

October 7, 2008

To: Members, Formation Commission

From: Martha Poyatos
Executive Officer

Subject: Recommended Coastside Spheres of Influence

Recommended Action:

Staff recommends that the Commission consider the sphere of influence report with amendments, comment letters received regarding the August 18 draft, additional public comment at the October 15 public hearing and adopt the report and amended spheres of influence for coastside agencies and inventory of special district services as recommended.

Summary:

The attached sphere of influence report has been prepared according to Government Code Section 56425, following preparation of a Municipal Service Review and adoption of Municipal Service Review determinations. Discussion includes the four areas of determination for spheres of influence set forth in Government Code Section 56425 in regard to the City of Half Moon Bay and districts serving Half Moon Bay and the urbanized unincorporated Midcoast of San Mateo County. The report incorporates the service review determinations and examines spheres of influence for the affected agencies.

The draft sphere influence report was circulated on August 18, 2008. In response to extensive comments, the August 18 report has been revised where appropriate and a summary of comments and responses are included in this staff report. Comment letters are attached to the sphere of influence report.

Background

LAFCo is required to periodically update spheres of influence in conjunction with or after completing a municipal service review. Municipal Service Reviews are studies of city and special district governance and operations and spheres of influence updates are studies of service providers in the context of plans for probable boundaries and governance.

In June of 2008, LAFCo completed the municipal service review for the Coastside and unincorporated Midcoast.¹ The Municipal Service Review identified several constraints related to municipal services with key issues including significant lack of park and recreation facilities, programs and funding in the unincorporated area; lack of storm drain infrastructure and funding in the unincorporated Midcoast, a long-standing moratorium in Montara Water and Sanitary District, and limits on CCWD's SFPUC water supply assurance. The adopted determinations identified the study area's geographic isolation from other urbanized areas in the County and fragmented governance resulting in a failure to plan regionally for essential municipal services including regional water supplies. The Service Review Determinations identified the need for regional governance to best provide water and sanitary sewer service, including water recycling. The Commission's adopted determinations are attached to the sphere of influence report.

As required by Government Code Section 56425 the sphere of influence report includes discussion related to determinations the Commission must adopt in updating or amending a sphere of influence, inventory of special district active and inactive powers, existing spheres, the urban/rural boundary as it relates to service boundaries, and possible steps for implementation of the recommended spheres.

Since the August 18 draft was circulated, LAFCo received comments from the following agencies, committees and individuals. Comment letters are attached.

Montara Water and Sanitary District (MWSD):

MWSD submitted extensive comments regarding the sphere of influence recommendations and recommended text changes to the report. Key points raised by MWSD include MWSD support for activation of park and recreation powers by MWSD as permitted by water district enabling legislation and a request for inclusion of excluded lands not currently in the jurisdiction of a water agency in the MWSD sphere rather than the CCWD sphere as

¹ The Coastside Municipal Service Review is available at www.sanmateolafco.org

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recommended in the report. Specifically, the District requests establishing the MWSD boundary for water service to be the former boundaries (versus system/infrastructure) of the former Citizen's Utility Company/CalAm that was acquired by MWSD and requests a sphere designation be adopted that would indicate that the inactive County Service Area 12, formed but never activated, be consolidated with MWSD to allow MWSD provision of water service to areas south of current MWSD boundaries.

MWSD notes inconsistent language when referencing special district services in the inventory of special district powers. MWSD also opposes CCWD's request to amend the CCWD inventory of authorized powers for CCWD to include water recycling and recycled water distribution as an authorized power.

LAFCo Staff response: Where possible, MWSD comments are addressed with additions to the sphere report that are indicated with 'underline' and 'strikeout'.

In regard to the former service area of Citizen's/Cal Am and the boundaries of inactive County Service Area 12, MWSD comments (page 7) indicate that the District is not subject to CKH Act with regard to establishment of water powers as set forth in Health and Safety Code Section 6512.7 which authorized the District the powers of a water district for the purpose of providing water service within the Montara Sanitary District. This legislation states in paragraph (d) of 6512.7: If the Montara Sanitary District assumes authority to exercise the powers of a county water district pursuant to this section, thereafter the district shall be subject to the Cortese-Knox Local Government Reorganization Act of 1985 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code).

In this regard, following enactment of Section 6512.7, the District Board submitted to the voters in the District, the question of whether the Montara Sanitary District should exercise the powers of a county water district for the purpose of furnishing water in the district. Following voter approval, the District assumed authority for water service in 1994 and LAFCo, in order to add special district members in 1996, considered inventories of special district powers. At that time, LAFCo considered establishing water as an inactive power for Montara Sanitary District. MSD's legal counsel urged the Commission to adopt an inventory that recognized water as an active power, which the Commission adopted. (Attachment C to MWSD comments)

Subsequent approval of the District voters of a bond measure to acquire the water system resulted in all privately owned parcels within MWSD boundaries being assessed for the District's bond to acquire the water system. MWSD states that water code precludes

another water district from providing water service to properties subject to a lien of MWSD's general obligation bond. This would preclude service by CCWD to unless MWSD Board permits service by resolution. There are no properties outside MWSD's jurisdictional boundaries subject to the bond.

In regard to expanding the sphere of influence of MWSD, the Municipal Service Review and MWSD written comments acknowledge a long-standing water moratorium. Amendment of geographic spheres, placing additional territory in the boundaries of MWSD, a district that has insufficient water supply and infrastructure to serve existing boundaries, is not supported and LAFCo can not make a determination that the receiving entity has capacity and infrastructure to serve the territory in question.

In regard to MWSD comments on inventory of special district powers, changes have been made to the to the inventory table to harmonize language used for different types of services and acknowledges that inventories are based on information originally provided by the districts individually. In regard to MWSD's opposition to inclusion of recycling as an authorized but inactive power of CCWD, CCWD is a county water district created under California Water Code Sections 30000 et seq. and pursuant to Water Code Section 31047, a district may control, distribute, store, spread, sink, treat, purify, recapture and salvage any water, including sewage and storm waters, for the beneficial use or uses of the district or its inhabitants or the owners of rights to water therein.

