an evaluation of infrastructure needs, identification of funding for these improvements and an assessment of the different approaches to annexation for these areas into the annexation plan.**

4) Financial Ability

Financial ability of agencies to provide service	Yes	Maybe	No
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management,			X

such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?			X
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?			X
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?			X
f) Is the organization’s debt at an unmanageable level?			X

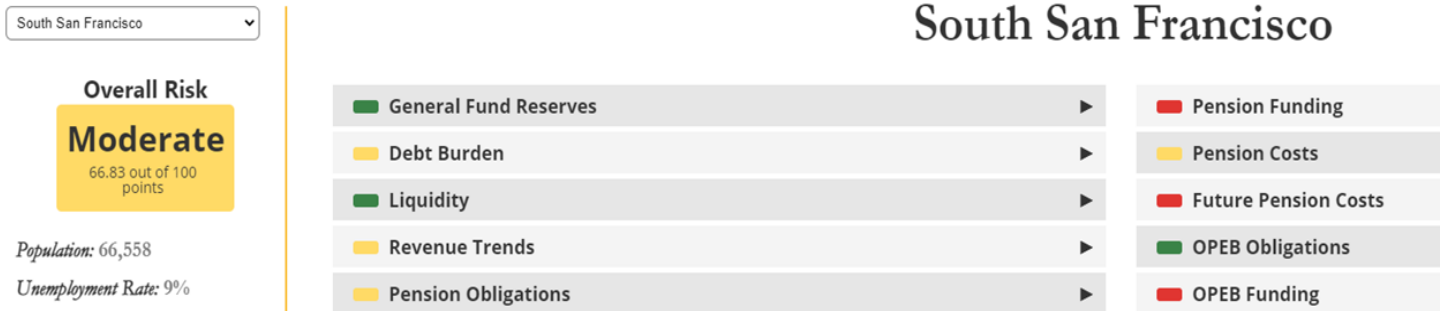
a) Budget and Audit process: The City of South San Francisco routinely adopts and operates a biennial budget with a budget cycle of July 1 through June 30. The process to develop the biennial operating budget begins in the middle of the current fiscal year. Over a period of six months, the Finance Department collaborates with the City Council, City Manager, and department executives to formulate and refine budget projections for the upcoming fiscal year.

Due to economic uncertainties stemming from the COVID-19 global pandemic, the City switched to an annual budget cycle starting from FY 2021-22 so the budget can reflect the dynamically changing conditions.

The City conducts annual independent audits as part of the City’s **Annual Comprehensive Financial Reports (ACFR)**, with the most recent audit being completed in January 2021 for the governmental activities and the major funds of the City as of June 30, 2020. The audit revealed no instances of non-compliance or material weakness in internal controls.

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of “low”, “moderate”, and “high” risk, the City of South San Francisco is classified as

“moderate” risk as illustrated by the key indicators below¹⁰. Pension and OPEB funding, and future costs, are the key City finance issues identified by the State Auditor.



The City believes that they have maintained strong financial position and reserves as indicated in the City’s **ACFR**. In 2020, Standard and Poor’s rating agency assigned a AAA rating to the City. The AAA rating was affirmed in 2021 and 2022. The table below is from the latest City ACFR for FY 2020- 2021 posted on its website.

The FY 2022-2023 budget, including the General Fund operating budget and Capital Improvement Plan totals over \$423 million dollars and is the largest budget in the City’s history. Per the City’s 2022-2023 budget document, sales tax revenues have continued to rebound as spending returns toward pre-pandemic levels, and Transit Occupancy Tax (TOT) revenue is expected to continue to recover.

¹⁰ https://www.auditor.ca.gov/local_high_risk/dashboard-csa

Governmental Net Position

**Table 1
Governmental Net Position at June 30
(In Millions)**

			Increase / (Decrease)	
	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
Cash and investments	\$ 229.1	\$ 219.6	\$ 9.5	4.3%
Other assets	148.7	90.5	58.2	64.3%
Capital assets	383.1	301.5	81.6	27.1%
Total assets	<u>760.9</u>	<u>611.6</u>	<u>149.3</u>	<u>24.4%</u>
Total outflows of resources	31.2	29.4	1.8	6.1%
Total outflow of resources	<u>31.2</u>	<u>29.4</u>	<u>1.8</u>	<u>6.1%</u>
Long-term debt outstanding	157.5	56.8	100.7	177.3%
Other liabilities	301.0	276.3	24.7	8.9%
Total liabilities	<u>458.5</u>	<u>333.1</u>	<u>125.4</u>	<u>37.6%</u>
Deferred inflows of resources	1.6	3.2	(1.6)	(50.0%)
Total deferred inflow of resources	<u>1.6</u>	<u>3.2</u>	<u>(1.6)</u>	<u>(50.0%)</u>
Net position:				
Net investment in capital assets	316.1	296.2	19.9	6.7%
Restricted	160.2	138.7	21.5	15.5%
Unrestricted	(144.2)	(130.2)	(14.0)	10.8%
Total net position	<u>\$ 332.1</u>	<u>\$ 304.7</u>	<u>\$ 27.4</u>	<u>9.0%</u>

General Fund

The FY 2022-23 Operating Budget for the General Fund is balanced, with total revenues at \$122.3 million and \$122.2 million in expenditures. In FY 2020-21, the General Fund is projected to be balanced, with total revenues of \$115.8 million and expenditures of \$113.2 million. The FY 2021-2023 General Fund had a \$2.8 million deficit, largely due to the economic impacts of the Covid-19 pandemic. The shortfall was address through a combination of the American Rescue Plan (ARP) Act funds and reserve funds

City of South San Francisco General Fund Budget 2019-2023					
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Change of 2021-22 from 2022-23
Revenues	\$113,882,815	\$115,768,363	\$110,263,558	\$122,262,182	9.1%
Expenditures	\$111,563,666	\$113,118,974	\$113,050,543	\$122,206,770	8.1%
Net	\$1,808,037	\$2,295,732	-\$2,786,985	\$55,412	

The City’s General Fund includes taxes, permit fees, charges for services, grants and other sources. Taxes account for 66% of total revenues, which include: property taxes, sales taxes, TOT, parking tax and business license tax.

General Fund expenditures are monitored and tracked at the line-item level. Public safety activities (Police and Fire) account for 55% of all General Fund Expenditures. Administrative departments such as Finance, Human Resources and the City Manager account for 9% of all General Fund Expenditures.