The purpose of the inventory is to identify services authorized in district enabling legislation and identify which services are actively provided. Inclusion of an authorized power according enabling legislation is not expansion of service. Activation of an unauthorized but inactive power would require application by the District to LAFCo.

Granada Sanitary District (GSD):

GSD supports planning for consolidation in phases and requests an additional implementation option of allowing both GSD and Montara Water and Sanitary District to provide park and recreation though GSD reorganizing as a community services district and MWSD being authorized to provide park and recreation as permitted by State Water Code. GSD expresses concern regarding tying provision of park and recreation service to consolidation.

LAFCo staff response: The alternative proposed by GSD is inconsistent with the purpose of community services district enabling legislation which includes the following intent: To encourage LAFCOs to use their municipal service reviews, spheres of influence and boundary powers where feasible and appropriate

to combine special districts that serve overlapping or adjacent territory into multifunction community services districts².

City of Half Moon Bay

City of Half Moon Bay comments indicate council opposition to an amended sphere of influence for the City of Half Moon Bay.

Coastside County Water District (CCWD)

CCWD supports the recommended spheres calling for consolidation of the water and sanitary districts and supports allocation of areas not currently in the boundaries of a water agency to the CCWD sphere consistent with the past sphere of influence designation. As noted above, CCWD requests that the inventory of District services be amended to include water recycling and recycled water distribution as an authorized power.

MidCoast Community Council (MCC)

The Midcoast Community Council is an elected, seven-member municipal advisory council formed by the County Board of Supervisors to serve as an advisory body to the Board of Supervisors on matters concerning the Midcoast. The MCC comments support the recommended sphere designations providing for a City of Half Moon Bay sphere coterminous with City of Half Moon Bay corporate boundaries, a sphere of consolidation for CCWD, MWSD and GSD and a community services district designation for the incorporated midcoast in order to provide park and recreation services. However, the MCC requests that LAFCo spheres provide for the reorganization of GSD as a community services district to provide park and recreation service in tandem with MWSD activating park and recreation powers permitted by water district enabling legislation, in lieu of a reorganization that would consolidate GSD and MWSD to form a community services district.

Midcoast Park Lands (MPL)

As stated in their letter, MPL is a non-profit organization that has supported Midcoast parks for fourteen years and the goals of GSD to provide park and recreation for eight years. MPL also supports provision of park and recreation individually by GSD and MWSD.

² Government Code Section 61000 [c] 2

Comments from Individuals:

G.A. Laster

Support for a community services district and parks and recreation on the midcoast and agreement with recommendation by MCC.

Neil Merrilees

Support for the recommendation of consolidated districts that would result in a community services district for the unincorporated midcoast for provision of park and recreation.

Sandy Emerson

Support for City of Half Moon Bay sphere of influence coterminous with city boundaries; spheres that support consolidation; opposition to provision of park and recreation by MWSD and GSD separately, and support for an interim plan that would provide for park and recreation planning and service delivery with property revenues received by the districts without requiring consolidation first.

Sabrina Brennan:

Support for separate spheres of influence and an alternative that would allow for provision of park and recreation individually by GSD and MWSD.

Victor H. Abadie III

Opposition to combining MWSD with CCWD and support for inclusion of area south of MWSD boundaries, formerly in Citizen's/CalAm in MWSD boundaries.

California Environmental Quality Act (CEQA)

In considering and approving the sphere of influence update, LAFCo is the lead agency under CEQA. Consideration of the sphere report by the Commission concerns governance of existing agencies already providing service within the areas eligible to receive urban services. There is no proposal to expand urban services to rural areas or addition of area not previously included in a sphere of influence of public agencies that provide municipal services. For these reasons, the sphere of influence update is exempt from CEQA because it can be seen with certainty that there will be no adverse impact on the environment (CEQA Guidelines, Section 15061b (3)).

Discussion and Recommendation:

Having prepared and adopted a municipal service review specific to fire agencies on the Coastside, the Commission's service review and sphere of influence review for the City of Half Moon Bay and unincorporated Midcoast offers a second and more in depth review of urban coastside communities, governance and service provision. Both processes have resulted in consensus on the part of commenting agencies and individuals on challenges and opportunities for service provision in a region of San Mateo County that is geographically remote but urbanized and in need of a municipal level of services. In the case of fire district consolidation, there was broad support for consolidation to achieve efficiencies in management, service delivery and governance.

In the case of this municipal service review and sphere update, there is demonstrated consensus that active park and recreation services, facilities and a reliable funding source are a high priority need for the unincorporated area and there is also consensus that a safe, affordable and reliable water supply is in the best interest of all communities under study. The recommended community services district for the unincorporated Midcoast does not present creation of yet another special district, rather a vehicle for consolidation of districts to promote efficiencies and capacity for provision of park and recreation. The recommended spheres of influence are consistent with the urban rural boundary in the County's Local Coastal Program and policies designating areas eligible for municipal level of services.

Staff believes that the recommended spheres of influence provide the means and plan to accomplish governance that will meet the vital, long-term municipal service needs of the region and it is recommended that the Commission adopt the spheres as proposed by taking the following actions:

- 1) By motion, certify that the sphere of influence update is exempt from CEQA because it can be seen with certainty that there will be no adverse impact on the environment (CEQA Guidelines, Section 15061b (3)).
- 2) By Resolution, adopt the inventory contained on pages 4 and 5, sphere determinations contained on page 13 and 14 and sphere designations contained on page 12 in the sphere report dated October 7, 2008

C: Carol Woodward, Dep. County Counsel
City of Half Moon Bay and Affected Districts
Cabrillo Community College District
Coastside Fire Protection District
Lisa Grote, San Mateo County Community Development Director
James Porter, Director, San Mateo Co. Public Works Dept.
David Holland, Director, San Mateo Co. Parks Dept.

Sphere of Influence Update
City of Half Moon Bay and Unincorporated Midcoast

Draft

October 7, 2008

The Cortese Knox Hertzberg Act of 2000 requires that San Mateo Local Agency Formation Commission (LAFCo) prepare municipal service reviews and sphere of influence updates¹ for each city and special district in the County. San Mateo LAFCo's service review and sphere of influence review program groups agencies regionally, studying the City of Half Moon Bay and urban Midcoast as a subregion of San Mateo County. The Act requires that a municipal service review be conducted prior to or in conjunction with a sphere of influence update. In June 2008, the Commission completed the municipal service review for the City of Half Moon Bay and urban midcoast and adopted the attached determinations as required by Government Code Section 56430.

Government Code Section 56425 specifies that in determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- (1) *The present and planned land uses in the area, including agricultural and open-space lands.*
- (2) *The present and probable need for public facilities and services in the area.*
- (3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- (4) *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

This sphere of influence update incorporates information and determinations in the municipal service review as well as changes that have taken place since the sphere of influence was originally adopted, and provides for public

¹Spheres of influence are plans for the probable physical boundary and service area of an agency and municipal service reviews are evaluations of service provision by an agency or agencies.

input on the four areas of determination listed above. Comments to LAFCo by affected agencies, organizations individuals have been included in the Executive Officer's report to the Commission.

The study area includes the City of Half Moon Bay and the unincorporated communities of El Granada, Miramar, Princeton by the Sea, Moss Beach and Montara with an estimated 2007 population of 23,460. The study area receives services from: the City of Half Moon Bay; four independent special districts including Coastside County Water District, Granada Sanitary District, Montara Water and Sanitary District and Coastside Fire Protection District²; and the County of San Mateo including three active County-governed districts. Please See Map #1 - City of Half Moon Bay and sphere of influence area and Attachment 2 - Aerial Photo). The County itself is not subject to a sphere of influence designation because it is not a city or a district. The County-governed districts are listed below and depicted on attached maps:

- County Service Area 6³ was formed in 1965 and while it encompasses predominantly undeveloped and agricultural lands outside the urban rural boundary, the District maintains street lights in developed areas in the portion of Princeton adjacent to El Granada and Pillar Point Harbor
- Granada Highway Lighting District was formed in 1910 and the District maintains street lights in areas of El Granada
- Montara Highway Lighting District was formed in 1913 and maintains streetlights in Montara and Moss Beach.
- County Service Area 10 was formed in 1975 to establish assessments for park maintenance in Montara, but the levy was not passed and the CSA remained inactive.
- County Service Area 12 was formed in 1988 to facilitate public acquisition of Citizen's Utility Company water system to provide for transfer to Coastside County Water District and remained inactive following special legislation that gave Montara

² Coastside Fire Protection District's sphere of influence is coterminous with District boundaries and was adopted in 2007 when the Commission approved consolidation of Pt. Montara and Half Moon Bay Fire Protection Districts and therefore is not studied in this report.

³ County Services Areas (CSA) are county-governed districts empowered to provide the broad set of services provided by counties. CSA legislation was enacted in response to rapid growth in unincorporated areas in order to provide an alternative method to provide urban services to these areas.

Sanitary District water authority in anticipation of acquiring the system.

County-governed Granada Highway Lighting District and Montara Highway Lighting District are exempted from a sphere of influence designation by their enabling legislation. However, annexation and dissolution of these districts by the Board of Supervisors can be conditions of approval adopted by LAFCo in approving organizational change proposals.

Enabling Legislation and Active Powers:

Section 56425 also requires that in reviewing a sphere of influence, the Commission shall establish the nature, location and extent of services provided by existing Districts. In 1994, government code provisions were added to require inventories of independent special district services if a LAFCo added special district members. In 1996 San Mateo LAFCo adopted inventories of special district services as part of the seating of special district members on LAFCo. The purpose of inventories is to distinguish powers a district is actively providing and those powers which are subject to LAFCo approval to activate.

Inventories adopted by LAFCo for the special districts subject to sphere of influence designation are summarized below. Activation of any other services would require LAFCo approval pursuant to Government Code Section 56824.10.

District ⁴		
Coastside County Water District	<p>Inventory of Active Services* *Water Supply Development *Water Conservation & Distribution for Residential, Commercial, Industrial & Firefighting purposes</p> <p>Inactive services permitted by enabling legislation: *Fire Protection *Sanitary Sewer & Stormwater *Draining and reclaiming lands *Park & Recreation on lands under District control⁵ <u>*Water recycling & recycled water distribution⁶</u> *Generate & sell electric power in conjunction with water conservation project</p>	
Granada Sanitary District	<p>Inventory of Active Services* <u>*Wastewater collection, transport, treatment, and disposal of sewage (Member of SAM), *Septic Tank Maint.</u> <u>*Solid Waste collection, recycling & disposal (Franchise Agreement)</u></p> <p>*Sewage Collection *Sewage Treatment (Member of Sewer Authority Mid-Coastside (SAM)) *Solid Waste Collection & Disposal (Franchise Agreement)</p> <p>Inactive services permitted by enabling legislation: water recycling & distribution systems</p>	

⁴ Revisions in the table respond to MWSO request to use identical language when referencing district powers and services.

^{*} Location and extent of active services of water and sewer are limited by LCP

⁵ Water Code Section 31130. A district may use any water or land under its control for recreational purposes and in connection therewith may construct, maintain, and operate any works or facilities appropriate or ancillary to such recreational use; provided, that recreational use of water shall be subject to the approval of the public health authority having jurisdiction.

⁶ 31047. A district may control, distribute, store, spread, sink, treat, purify, recapture and salvage any water, including sewage and storm waters, for the beneficial use or uses of the district or its inhabitants or the owners of rights to water therein.