Budgeted Revenues by Source

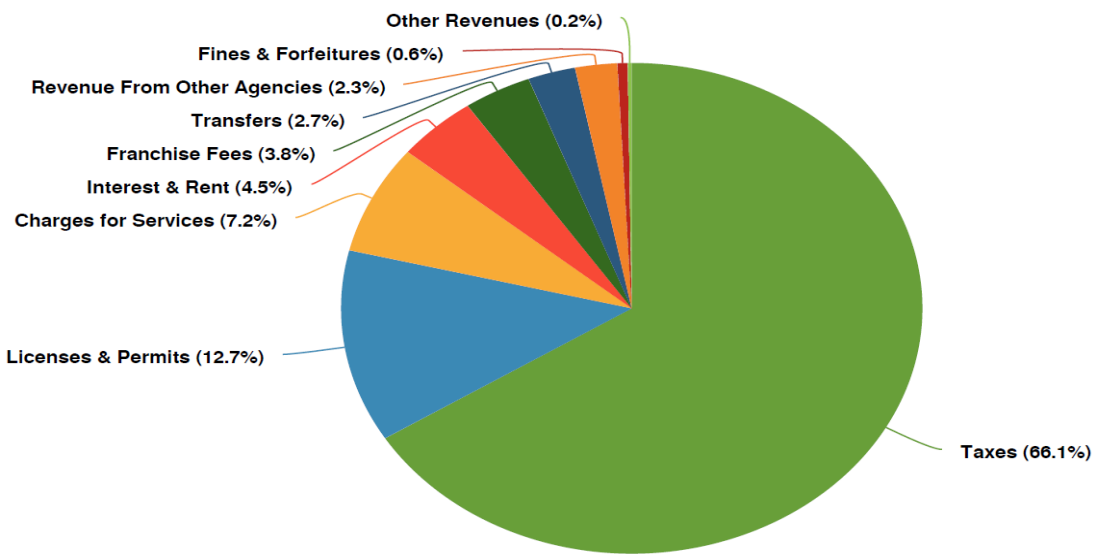


Figure 1 (Source – South San Francisco FY22-23 Budget)

Budgeted Expenditures by Department

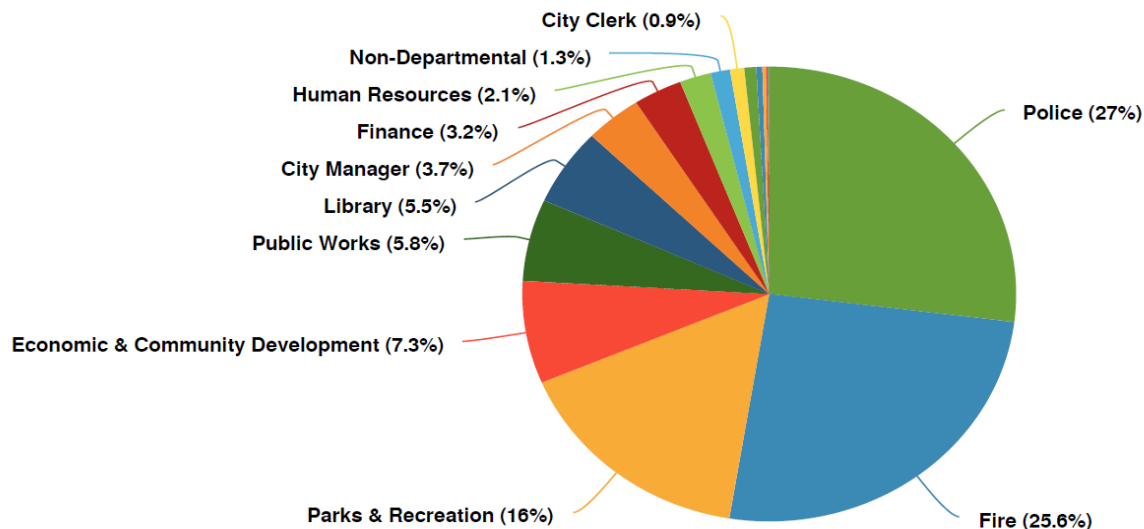


Figure 2 (Source – South San Francisco FY22-23 Budget)

Pension Liability

The City's Net pension liability to CalPERS for fiscal year ending June 30, 2021 increased by \$12.2 million (6.3% increase) to \$205.3 million. The City's net pension liability for the prior fiscal year was \$193.1 million. The liability increase was driven by revised actuarial valuations from CalPERS taking into account member contributions and investment earnings.

As noted in the California State Auditor's risk indicator and the City's ACFR, the City has a Pension Funded Ratio of 67%, which decreased from 73% funded in 2014-15. It is estimated that by 2027-28, 14% of the City's revenue will be allocated to CalPERS pension obligations. This is an increase from the current allocation of 9% of the City's revenue to CalPERS pension obligations as of FY 2019-2020. In 2021, the City hired a municipal advisor to develop pension funding strategies for its pension liability. In July 2022, the Superior Court of the State of California for the County of San Mateo filed a default judgment in validation proceedings for the issuance and sale of pension obligation bonds.

Other Post-Employment Benefits (OPEB)

Other post-employment benefits are the benefits that an employee begins to receive at the start of their retirement. These benefits typically include health or dental care and do not include the pension paid to the retired employee. The City's most recent actuarial study estimates the City's total OPEB liability at \$59.3 million, which reflects ongoing investment into the California Employers' Retirement Benefit Trust (CERBT). The retiree health insurance

premiums are paid on a pay-as-you-go basis. In FY 2013-14, the City established a CERBT account, with annual contributions being made to that trust every year. Currently, there is about \$23 million in total assets in the City's CERBT account. The FY 2019-21 Adopted Biennial Operating Budget includes \$250,000 as an ongoing contribution from the General Fund to CERBT to further reduce the City's OPEB liability.

Effects of COVID-19

COVID-19 directly impacted the City's TOT. For FY 2020-2021 TOT revenue decreased by \$7.1 million, or 51.5%, to \$6.7 million in FY 2020-21 from \$13.8 million in the prior year. For FY 2022-2023, the City is estimating that its revenue stream will reach \$11.2 million in FY2022- 23 which is 65% of the pre-pandemic level.

For FY 2020-2021, sales tax increased by \$1.2 million. Per the City's ACFR, early in the fiscal year, shelter-in-place orders related to the COVID-19 pandemic had a negative impact on this category but as the year progressed and vaccines were rolled out, restrictions eased and the local and wider economy began to rebound and spending levels increased, driving a recovery in sales tax revenue.

To partially mitigate the negative financial impacts of COVID-19, cost saving measures were put into place very early, prior to the County's March 16, 2020, shelter-in-place mandate, mitigating some of the financial impact. These measures have included enacting a hiring freeze and implementing cost reduction measures limiting all non-essential spending. City staff notes that the City has ample reserves to provide for budgetary flexibility. The FY 2022-2023 Budget return all departments to full staffing and adds 22 new full-time employees.

b) Reserve: The City has an adopted General Fund Reserve Policy, with a reserve target of 20% of the operating budget. The adopted FY 2020-2021 budget allocated \$21.8 million to reserves and met the 20% target.

The City's Reserves Policy includes a reserve target of 2% of General Fund operating budget revenues for a Reserve for Emergencies. This level will cover approximately one week of operations.

The City Council created a CalPERS Stabilization Reserve at the end of FY 2015-16 to address CalPERS' pension volatility. This fund helps the City address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns.

c) Service charges: Per City staff, the City has not experienced any challenges in adjusting rates or fees. Rates are evaluated in five-year cycles, with the last rate schedule being adopted in 2019.

The City's enterprise funds are described below as stated in the City's 2020-21 ACFR:

Sewer Enterprise Fund

This fund accounts for user charges supporting the operation, maintenance, and capital renovation of the wastewater collection and treatment system. The City co-owns and operates a regional treatment plant with the City of San Bruno.

The Sewer Enterprise Fund reported operating income of \$33.8 million in FY 2020-21, an increase of \$2.7 million, or 8.6%, from \$31.2 million in the prior year, reflecting an increase in the amount contributed by other cities receiving wastewater treatment services from the City of South San Francisco's Wastewater Quality Control Plant (WQCP). Operating expenses increased \$0.6 million, or 2.0%, from \$ 25.5 million to \$26.1 million, reflecting the impact of increases in employee compensation along with slight increases in normal expenses like professional services and supplies.

Parking District Fund

This fund accounts for meter and parking permit fees used to acquire and maintain parking facilities.

In FY 2020-21, the Parking District Fund reported an operating loss (before non-operating revenues and operating transfers) of \$0.6 million which was an increase on the loss seen in the prior year of \$0.2 million. Operating revenues decreased by \$0.2 million, or 20.0%, from \$1.0 million to \$0.8 million, primarily due to reduced usage of parking meters during the first half of the year when COVID-19-related restrictions remained in force. Operating expenses increased by \$0.2 million, or 19.6% from \$1.1 million to \$1.3 million due to higher personnel costs and professional services expenses.

Storm Water Fund

The Storm Water Fund is used to account for resources needed to fund storm drain and storm infrastructure operations, maintenance, capital replacement, and compliance with various federal and state regulations regarding storm water runoff.

Revenues totaled \$0.4 million, which is flat compared to the prior year, primarily from a levy on property owners. Transfers from other funds totaled \$0.9 million – which is a \$0.2 million reduction from the General Fund and \$0.7 million from non-Major Governmental Funds. A one-off grant receivable for \$5.7 million was recorded in the year related to the Orange Memorial Park storm water capture CIP project. Operating expenses in this fund totaled \$0.9 million, down \$0.3 million, or 24.0%, from \$1.2 million in the prior year. Net position increased \$6.1 million from \$5.4 million to \$11.5 million, largely due to the grant received.

Measure W

This fund is used to account for revenues and expenditures associated with the Measure W local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that went into effect in April 2016. Measure W funds are unrestricted. Per the FY 2022-2023 budget, funds have contributed directly to capital improvement projects such as Phase I and II of the new Civic Center Campus development which includes a new police station, library, parks and recreation facilities and council chambers.

The City issued \$43.9 million in bonds in FY 2019-20 and \$86.4 million in FY 2020-21 to help fund design and construction of the civic center as well as an expanded street rehabilitation program and installation of solar panels at the new Civic Center and City corporation yard. In

May 2022, the City issued \$65.4 million in bonds for a new Aquatic Center, a new playground and ballfield at Orange Memorial Park and two replacement bridges over Colma Creek.

The FY 2022-23 budget includes \$13.8 million of Measure W revenue which is 8.6% higher than the FY 2021-22 adopted revenue budget.

As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens' Oversight Committee. The Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

d) Infrastructure maintenance: The City routinely adopts an Operating Budget and Capital Improvement Plan to fund necessary infrastructure maintenance, replacement and any needed expansion for City facilities. As part of the Operating Budget, the City Council approves an equipment replacement fund, which is used to accumulate funds for replacement of equipment and vehicles. Departments are charged an annual replacement charge to cover future equipment replacement costs. The City also charges impact fees on development to off-set impacts to city services, such as roads and sewer.

e) Fiscal policies: The City has comprehensive policies regarding investment, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies.

f) Agency debt: As of July 1, 2021, the City had \$223.7 million of outstanding debt. The majority of this outstanding debt is related to capital improvement project such as the construction of new Civic Center Campus and police station and capital improvement projects for the City's wastewater control plant and the City's sewer system. Debt service is backed through revenue proceeds by Measure W sales tax revenue for other capital improvement projects and either through sewer usage charges from the Sewer Enterprise Fund or through departmental charges for capital leases for wastewater related projects. No issues regarding the management of this debt have been identified.

In 2017, the City adopted a debt management policy that outlines when debt can be issued, the type of debt allowed, and the internal controls for debt management.

Financial Ability MSR Determination

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of "low", "moderate", and "high" risk, the City of South San Francisco is classified as "moderate" as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

The City conducts annual independent audits and has a finance division among its staff. Therefore, the City has ample financial oversight and the ability to provide services. The City continues to seek enhancements to revenue sources. Measure W is a local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that has been used to fund large capital improvement projects such as a new Civic Center Campus development

which includes a new police station, library, parks and recreation facilities and council chambers. As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens’ Oversight Committee. The Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

Like many public agencies, the City continues to address maintaining current levels of services as costs continue to rise. To address pension costs, the City established a CalPERS Stabilization Reserve to address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns. The City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

The City is well aware of these financial liabilities and a comprehensive MSR is unlikely to contribute additional valuable information.

.5) Shared Service and Facilities

Status of, and opportunities for, shared facilities	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?		X	
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?		X	

a) Ongoing shared services: The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of the following joint powers agencies/authorities:

- City/County Association of Governments (C/CAG)
- Peninsula Clean Energy Authority

- Peninsula Traffic Congestion Relief Alliance
- South San Francisco Unified School District
- San Mateo County Harbor District
- California Statewide Communities Development Authority; and
- City of South San Francisco Public Facilities Financing Authority

As noted previously, the City also provides 911 dispatch services for the City of Pacifica and the Town of Colma. The South San Francisco Police Department is service-provider of indoor firearms range training facilities for the City of Hillsborough, Burlingame, and the U.S. Marshall's Service.

In addition, it also shares extended sewer services with individual parcels and communities in the unincorporated territory of San Mateo County, with LAFCo approval.

The SSF Fire Department (SSFFD) has contracted with the County's Public Safety Communications for Emergency Dispatching of Fire and Ambulance resources. SSFFD also contracts with the County for OES support and the County HazMat team to assist with hazardous materials response in the City.

The City waste-water treatment staff shares services with the Town of Colma and the City of San Bruno for pretreatment inspection. Shared services also exist for the final effluent pumping for the Cities of San Bruno, Burlingame, Millbrae, and San Francisco International Airport.

The City's IT Department provides IT services to the Town of Hillsborough via a contract between the two agencies.

The City's Public Works Department provides traffic signal maintenance services for San Bruno, Colma, and Brisbane.

The Parks and Recreation Department coordinates community use of several sport fields owned by the SSFUSD through a Joint Powers Agreement (JPA) in which the City maintains these fields in exchange for community access. Also, through the JPA and a Childcare Memorandum of Understanding (MOU), the City operates Summer Camp at one elementary school campus and Before-and-After School programs on six elementary school campuses. For the first 15 months of the COVID-19 pandemic, the City operated full day Remote Learning programs at six elementary school sites for SSFUSD students who were participating in distance learning. In parallel with the reopening of in-person school programs, after school programs services have, as of August 2021, been restored. The City also is the provider of the Middle School Sports program for students enrolled in SSFUSD schools.

The City works collaboratively with the San Mateo County Harbor District as part of an agreement for the Oyster Point Marina. The City owns the Marina, but it has been operated by the District under a JPA since 1977. The City and the Harbor District entered into a MOU in 2018 which clearly delineates each parties' roles and responsibilities as it relates to shared maintenance, capital improvements, and sea level rise.