Montara Water and Sanitary Dist.	<p>Inventory of Active Services* *Wastewater collection, transport, treatment, and disposal of sewage (Member of SAM), *Septic Tank Maint. *Solid Waste collection, recycling & disposal (Franchise Agreement) *Water Supply Development *Water Conservation & Distribution for Residential, Commercial, Industrial & Firefighting purposes</p> <p>Inactive services permitted by enabling legislation: *water recycling & distribution systems *Fire Protection *Draining and reclaiming lands *Park & Recreation on lands under District control (See footnote #4) *Generate & sell electric power in conjunction with water conservation project</p>
County Service Area No. 6	Street Lighting (all other powers inactive)

As noted above, initiating inactive services authorized by district enabling legislation would require application to and approval by LAFCo. Cities and counties are not subject to LAFCo approval for addition of new services.

Current Adopted Spheres of Influence

While LAFCo is required to assign spheres of influence to individual districts and cities, the spheres of influence address community service needs, communities eligible for service and governance models for service delivery. The sphere of influence for City of Half Moon and the urban midcoast adopted by LAFCo in 1985 and reaffirmed at subsequent sphere reviews is a single coastside city, with establishment of water service as a subsidiary district of the City. As such, the Commission assigned all of the unincorporated urban area to the sphere of influence of the City of Half Moon Bay and Coastside County Water District (CCWD) with the provision that CCWD would be established as a dependent, subsidiary district of the City, governed by the City council. LAFCo assigned zero spheres⁷ of influence to Granada Sanitary District and the Montara Sanitary District indicating that the sanitary districts would be dissolved upon annexation and sewer and garbage collection would become city functions.

⁷ The “zero” sphere designation indicates a district should be dissolved.

At the time the sphere was established, water service in Montara was provided by Citizen's Utility Company (CUC), a private water utility company regulated by the California Public Utility Commission (CPUC)⁸. CUC had failed to improve system infrastructure and supply which led to a CPUC moratorium on water connections in Montara. Following special legislation in 1991 that gave Montara Sanitary District the powers of a water district as provided in State Water Code 30000, Montara Sanitary District voters approved a \$19 million bond measure to acquire the water system through eminent domain. The District acquired the system in 2003 and the District name was changed to Montara Water and Sanitary District.

CSA 6 and 10 have a zero sphere of influence indicating they would be dissolved upon annexation to the City, with street lighting becoming a City function. CSA 12 has sphere designation coterminous with the original boundaries of Citizen's Utility Company but has remained inactive.

Service Areas & Urban/Rural Boundary:

District service areas are defined as their agency boundaries upon formation pursuant to attached maps. However, service is limited by the County's Local Coastal Program (LCP). Specifically, Policy 2.14: directs that urban level services shall be confined to urban areas, rural service centers and rural residential areas established by the LCP; directs that boundaries of special districts providing urban level services should be redrafted to correspond to urban areas, rural service centers and rural residential areas established by LCP; allows exceptions to the above to maintain some rural lands in boundaries to continue a service consistent with LCP and directs that special districts maintain rural lands in their boundaries, they designate rural zones and restrict service consistent with rural nature of the area and the LCP. The urban/rural boundary and LCP prohibit extension of municipal sewer and water to rural areas and LCP Policy 1.21 requests that LAFCo spheres of influence be coterminous with the urban/rural boundary. (Please see map

⁸ As a private utility company Citizens Utility Company and successor companies were not subject to LAFCo review. In 1996, when San Mateo LAFCo added special district members and adopted inventories of special district services, the Commission adopted an inventory for then Montara Sanitary District including sewer, garbage collection and water as active powers, in anticipation of acquisition of the water system.

7 - LCP land use which includes urban/rural boundary and rural residential area.)⁹

Overlapping Territory and Excluded Territory

Two areas of overlap exist between jurisdictions with like powers. Granada Sanitary District territory and sewer system includes the northern portion of City of Half Moon Bay. And overlap exists between Montara Water and Sanitary District and Coastside County Water District in that a portion of the northern CCWD territory is within the boundaries of Montara Water and Sanitary District. This overlap does not reflect location of actual infrastructure or service delivery, rather jurisdictional boundaries of agencies with like powers. The territory includes primarily rural lands not eligible for municipal water and results from special legislation (Health & Safety Code 6512.7) granting water power to MWSD and LAFCo granting water as an active power within all of the then Montara Sanitary District's boundaries without requiring that boundaries be redrawn to reflect actual eligible service area. (See Map #3). It should be noted that all lands within the boundaries of Montara Water and Sanitary District are assessed for the District's bond to acquire the water system, which precludes another water agency from providing service with consent by resolution of the MWSD board.

Urban designated lands excluded from the boundaries of any water district include ~~the~~ territory including the southern portion of Half Moon Bay Airport and lands adjacent to the Half Moon Bay Airport, contiguous to current CCWD boundaries. (See Map #3) This territory is in the current adopted sphere of influence of CCWD. However, a Coastal Commission condition on the CCWD El Granada pipeline expansion limits provision of water by CCWD to areas in district boundaries at the time of the Coastal Commission approval of the project. Annexation of this territory to CCWD would therefore require Coastal Commission approval.

⁹ MWSD comments received October 4, 2008 (Page 6) indicate that amendments would be necessary to the water demand and consumption tables in the County's LCP update pending Coastal Commission approval because LAFCo spheres recognize formation boundaries of MWSD and GSD as regulated by the urban rural boundary and not the commonly understood, former boundaries of CalAm/Citizens acquired by eminent domain by MWSD, and that tables in the LCP would need revision. Water consumption, demand and build out reference in the LCP apply to the study area and are estimates of growth and water needs, regardless of water provider. LAFCo notes this comment and has referred it to the County Planning Division. LAFCo spheres of influence recommendations are consistent with the urban rural boundary in the document submitted to the Coastal Commission.

MWSD indicates it proposes consolidation of MWSD with CSA 12 in order to complete acquisition of assets the District acquired from former CalAm, which include a improvements to a well located on the Half Moon Bay Airport south of the current MWSD boundaries. As stated elsewhere, County Service Area 12 is an inactive active and has no authorized services. In contrast, MWSD comments that CSA 12 boundaries reflect the County's definition of the eligible water service area for Citizen's Utility Company that was acquired by MWSD. It should be clarified that at the time CSA 12 was formed, the County's proposal was to acquire the Citizen's system, transfer it to CCWD by annexation of the entire territory to CCWD and then dissolve CSA 12. This plan was abandoned when Montara Sanitary was given the powers of a water district via special legislation (Health and Safety Code 6512.7). MWSD subsequently, through eminent domain and bond financing within the District jurisdictional boundaries acquired the water system, infrastructure and assets.

In adopting spheres of influence and considering boundary change proposals, LAFCo is required to consider the present capacity of public facilities and adequacy of public services the agencies provide and the ability of the receiving entity to provide service. In that regard, in spite of the District's stated intent to provide essential service for public and private hydrants in the excluded area, expanding the sphere of influence territory of MWSD is not supported by the longstanding water moratorium in MWSD boundaries, lack of MWSD water infrastructure in the area and proximity of the area to CCWD infrastructure.

Sphere of Influence Determinations:

As noted above, 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. The following section discusses these in the context of the study area.

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

Land uses within the study area for the Unincorporated Midcoast include: Residential, Airport, Agriculture, Industrial, Institutional, Neighborhood Commercial, Open Space, Public Recreation and Commercial Recreation under the land use jurisdiction of the County of San Mateo. Land uses within the City of Half Moon Bay include: residential, commercial, open space, and agricultural.

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

The area within the City and unincorporated midcoast consists of land uses listed above, requiring urban level of municipal services and anticipated demand to accommodate growth. With the exception of rural residential designations, areas in on the rural side of the urban/rural boundary are prohibited from receiving municipal sewer and water.

Service delivery jurisdiction within the study area is summarized below:

Service Responsibility	Incorporated	Unincorporated
Police	City of Half Moon Bay	County Sheriff
Fire	Coastside Fire Protection District	Coastside Fire Protection District
Sewer	City of Half Moon Bay (portion GSD)	Granada Sanitary Dist Montara Water & San.
Water	Coastside County Water Dist	Coastside Co. Water Dist. Montara Water & San. Dist. Private Wells
Streets	City of Half Moon Bay	County of San Mateo
Animal Control	City of Half Moon Bay as member of Joint Powers Agreement that contracts with Peninsula Humane Society	County of San Mateo as member of Joint Powers Agreement that contracts with Peninsula Humane Society
Park & Recreation	City of Half Moon Bay	County of San Mateo
Library	City of Half Moon Bay as member of County Library System	County of San Mateo as member of County Library System ¹⁰
Garbage Collection	City of Half Moon Bay under franchise agreement with Allied Waste	MWSD & GSD under franchise agreement with Seacoast Disposal

¹⁰ There is no library located in unincorporated area.

As noted in the service review determinations, based on Association of Bay Area Governments (ABAG) Projections 2007, the study area population is estimated to grow by at least 4,640 persons to 28,100 by 2035 and the San Mateo County Local Coastal Program estimates indicate that the *unincorporated* midcoast population growth associated with build-out ranges from 18,340 to 19,440, or 5,940 to 7,040 persons greater than ABAG 2035 projections for the unincorporated area. These figures represent a range of anticipated growth and increased service demand.

The present capacity of public facilities and adequacy of public services that the agency(ies) provides or is (are) authorized to provide

Service authorized by the enabling legislation of the Districts is outlined above. Sewer and water provision for a population of 23,460 comprised of approximately 8,600 sewer connections and 7,370 water connections are carried out by one city, one joint powers authority, one sanitary district, one water and sanitary district and one water district.

Based on information in the Municipal Service Review, capacity of public facilities and adequacy of public services in the unincorporated area are characterized by an ongoing water moratorium in Montara Water and Sanitary District, limits on CCWD water supply assurance with SFPUC, lack of park and recreation facilities and programs in the unincorporated area, lack of storm water facilities and lack of funding for non-enterprise activities that include park and recreation, stormwater and road improvements. In the context of water agency boundaries and infrastructure, the urban designated area adjacent to Half Moon Bay Airport is omitted from water service jurisdiction.

In the City of Half Moon Bay, facilities and services are provided by the City of Half Moon Bay and Coastside County Water District, and Granada Sanitary District in the northern section of the City. Service delivery and capacity challenges include limits on Coastside County Water District water supply noted above and budgetary constraints on city services.

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 study area includes the City of Half Moon Bay and the unincorporated communities of El Granada, Princeton, Miramar, Moss beach and Montara, delineated by the urban/rural boundary certified by the Coastal Commission and constitutes a geographic sub-region of the County separated from other urbanized areas, illustrated by attached aerial and Map #1. The area is accessed via Highways 1 and 92. Both the City of Half Moon Bay and the unincorporated Midcoast consist of individual communities and neighborhoods that share economic and social interest in benefiting from reliable and efficient municipal services including sewer and water service, parks and recreation, streets, street lighting and storm drain.¹¹ Recognizing this economic and social community of interest of the sub-region is relevant to potential models for delivery and governance for municipal services and is not intended to replace land use policies and plans designed to retain the unique character of neighborhoods and unincorporated communities.

Recommended Spheres of Influence:

Spheres of influence provide a plan for governance for a community or region. When several governmental entities provide service in a sphere study area, it is necessary to adopt a sphere that includes each agency providing service. In conducting the municipal service review the Commission examined existing boundaries, infrastructure deficiencies and opportunities in the context of the urban coastside as a sub-region. The Commission adopted determinations based on information in the Municipal Service Review that support a regional sewer and water agency that could better promote regional planning for sewer and water including water supply augmentation and water recycling. In addition to facilitating regional planning and service provision for water and sewer, the Commission acknowledged the need to provide for a single governance entity to focus on provision and funding of park and recreation in the unincorporated area.