The 2018 MOU requires the City and the Harbor District to conduct an annual review of the MOU to ensure compliance with operational performance indicators as well as to update the joint liaison committee on the progress and implementation of the budget, any future planning, and recommended improvements. The most recent Oyster Point Marina Liaison Committee meeting was held on August 16, 2022. Per the 2022 Oyster Point Marina Annual Report, all operational performance indicators were satisfied.

b-c) Potential shared services: City staff reports that, in 2008, Emergency Services Consulting Inc. analyzed the feasibility of Pacifica contracting with South San Francisco Fire Department to provide fire protection and back-up ambulance services. The consultant determined that this option would be costlier than the City of Pacifica's membership in the North County Fire Authority.

Fire department consolidations in San Mateo County were also reviewed as part of 2010 Grand Jury Report. The reports concluded that the Fire Department for the City was not a candidate for consolidation at the time.

The City's boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within the Westborough neighborhood within the City limits. Calwater provides water service to the City, with the exclusion of WWD territory.

A 2015 Grand Jury report titled "San Mateo County's Cottage Industry of Sanitary Districts" recommended that WWD and the Cities of South San Francisco and Daly City discuss the assumption of services provided by WWD into Daly City and/or South San Francisco. Per City staff response to LAFCo, the City does not currently desire to become a water utility and noted that the costs of connecting the WWD sanitary sewers to the City sanitary systems are prohibitive. The City also notes that it is unlikely that the State Water Resources Control Board would approve the WWD addition to the SSF-SBWQCP because of the San Francisco Bay's assimilative capacity limitations.

Similarly, WWD staff reported to LAFCo that the District has explored options for providing sewer service, including connecting WWD's system to the City's sanitary system. In WWD's opinion this service option is not feasible due to the lack of an existing tie into the City's sewer system, the costs for construction of a line to that connects WWD sewer lines to the City's system, and the potential regulatory issues with increasing sewer discharge to the San Francisco Bay, where the current City treatment plant discharges (WWD sewer effluent flows to the treatment plant operated by the North San Mateo County Sanitation District). WWD notes that any potential construction or regulatory costs for a connection to the City's sewer system would be borne by the ratepayers of WWD.

Shared Services MSR Determination

The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the San Mateo County Harbor District. The City provides sewer service to several parcels in Country Club Park. The City is also the first responder for emergency fire and medical calls in this unincorporated neighborhood. LAFCo is not aware of any other opportunities that are not being utilized.

Recommendations:

1. LAFCO supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Section 6 of this report.
2. LAFCo supports **the** continued engagement **and collaborative working relationship** between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	Yes	Maybe	No
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?			X
b) Are there any issues with staff turnover or operational efficiencies?			X
c) Is there a lack of regular audits, adopted budgets and public access to these documents?			X
d) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?			X
e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?			X
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?		X	

a) Public meetings governance: The City of South San Francisco is governed by a five-member City Council elected by district. The five members are elected to four-year Council terms. Elections are held in even-numbered years. Three members are elected together, and the other two are elected in the next election. For 2020, residents within District 2 and District 4 will vote for one councilmember each. In 2022, elections will be held for District 1, 3, and 5. The election for the positions of City Treasure and City Clerk remain at-large.

The Council meets on the second and fourth Wednesday of each month at 6:00 p.m. The City complies with all Brown Act requirements in publicly noticing its meetings.

The City has a robust website with agenda packets, meeting minutes, and video for City Council meetings and various boards and commissions.

In response to restrictions brought on by COVID-19, the public has been able to participate in City Council meetings and other public meetings and events via Zoom, email, and phone.

b-c) Staffing: The City has not had any notable turnover in staff.

d) Transparency: The City annually produces an Annual Comprehensive Financial Report (ACFR) document which includes an independent audit. The City posts the ACFR on the City's website, along with past ACFRs. The audits have not found any deficiencies for 2021.

South San Francisco also undertakes a bi-annual operating budget and capital improvement plan. However, due to economic uncertainties stemming from the COVID-19 global pandemic, the City switched to an annual budget cycle starting from FY 2021-22 so the budget can reflect the dynamically changing conditions. The budget process and documents are accessible to the public.

e-f) Changes in governance structure: LAFCo has not identified any changes to the City's governance structure that will increase accountability, enhance services, or eliminate deficiencies.

g) Overlap with other agencies: The City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. WWD was formed in 1961 to provide domestic water and sewer service to an undeveloped area of unincorporated of South San Francisco. The area was later annexed to the City in 1963 and 1964, but WWD continued to provide water and sewer service to this area (Attachment B).

Accountability, Structure, and Efficiencies MSR Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2020, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investments, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

However, the City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. While there is no proposal for reorganization of either agency at this time, the MSR should evaluate potential reorganization options.

Recommendations:

1. WWD has a Sphere of Influence designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District’s SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

- a. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco, with the City Council serving as the governing board of the subsidiary district and the sewer water service becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates of those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCS D transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
- b. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCS D transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.

- c. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City’s system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

7) Other

Any other matter related to effective or efficient service delivery, as required by commission policy.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?		X	
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?	X		
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a) Other topics to be addressed: As noted in this MSR, the City of South San Francisco provides both emergency police and fire response to the unincorporated areas of California Golf and Country Club Park.

b.i) Water resiliency and sea level rise: While the City is not a water supply agency, the City coordinates development with both California Water Service and the Westborough Water District regarding water supply to development and residents in the City.

b.ii) The City of South San Francisco is actively involved in preparing for issues of both sea level rise and climate change. The City is party to two separate agreements with the U.S. Army Corps of Engineers (USACE) wherein USACE will study and design protections against sea level rise along the City's Bayfront. One USACE initiative is specifically focused on a solution to sea level rise impacting the City's Water Quality Control Plant; the second USACE initiative is focused on the broader Bayfront area within the boundaries of South San Francisco. The City's goal for each initiative is to have a USACE approved design developed, positioning the City well for future federal funding to actually construct the required protections.

The City requires that any new development adjoining the San Francisco Bay incorporate appropriate sea level rise protections into the development design and construction. Additionally, the City has initiated a city-sponsored study of a portion of Oyster Point which is owned by the City and which is at risk due to sea level rise. The City will seek grant funding to offset costs to taxpayers. Lastly, the City is currently rewriting its General Plan and will include a section in the Plan that addresses sea level rise and climate change. This effort includes development of a new Climate Action Plan.

The City collaborates with San Mateo County government, San Mateo County Flood and Sea Level Rise Resiliency District and the Colma Creek Commission. The City Manager and Public Works Director sit on the Colma Creek Advisory Committee which meets regularly with San Mateo County Flood and Sea Level Rise Resiliency District staff to discuss needed improvements in and along Colma Creek. Two projects that are currently underway are the Colma Creek Adaptation Plan and the Orange Memorial Park Stormwater Capture Project. The Stormwater Project, a partnership between the City and California Department of Transportation, is first of its kind in Northern California and will divert all dry-weather flow and the dirty first flush of urban stormwater runoff from Colma Creek into an underground system integrated within Orange Memorial Park. When the Stormwater Capture Project is complete, the underground storage will be able to hold up to 110 million gallons of run off, clean and treat the water, and then return the water to the creek and flow back into the Bay.

c.i-c.ii) Natural hazard planning: The City has a dedicated Emergency Services Manager who works full-time to train city staff, residents and others to respond to these hazards, as well as to ensure the City is well equipped to manage the impact of such disasters. The City follows the National Preparedness System, which outlines an organized process for everyone in the whole community to move forward with their preparedness activities and achieve the National Preparedness Goal. City staff are also trained in emergency preparedness and participate in disaster training.