¹¹ LAFCo proceedings on the consolidation of the Pt. Montara and Half Moon Fire Protection Districts included significant public comment recognizing the area as a subregion that could benefit from regional service delivery for fire protection and emergency response.

The recommended sphere of influence for the City of Half Moon Bay and Unincorporated Midcoast based on the discussion of determinations in Section 56425 and the Municipal Service Review Determinations adopted by the Commission are as follows:

- A single regional water and sewer district to serve the unincorporated and incorporated study area delineated by the urban/rural boundary
- A community services district to serve the unincorporated midcoast to provide park and recreation, street lighting and other services as determined
- Associated with this sphere designation for service delivery and governance, the following sets the sphere of influence designations for existing agencies:
 - City of Half Moon Bay - coterminous with existing corporate boundaries
 - Coastside County Water District - "Consolidation" with sphere of influence territory to include current boundaries eligible for service under LCP and eligible urban areas previously included in CCWD sphere and not currently in the jurisdictional boundaries of receiving water from Montara Water and Sanitary District¹²
 - Montara Water and Sanitary District - "Consolidation" and coterminous with current service area as determined by LCP
 - Granada Sanitary District - "Consolidation" with sphere of influence to include service area as determined by LCP
 - County Service Area 6 - "Consolidation" - with service responsibility transferred to Midcoast community services district and the district dissolved
 - County Service Area 10 - "Dissolution"
 - County Service Area 12 - "Dissolution"

¹² A Coastal Commission condition on the CCWD El Granada pipeline expansion limits water provision to territory in the boundaries of CCWD at the time of approval of the Coastal Development Permit. Annexation to the District would therefore require Coastal Commission approval.

Recommended Sphere of Influence Considerations

The following includes sphere considerations and designations that could be adopted by the Commission in amending the sphere of influence of the agencies under study.

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

Land uses within the study area including various residential land use designations under the jurisdiction of the County of San Mateo and the City of Half Moon Bay and include residential, Airport, Agriculture, Industrial, Institutional, Neighborhood Commercial, Open Space, Public Recreation and Commercial Recreation under the land use jurisdiction of the County of San Mateo.

- (2) The present and probable need for public facilities and services in the area.**

Land use designations, current populations and projected growth indicate a current need and an increased demand for facilities, services and supply in the study area, in particular the need to augment water supply.

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

Capacity of public facilities and adequacy of public services in the unincorporated area are characterized by an ongoing water moratorium in Montara Water and Sanitary District, limits on Coastside County Water District water supply assurance with SFPUC, lack of park and recreation facilities and programs in the unincorporated area, urban designated areas omitted from the jurisdictional boundaries of a water provider~~water service areas~~, and lack of storm water facilities.

- (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 study area consists of urbanized communities bounded by the urban/rural boundary certified by the California

Coastal Commission. Sewer and water provision for a population of 23,460 comprised of approximately 8,600 sewer connections and 7,370 water connections is carried out by one city, one joint powers authority, one sanitary district, one water and sanitary district and one water district. The area can benefit from regional cost avoidance and shared resource practices to ensure a reliable, safe, sustainable water supply for the current and future health, safety and economic well-being of all coastside residents, landowners and businesses.

Implementation:

Spheres of influence adopted by LAFCo are plans for the governance and boundaries of cities and special districts. Once a sphere is adopted, organizational changes including annexations must be consistent with the LAFCo adopted sphere of influence. Implementation of the sphere requires one of the following actions:

- Adoption of resolution of application by affected districts
- Adoption of resolution of application by the Board of Supervisors, City or school district containing the territory
- Application by petition of 5% of the registered voters or landowners within each of the districts proposed for consolidation¹³
- Adoption of Resolution by LAFCo initiating consolidation proceedings¹⁴

Commission determinations recognized organization around historic boundaries and disagreement with consolidation on the part of affected agencies and acknowledged that the goal of regional service delivery and a community services district might best be achieved in phases. With concurrence that park and recreation is a vital service that must be met in the unincorporated area, the recommended spheres of influence address regional service delivery for sewer and water and provides a plan for establishing an agency dedicated to park and recreation for the unincorporated area. Recognizing that water and sanitary services are

¹³ [Petition signature requirements for a consolidation that would result in the formation of a new successor district would be subject to signature requirements of the new districts enabling act.](#)

¹⁴ San Mateo LAFCo's adopted policies include a stated preference for application by affected agencies, voters or landowners.

enterprise functions, opportunities exist to establish rates to recover the cost of providing water and sewer service, to facilitate transfer of property tax to a community services district focusing on park and recreation programs and provide for a direct governance model for Midcoast voters.

In regard to implementation of transfer of property tax, the opportunity exists to adjust water and sewer rates over time to allow allocation of property tax to the community services district for park and recreation purposes.¹⁵ To mitigate the effects of increasing rates in a single year, formation of the community services district could be implemented in a manner that would allow Districts to increase rates annually while phasing out property tax over a four or five year period, until such time that all property tax would be transferred to the community services district and rates have been adjusted accordingly.

Examples of steps that could lead to a regional water and sewer district and a community services district (reducing from eight to two the number of special districts with associated overhead costs) could include the following:

Alternative A:

1. Formation of a regional sewer district to include SAM members and service area
2. Consolidation of Montara Water with Coastside County Water district and formation of Midcoast Community services District for Park and Recreation, and dissolution of CSA 6, Montara Lighting District and Granada Lighting District
3. Consolidation of regional water and regional sewer into the Coastside Water and Sanitary District

Alternative B:

1. Consolidation of Montara Water and Sanitary District with Granada Sanitary District, and formation of the Midcoast Community Services District for Park and Recreation, and dissolution of CSA 6, Montara Lighting District and Granada Lighting District

¹⁵ Montara Water and Sanitary District is apportioned approximately 6.5% of the 1% property tax, Granada Sanitary district is apportioned approximately 5.5% of the 1% property tax and CCWD is apportioned approximately 3.15%.