The South San Francisco Community Emergency Response Team (CERT) is sponsored by the South San Francisco Fire Department and managed by the Emergency Services Manager. The program educates volunteers about disaster preparedness for the hazards that impact their area and trains them in basic disaster response skills, such as fire safety, light search and rescue, team organization, CPR and first-aid, HAM communications, incident command system, basic hazmat responder training, and emergency center operations.

The City participates in the Multi-jurisdictional Hazard Mitigation Plan for San Mateo County. The City has also developed fire disaster strategies to reduce the risk of wildland fires in the City. These efforts include fuel reduction, the creation of an Urban Forest Master Plan, Sign Hill Master Plan (in progress) and public outreach events. The City maintains a budget reserve equating to at least 20% of annual revenues in the event of a disaster.

Other Issues MSR Determination

The City is engaged in activities to address natural hazard mitigation and sea level rise for the City residents, business, and infrastructure.

Recommendation:

1. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and to continue to coordinate with partner agencies.

Section 6. Sphere of Influence Review and Update

Determinations

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

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

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. Country Club Park is developed with single family homes, churches, and residential care facilities. The City's proposed General Plan update would maintain these residential and open space land uses.

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

The majority of Country Club Park is developed, and most properties utilize on-site septic systems. However, several properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years as properties have redeveloped or when septic systems have failed.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco.

Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The City's proposed General Plan update calls for an annexation planning study for the City's unincorporated area and has a policy that will allow for individual annexations.

As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. **LAFCo supports the City's intention to include in the Plan Update an evaluation of infrastructure needs, including sewer and right of way improvements, identification of funding for these improvements and an assessment of the different approaches to annexation for these areas into the annexation plan.**

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

The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A

comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

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.

The unincorporated areas in the City's SOI are wholly surrounded by the City. The City and these unincorporated areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the Sphere of Influence of the City of South San Francisco is proposed at this time.

On the basis of the Municipal Service Review:

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

Appendix A. City of South San Francisco Fact Sheet

Mike Futrell, City Manager

City of South San Francisco

400 Grand Avenue

South San Francisco, CA 94080

CityInfo@ssf.net

(650) 877-8500

Date of Incorporation: September 19, 1908

City Councilmembers: Five-member board of directors elected to four-year terms. November 2020 marked the first South San Francisco by-district election, at which representatives from Districts 2 and 4 were elected. Until the November 2022 election, the other three Councilmembers will continue to serve the City At Large. At the November 2022 election, Districts 1, 3, and 5 will vote for their representatives.

Membership and Term Expiration Date: Mark Nagales, Mayor (District 2 - December 2024), Buenaflor Nicolas, Vice Mayor (At Large - December 2022), Mark Addiego, Councilmember (At Large - December 2022), James Coleman, Councilmember (District 4 - December 2024), and Eddie Flores, Councilmember (At Large - December 2022).

Compensation: This is a part-time, salaried position

City Treasurer: The City Treasurer is elected to a four-year term and is a part-time salaried position

Membership and Term Expiration Date: Frank Risso (December 2022)

Compensation: This is a part-time, salaried position

City Clerk: The City Clerk is an elected position and serves a four-year term.

Membership and Term Expiration Date: Rosa Govea Acosta (December 2022)

Compensation: This is a full-time, salaried position

Public Meetings: The second and fourth Wednesday of each month at 6:00 p.m., Municipal Services Building, Council Chambers, 33 Arroyo Dr., South San Francisco, CA 94080

Services Provided: Law enforcement, Fire, Parks and Recreation, Library, Transportation and streets, Wastewater (with the exception of the Westborough neighborhood), Storm water, and Solid waste

Area Served: 9.5 square miles

Population: 66,105

Number of Personnel: 581.22 full-time equivalent employees

Sphere of Influence: Status quo

Budget: See the City of South San Francisco Budget page

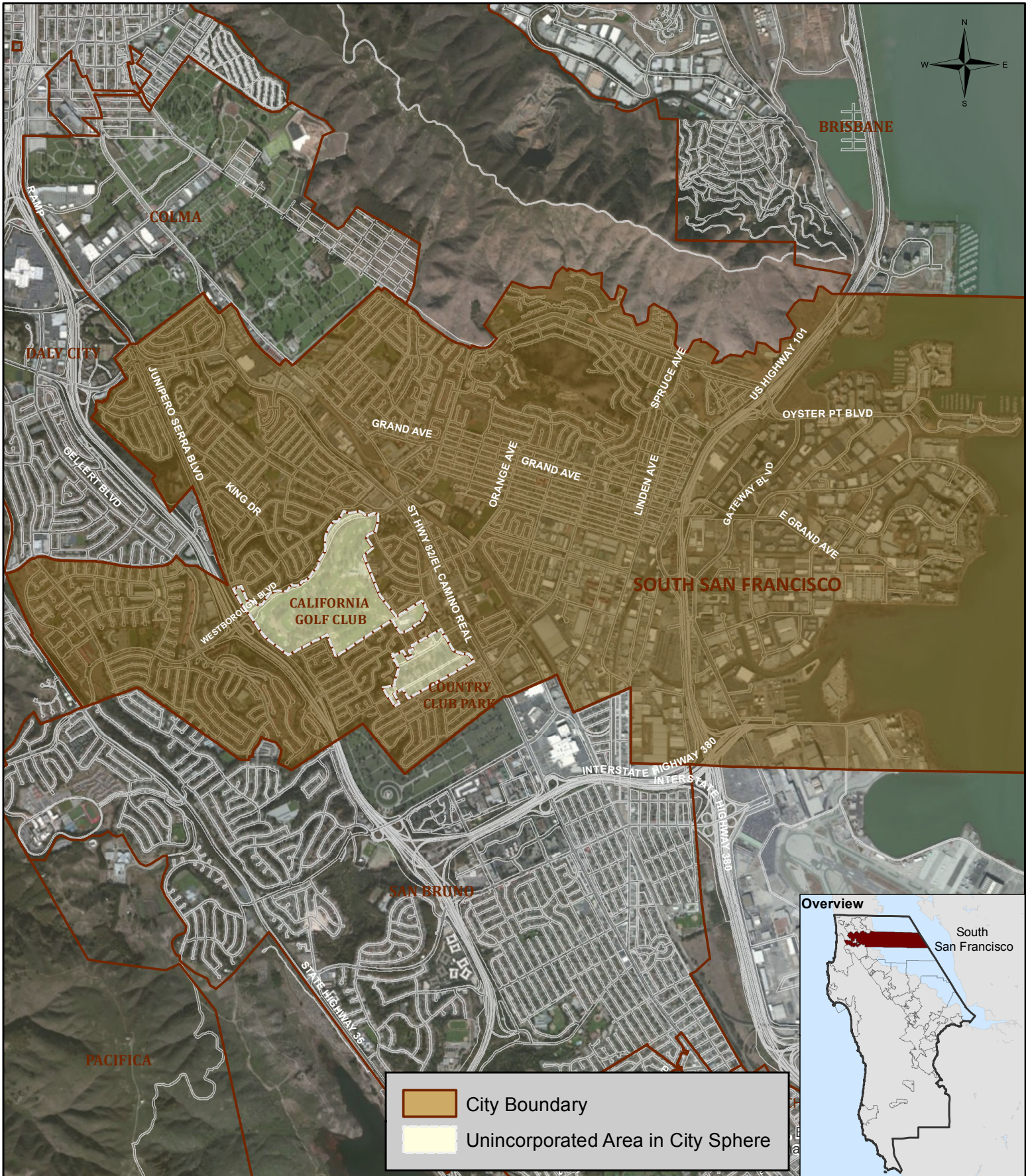
(<https://www.ssf.net/departments/finance/financial-reports/operating-budget>)

Appendix B. References

California State Auditor, Local Government High Risk Dashboard
https://www.auditor.ca.gov/local_high_risk/lhr-main-landing

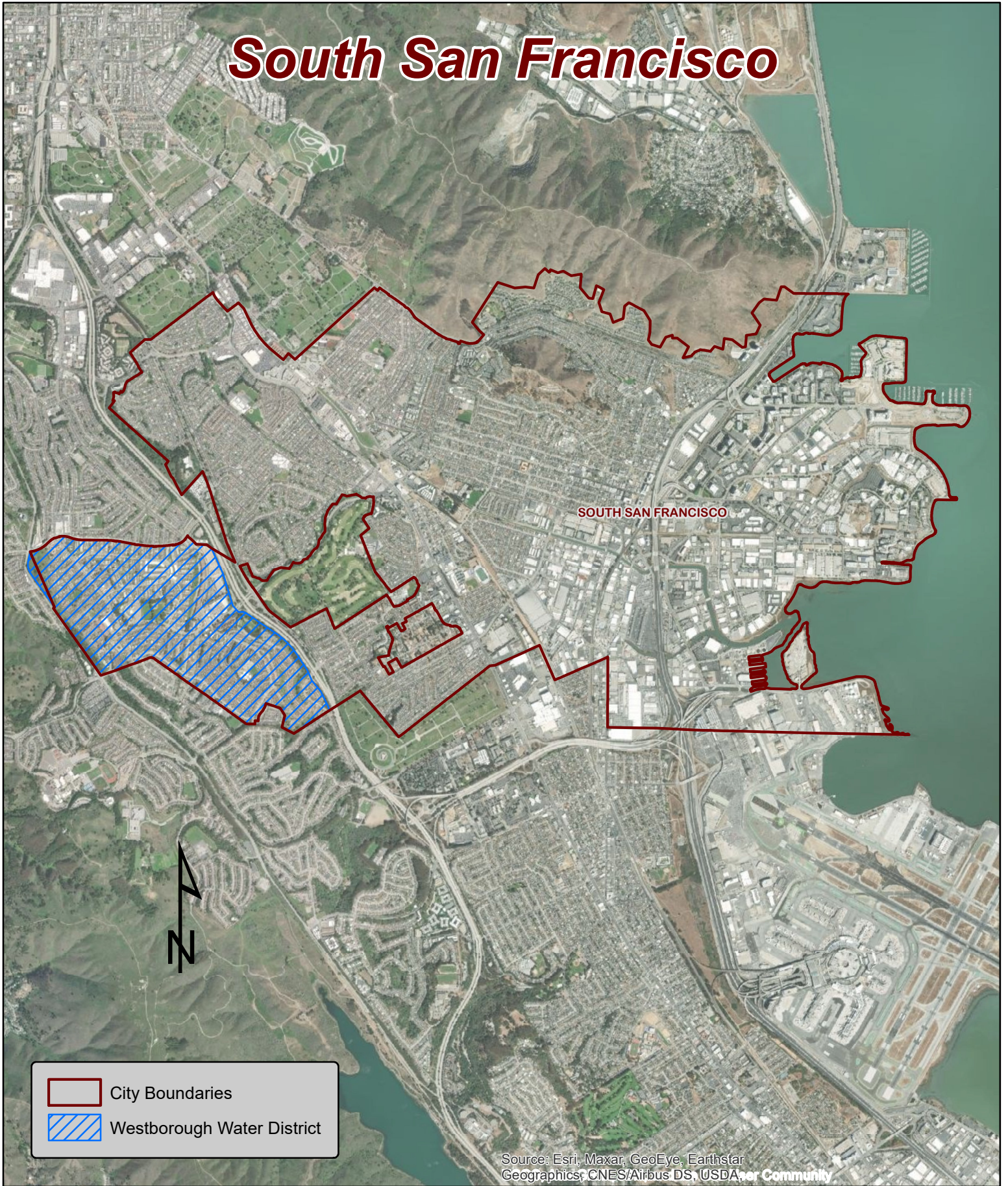
Futrell, Mike (2020 and 2022) City Manager, City of South San Francisco. *Personal Communication and MSR response letter*

Futrell, Mark, (2022) City Manager, City of South San Francisco. *Personal Communication and Administrative Draft MSR response letter*



SOUTH SAN FRANCISCO SPHERE OF INFLUENCE

South San Francisco



Westborough County Water District

RESOLUTION NO. 1298

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTION 56430 FOR THE CITY OF SOUTH SAN FRANCISCO**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo, State of California, that

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, set forth in Government Code Section 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Section 56000 et seq.,

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo or Commission) to develop and determine the sphere of influence of each local governmental agency within the County; and

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the City of South San Francisco

WHEREAS, the Executive Officer prepared a written report of the Municipal Service Review that was provided to the Commission and affected agencies; and

WHEREAS, the Executive Officer set a public hearing date for November 16, 2022, for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on November 16, 2022; and

WHEREAS, a public hearing by this Commission was held on the report and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's report; and

WHEREAS, the Commission is required pursuant to Government Code Section 56430 to make statement of written determinations with regards to certain factors; and

WHEREAS, the Commission is required pursuant to Government Code Section 56425 and local

Commission policy to make statement of written determinations with regards to the following factors:

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

South San Francisco's current SOI encompasses approximately 250 acres, which include Westborough Boulevard from Junipero Serra Boulevard to Camaritas Avenue, portions of Hillside Boulevard, from Holly Drive to Stonegate Drive, and two unincorporated islands: The California Golf and Country Club and Country Club Park, including the Ponderosa Elementary School. Country Club Park is developed with single family homes, churches, and residential care facilities. The City's proposed General Plan update would maintain these residential and open space land uses.

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

The majority of Country Club Park is developed, and most properties utilize is on-site septic systems. However, several properties are connected to the City's sewer system. In addition, requests for sewer connections have increased in recent years as properties have redeveloped or when septic systems have failed.

For fire protection, the unincorporated areas of Country Club Park and the California Golf and Country Club are under the jurisdiction of San Mateo County Fire (under contract with Cal Fire). However, the nearest San Mateo County Fire station is Station 17 located at 320 Paul Scannell Drive in San Mateo, 13 miles south of Country Club Park. Due to this distance, the County Board of Supervisors entered into an agreement with the City to provide emergency fire response through Resolution 46800 on May 7, 1985. The City receives payment based on an assessed property value of Country Club Park and the California Golf and Country Club areas to off-set response costs. In 1994 Resolution No. 32-94 created a three-way agreement to pass through these funds from County Environmental Services to County Public Safety Communications to provide priority medical dispatching for the City of South San Francisco.