2. Consolidation of the consolidated Montara/Granada District with Coastside County Water District
3. Transfer of City of HMB sewer operations to the consolidated MWSD/GSD/CCWD

These potential steps or phases are not intended to be the only methodology for achieving regional governance and provision of park and recreation service delivery for the unincorporated. In the case of the San Mateo County Urban Midcoast and City of Half Moon Bay, the recommended sphere of influence takes into account service delivery and fiscal challenges, Local Coastal Program mandates and needs identified in regard to park and recreation, water and sewer service. Once adopted by the Commission, implementation requires application to LAFCo by affected agencies or the community. Clearly, collaboration and genuine commitment by affected agencies in examining the possibilities for service delivery is essential to implement service delivery and governance to provide long term, sustainable local governance and service delivery to the coastal communities.

Attachments: Adopted Municipal Service Review Determinations
 Summary of Coastside elected bodies and committees
 Maps
 Comment Letters

Exhibit A

Municipal Service Review Determinations
City of Half Moon Bay and Unincorporated MidCoast
Adopted June 18, 2008

Determinations pursuant to Government Code Section 56430:

1. Regarding infrastructure needs and deficiencies, the Commission determines:

1.1 Sewer Infrastructure:

- a) The Montara Water and Sanitary District, Granada Sanitary District and City of Half Moon Bay are member agencies of Sewer Authority Mid-Coastside (SAM) for Sewage Treatment and contract separately with SAM for sewer system maintenance.
- b) Sewer infrastructure identified in the Municipal Service Review includes approximately 104.5 miles of sewer pipelines and 17 lift stations owned by member agencies and the SAM wastewater treatment plant, three pumping stations, eight-mile transmission line and ocean outfall.
- c) Member agencies budget for capital improvements to respective sewer systems and member agencies fund SAM capital improvements related to sewage treatment infrastructure pursuant to the Joint Powers Agreement creating Sewer Authority Mid-Coastside.
- d) SAM Member agencies are jointly preparing a Sewer System Master Plan.
- e) Member agencies and SAM have adopted capital improvement plans and infrastructure needs are identified in these plans.

1.2 Water Infrastructure

- a) Water providers include Coastside County Water District (CCWD) and Montara Water and Sanitary District (MWSD).
- b) CCWD water infrastructure includes 10 water storage tanks (8.1 million gallon capacity), five pump stations, two water treatment plants, 100 miles of transmission and distribution line, and Denniston Wells and surface water.
- c) CCWD has an adopted capital improvement plan and Urban Water Management Plan that indicate capital assets are upgraded appropriately and there are not significant infrastructure deficiencies.
- d) MWSD water infrastructure, acquired by MWSD through eminent domain, includes one water treatment plant,

three miles of distribution line, 28.6 miles of water mains, three storage tanks and ten producing wells.

- e) The MWSD system was acquired from CalAm with significant deficiencies in the areas of distribution, supply, storage and water quality, including a long-standing moratorium on new connections, which the District identifies in the Water System Master Plan. The Master Plan identified over \$10.4 million in improvements. The District began addressing deficiencies upon acquisition and a summary of District efforts since acquisition is attached to the Municipal Service Review Report.
- f) While there is no projected date for completion of improvements and additional water supply, the Implementation Plan indicates implementation to supply the build-out population may be expected in twenty years.

1.3 Parks & Recreation

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

1.4 Streets, Street lighting and Stormwater Drainage

- a) The County of San Mateo and the City of Half Moon Bay are the responsible agencies for street and street lighting within their respective boundaries.
- b) Agencies with enabling legislation or general powers that authorize stormwater activities include the County of San Mateo, City of Half Moon Bay, Granada Sanitary District and Montara Water and Sanitary District.

- c) The County of San Mateo maintains roads in all unincorporated areas including 47 centerline road miles in the study area. The County has an adopted Pavement Management Program and faces a significant backlog of deferred maintenance due to inadequate funding.
- d) The City of Half Moon Bay maintains 28 centerline miles of roads, has an adopted Pavement Management Program and faces a significant backlog of deferred maintenance due to inadequate funding.
- e) The majority of the City of Half Moon Bay has stormwater infrastructure that was constructed as new subdivisions were constructed.
- f) There is a significant lack of stormwater drainage infrastructure on the unincorporated Midcoast resulting in flooding in some areas. The County of San Mateo's Midcoast Stormwater Drainage Committee is identifying priorities for projects to address the most apparent problem areas and is also considering the need for a stormwater master plan for the Midcoast area. There are no existing funding sources for improvements or maintenance.

1.5 Law Enforcement

- a) The City of Half Moon Bay's public facilities fund includes annual appropriations for improvements to the existing Police Station located at 537 Kelly Avenue and the station will be included in upcoming capital improvement planning.
- b) The County of San Mateo provides law enforcement services from the Moss Beach substation and there are no significant infrastructure needs or deficiencies identified.

2. Regarding growth and population projections for the affected area, the Commission determines:

- a) Population estimates for 2007 include 12,308 persons for City of Half Moon Bay and 11,152 persons for the unincorporated Midcoast for a total of 23,460 for the study area.
- b) Based on Association of Bay Area Governments (ABAG) Projections 2007, the study area population is estimated to grow by at least 4,640 person to 28,100 by 2035.
- c) San Mateo County Local Coastal Program estimates indicate that the *unincorporated* midcoast population growth associated with build-out ranges from 18,340 to

19,440, or 5,940 to 7,040 persons greater than ABAG 2035 projections for the unincorporated area.

3. Regarding financing constraints and opportunities and opportunities for rate restructuring, the Commission determines:

3.1 Sewer

- a) The City Council and District boards are rate-setting bodies for their respective enterprise services and opportunities exist for cost recovery through revision of existing fees.
- b) The City of Half Moon Bay current year sewer revenues are less than current year operating and capital expenditures and the City indicates the Finance Committee has begun analysis of appropriate sewer rate revision.
- c) Sewer districts offset sewer rates with property tax and would need to increase rates in the event that property tax revenues are redistributed for other purposes.
- d) Financing of needed improvements and of infrastructure replacement for each agency is constrained by the relatively small size of their customer bases and by very low or no growth rates.