Country Club Park is under the jurisdiction of the San Mateo County Sheriff. The Sheriff deputy is dispatched from the Millbrae police station, 6 miles south of Country Club Park. This deputy also covers all other unincorporated areas in north San Mateo County. In cases of an immediate need for police services, the City of South San Francisco Police Department is the first responder. Traffic accidents in Country Club Park and on the unincorporated portions of Hillside Boulevard and Westborough Boulevard are under the jurisdiction of the California Highway Patrol.

The unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The City's proposed General Plan update calls for an annexation planning study for the City's unincorporated area and has a policy that will allow for individual annexations.

As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to

support construction of additions to existing structures or the redevelopment of these properties.

LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. The annexation plan should evaluate infrastructure needs, including sewer and right-of-way improvements, of the unincorporated areas as well. The annexation plan should address infrastructure improvements, identify funding for these improvements, and assess different approaches to annexation of the areas.

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

The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

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.

The unincorporated areas in the City's SOI are wholly surrounded by the City. The City and these unincorporated areas share common land use patterns, access, shopping and school district boundaries and inherently share social and economic communities of interest.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

No change to the SOI of the City of South San Francisco is proposed at this time.

WHEREAS, based on the results of the MSR, staff has determined that the SOI for the City of South San Francisco is coterminous and does not need to be updated at this time; and

WHEREAS, the Municipal Service Review is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The Municipal Service Review collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The Municipal Service Review also is exempt from CEQA under the section 15061(b)(3), the

common-sense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of San Mateo DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated November 16, 2022, Final Municipal Service Review for the City of South San Francisco, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

Section 2. By Motion, the Commission adopts the Municipal Service Review determinations set forth in "Exhibit B" which is attached and hereby incorporated by reference

Regularly passed and adopted this ____ day of _____.

Ayes and in favor of said resolution:

Commissioners: _____

Noes and against said resolution:

Commissioners Absent and/or Abstentions:
Commissioners: _____

Chair
Local Agency Formation Commission
County of San Mateo
State of California

ATTEST:

Date: _____

Executive Officer
Executive Officer
Local Agency Formation Commission

I certify that this is a true and correct copy of the resolution above set forth.

Date: _____

Clerk to the Commission
Local Agency Formation Commission

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for the City of South San Francisco

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

The latest estimate of the population of the City was 66,105. The Metropolitan Transportation Commission estimates that the City will grow to 76,950 residents by 2030, a projected increase of 983 new residents a year, representing a growth rate of 1.4%. It is anticipated that City services will be adequate for this potential increase in population. The City should consider a plan for service and capital improvements for development in the City's unincorporated areas.

Recommendation

- None

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.

Determination

City of South San Francisco provides wastewater and fire protection, however there are no Disadvantaged Unincorporated Communities within the City's SOI.

Recommendation

- While there are no Disadvantaged Unincorporated Communities within the City's SOI, unincorporated Country Club Park and California Golf and Country Club can be most efficiently served by the City as the nearest County facilities are in San Mateo and Redwood City. The City should evaluate service delivery patterns in these two areas and the potential benefits of annexation of these areas to the City accompanied by a transfer of property tax revenue.

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 SOI.

Determination

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities. A comprehensive General Plan Update is currently in process which will address any potential issues regarding the need for additional infrastructure/services to meet future growth.

As noted in previous sections of the MSR, the unincorporated area of Country Club Park receives some services from the City, including emergency calls for police and fire services as well as wastewater service for several parcels. The proposed General Plan update calls for an annexation study for the City's unincorporated area that is anticipated to be completed in the medium-term (6-10 years) time frame. The City has a policy that will allow for individual annexations, which includes a request for waivers of protests against future annexation from said property owners as a condition of receiving services to preserve the path for orderly development. If demand continues, the City intends to fund a master sewer service plan/study for the unincorporated area of Country Club Park, which would identify infrastructure costs, including sidewalk, curb, gutters and right of way.

Absent improvements to the CSA 11 system to meet fire flow, new commercial construction in Pescadero would require individual developers to include on-site water systems for fire suppression that meet specifications approved by CAL FIRE.

Recommendations

- LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.
- LAFCo encourages the City to explore how to allow for annexations of the unincorporated areas, through individual annexations, a phased approach, or annexation of the whole area. LAFCo supports the City's intention to include an evaluation of infrastructure needs, identification of funding for these improvements and an assessment of the different approaches to annexation for these areas into the annexation plan.

Financial ability of agencies to provide services.

Determination

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of South San Francisco has a score of 66.21 out of 100 points (higher is better) and on a rating scale of "low", "moderate", and "high" risk, the City of South San Francisco is classified as "moderate" as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

The City conducts annual independent audits and has a finance division among its staff. Therefore, the City has ample financial oversight and the ability to provide services. The City continues to seek enhancements to revenue sources. Measure W is a local half-cent sales tax ballot measure passed by South San Francisco voters in November 2015 that has been used to fund large capital improvement projects such as a new Civic Center Campus development which includes a new police station, library, parks and recreation facilities and council chambers. As part of the Measure W implementation process, the City appointed members to serve on the Measure W Citizens' Oversight Committee. The Oversight Committee reports to the City Council regarding the collection and expenditure of Measure W funds.

Like many public agencies, the City continues to address maintaining current levels of services as costs continue to rise. To address pension costs, the City established a CalPERS Stabilization Reserve to address changes to the CalPERS pension requirements and any reduction in CalPERS investment returns. The City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

The City is well aware of these financial liabilities and a comprehensive MSR is unlikely to contribute additional valuable information.

Recommendations

- None

Status of, and opportunities for, shared facilities.

Determination

The City of South San Francisco partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the San Mateo County Harbor District. The City provides sewer service to several parcels in Country Club Park. The City is also the first responder for emergency fire and medical calls in this unincorporated neighborhood. LAFCo is not aware of any other opportunities that are not being utilized.

Recommendation

- LAFCo supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Section 6 of this report.
- LAFCo supports the continued engagement and collaborative working relationship between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.

Accountability for community service needs, including governmental structure and operational efficiencies.

Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2020, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

However, the City of South San Francisco boundaries overlap with the Westborough Water District (WWD), which provides water and sewer services to residents within Westborough neighborhood. While there is no proposal for reorganization of either agency at this time, the MSR should evaluate potential reorganization options.

Recommendations

- WWD has a Sphere of Influence (SOI) designation of “status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.

While there is no proposed change to the designation, the MSR should explore potential governance/service options that could be considered for WWD. The evaluation of these alternatives is not a result of service problems within WWD or other presumed deficiencies. Any change to the District’s SOI or any future reorganization would be to preserve the current level of local services while simplifying the government structure that provides them. Three potential organizational changes include:

1. The District could be created as a subsidiary district under the City of South San Francisco. Under a subsidiary reorganization, the District is not dissolved and becomes a subsidiary district of the City with the South San Francisco, with the City Council serving as the governing board of the subsidiary district and the sewer water service becoming a public works function. The reorganization of a subsidiary district would allow the City to provide water and sewer services to the Westborough neighborhood, while also allowing for the costs and rates of those services to be contained within this service area and not impacting other South San Francisco rate payers. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects. The City would be the successor to the agreement with NSMCSD transmission and treatment and may evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
2. The City and District could merge, with the City taking on the service responsibilities of the District. In this scenario, a rate zone may need to be established for the former WWD customers until rates equaled City sewer rates. The City would be the successor to the agreement with NSMCSD transmission and treatment and could evaluate the cost of establishing a sewer connection from the Westborough service area to the South San Francisco San Bruno Water Quality Control Plant. The City could provide maintenance of the water system by utilizing existing Public Works staff or contracting the service out, as the City does not currently provide water service.
3. The District could be dissolved, and water and wastewater services are transferred to Cal Water and the City of South San Francisco, respectively. The City of South San Francisco could either connect the wastewater system to the existing City’s system or the City could become the successor to the existing service agreement for transmission and treatment with NSMCSD. The City could provide greater efficiency and potentially reduce costs to customers regarding sewer maintenance and capital improvement projects.

Any potential reorganization would need to evaluate the fiscal impact to rate payers and to the agency that will be acquiring the new service responsibility.

Any other matter related to effective or efficient service delivery, as required by LAFCo policy including the following:

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

The City is engaged in activities to address natural hazard mitigation and sea level rise for the City residents, business, and infrastructure.

Recommendation

- LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and to continue to coordinate with partner agencies.



CITY COUNCIL 2022

MARK NAGALES, MAYOR (DIST. 2)
 FLOR NICOLAS, VICE MAYOR
 MARK ADDIEGO, MEMBER
 JAMES COLEMAN, MEMBER (DIST. 4)
 EDDIE FLORES, MEMBER

MIKE FUTRELL, CITY MANAGER

OFFICE OF THE CITY MANAGER

October 17, 2022

Local Areas Formation Commission
 455 County Center, 2nd Floor
 Redwood City, CA 94063-1663
 Attn: Rob Bartoli, Executive Officer

RE: Comments on Draft Municipal Service Review for the City of South San Francisco

Dear Chair and Commission:

The City of South San Francisco (City) appreciates the review of our services, the draft recommendations, and the opportunity to provide comments of the draft Municipal Service Review (MSR) for South San Francisco. We thank and acknowledge the role that LAFCo has played in providing insight and guidance in improving governance and programs.

We offer our response to your recommendations below.

Draft Recommendation	South San Francisco Comment
<p>1. LAFCo supports the proposed annexation study plan. As part of the plan, the City should evaluate land uses and infrastructure within the two unincorporated islands. While some properties are served by the City's public wastewater system, the majority of properties within the unincorporated area are still served by on-site septic systems. In recent years, requests for properties to connect to the City's wastewater system have increased due to either failing septic</p>	<p>As a part of the City's General Plan Update process, the City adopted a policy allowing annexation on a case-by-case basis for lots that are contiguous to South San Francisco City limits, replacing the previous policy to only allow annexation of the area in its entirety or not at all. As indicated in LAFCO's draft recommendation, the General Plan Update also includes an Action to conduct a study that considers long-term planning for the unincorporated Sphere of Influence; this is anticipated to be completed in a medium-term (6-10 years) timeframe.</p> <p>The City is reviewing and approving individual requests for sewer connection. The City also requests waivers of protests against future annexation from said property owners as a condition of receiving services to preserve the path for orderly development. If demand continues, the City will fund a master sewer service plan/study for this community. The</p>

<p>systems or limitations of septic systems to support construction of additions to existing structures or the redevelopment of these properties.</p>	<p>referenced report/study would identify all infrastructure costs of incorporating this community to the city including sidewalk, curb, gutters, and right of way.</p>
<p>2. LAFCO supports continued engagement between the City and the Westborough Water District. A discussion regarding overlapping boundaries and potential governance changes can be found in Accountability, Structure, and Efficiencies Determination of this report.</p>	<p>In 2015, the San Mateo County Grand Jury provided a report titled “San Mateo County’s Cottage Industry of Sanitary Districts” which recommended that the WWD and City Councilmembers from South San Francisco and Daly City discuss the assumption of services provided by WWD into Daly City and/or South San Francisco.</p> <p>South San Francisco does not provide water service to its residents or businesses anywhere in the City, as this is largely provided by California Water Service, and to a lesser degree by Westborough Water District. At this time the City of South San Francisco, as a policy decision, does not desire to become a water utility and does not have the necessary skills or experience to assume this function and related tasks in the place of the Westborough Water District.</p> <p>The costs of connecting the Westborough Water District sanitary sewers to the South San Francisco sanitary sewer system are economically prohibitive.</p> <p>It is unlikely that the State Water Resources Control Board (SWRCB) would approve Westborough’s sewage addition to the SSF-SB WQCP because of the San Francisco Bay’s assimilative capacity limitations.</p>
<p>3. LAFCo supports continued engagement between the City and San Mateo County Harbor District related to the operation of the Oyster Point Marina.</p>	<p>The City and the San Mateo County Harbor District maintain a collaborative working relationship, governed by multiple operating agreements. The City supports continued engagement with the Harbor District related to the operation of Oyster Point Marina.</p>
<p>4. WWD has a Sphere of Influence designation of</p>	<p>In 2015, the San Mateo County Grand Jury provided a report titled “San Mateo County’s Cottage Industry of Sanitary Districts” which</p>

<p>“status quo”, which has been maintained since 1987. This SOI designation anticipates no change in the district’s boundaries or organization. No proposal for reorganization has been submitted by the District, the City of South San Francisco, or other affected party in the 35 years since that SOI designation was reaffirmed.</p> <p>The MSR should explore potential governance/service options that could be considered for WWD.</p>	<p>recommended that the WWD and City Councilmembers from South San Francisco and Daly City discuss the assumption of services provided by WWD into Daly City and/or South San Francisco.</p> <p>South San Francisco does not provide water service to its residents or businesses anywhere in the City, as potable water is largely provided by California Water Service, and to a lesser degree by Westborough Water District. At this time the City of South San Francisco, as a policy decision, does not desire to become a water utility and does not have the necessary skills or experience to assume this function and related tasks in the place of the Westborough Water District.</p> <p>The costs of connecting the Westborough Water District sanitary sewers to the South San Francisco sanitary sewer system are economically prohibitive.</p> <p>It is unlikely that the State Water Resources Control Board (SWRCB) would approve Westborough’s sewage addition to the SSF-SB WQCP because of the San Francisco Bay’s assimilative capacity limitations. To gain SWRCB approval, Scientist and Engineers will need to conduct comprehensive water studies that then must conclude that the addition of Westborough’s sewage to the SSF-SB WQCP treatment plant would not pose any adverse impacts to San Francisco Bay.</p>
<p>5. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.</p>	<p>The City will continue to work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies. Currently, the City is undergoing multiple studies of the City’s shoreline relating to Sea Level Rise. The City continues to partner with agencies such as the U.S. Army Corps of Engineers, the San Mateo County Transit Authority, and the San Mateo County Flood and Sea Level Rise Resiliency District to mitigate against flooding and inundation along the City’s shoreline.</p>

On behalf of the City of South San Francisco, I thank you for the opportunity to provide comments on the draft service review and to highlight our work. Please do not hesitate to contact me for additional information at mike.futrell@ssf.net.

Sincerely,

A handwritten signature in black ink that reads "Mike Futrell". The signature is written in a cursive, flowing style.

Mike Futrell
City Manager
City of South San Francisco
5206732.1