3.2 Water

- a) Principal revenue sources for both CCWD and MWSO include water fees with augmentation by property tax.
- b) Financing of needed improvements and of infrastructure replacement for MWSO and CCWD is constrained by the relatively small size of their customer bases and by very low or no growth rates.
- c) MWSO voters approved \$19 million in general obligation bonds for acquisition and rehabilitation of the water system and the District has successfully obtained grants and loans for individual District projects.
- d) As the rate setting bodies for water service, the Districts have the ability to set rates to reflect the cost of providing service and capital improvements.
- e) Water districts would need to increase rates in the event that property tax revenues are redistributed for other purposes.
- f) There may be opportunities for additional financing, including grant funding for regional projects such as regional water recycling or integrated regional water management planning.

3.3 Park & Recreation

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

3.4 Streets, Street lighting and Stormwater Drainage

- a) Revenue sources for streets include primarily intergovernmental (state and federal) revenues distributed to jurisdictions for the purpose of street maintenance.
- b) The City of Half Moon Bay has a development impact fee for traffic mitigation and the County of San Mateo has a development impact fee for road maintenance.
- c) In the unincorporated area, there are no existing funding sources for stormwater improvements or maintenance.

3.5 Law Enforcement

- a) Primary funding sources for law enforcement include County and City General fund revenues such as property tax, sales tax, transient occupancy tax.
- b) The City of Half Moon Bay recently successfully increased the transient occupancy tax to augment general fund revenues to fund programs such as police.

4. Regarding cost avoidance opportunities and shared facilities, the Commission determines:

- 4.1 Sewer Agencies practice cost avoidance and shared facilities through regional participation in the Sewer Authority Mid-Coastside (SAM) for joint operation of the sewage treatment plant and through separate contracts with SAM for system maintenance.
- 4.2 Water:
 - a) The area that includes City of Half Moon Bay and the unincorporated midcoast constitutes a

separate subregion of the County with combined water supplies that are limited.

- b) The area can benefit from regional cost avoidance and shared resource practices to ensure a reliable, safe, sustainable, and fiscally viable water supply for domestic, commercial, agricultural and fire protection for the current and future health, safety and economic well-being of all coastside residents, landowners and businesses.
- c) Such practices include, but are not limited to, an inclusive integrated regional water management plan for the study area, a joint effort that includes Sewer Authority Mid-Coastside Member Agencies and the Coastside County Water District by formal agreement in a regional recycling program, system interties to provide for emergency water exchange between agencies, and mutual assistance agreements.

4.3 Parks & Recreation

- a) Existing cost avoidance and shared facilities practice includes participation of unincorporated residents in existing City of Half Moon Bay Park and Recreation programs and use of school facilities for park and recreation purposes.
- b) Potential opportunities for cost avoidance and shared facilities include coordinated efforts by the City of Half Moon Bay, County of San Mateo and Cabrillo Unified School District to fund and provide for facility improvements on Cabrillo Unified School District facilities for recreation purposes.
- c) Opportunities for partnership between the City of Half Moon Bay, County of San Mateo and other agencies in pooling resources to jointly provide park and recreation that could be explored by the agencies include but are not limited to a contract or agreement with the City of Half Moon Bay in which the City of Half Moon Bay provides expanded active recreation programs within the unincorporated area, with the County focusing on resource management of passive recreational lands.

4.4 Streets, Street lighting and Stormwater Drainage

- a) There are no apparent cost avoidance or shared facility opportunities in these areas.

4.5 Law Enforcement

- a) The County of San Mateo and City of Half Moon Bay are encouraged to examine potential savings and economies of scale for both agencies if the City contracts with the County sheriff for law enforcement.

5. Regarding evaluation of management efficiencies, the Commission determines:

- a) Sewer and water provision for a population of 23,460 comprised of approximately 8,600 sewer connections and 7,370 water connections is carried out by one city, one joint powers authority, one sanitary district, one water and sanitary district and one water district, each with separate office space, attorneys, engineers, management and administrative personnel dedicated to the activities of five separate agency operations, meeting agenda preparation, and board meeting attendance by management, clerical and legal counsel.
- b) In addition to potential economies of scale that are indicated by the summary in (a) above, the number of agencies reduces effectiveness of decision making for regional or subregional projects, whether they involve, water, sewer, park and recreation or storm drain improvements.
- c) Specifically, while Sewer Authority Mid-Coastside and the separate contracts for system maintenance minimize costs for member agencies while meeting the service needs of respective ratepayers, the composition and voting structure of SAM requires decision-making by four separate entities which impedes and delays funding and implementation of essential projects.

6. In regard to government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines:

- a) Fragmentation of local government organized around historic agency boundaries and the quantity of agencies has limited ability to plan regionally for the benefit of municipal services essential to the health and economic well-being of the communities in the region and a failure to augment water supplies in a timely manner.
- b) Given the geographic separation of the study area from other areas in the County, the limitations on water resources and the need to provide for regional planning, the area is best governed by a limited number of regional agencies specifically, a regional water and sewer agency, or a regional water district and a regional sewer district, as opposed to the current government structure of multiple individual water and sewer entities.
- c) Governance alternatives that include the provision of regional sewer and water service delivery, could also include a community services district for the unincorporated midcoast to better provide for local

governance and a more focused approach to recreation and community services.

- d) Based on the number of existing agencies and inherent challenges to government reorganization including individual agency rate setting policies, infrastructure condition, fiscal resources and lack of broad consensus or support by elected boards for consolidation, the Commission recognizes that reorganization may best be achieved in phases that would include a combination of the alternatives enumerated in f) below.
- e) In general, advantages of consolidation include efficiencies and economies of scale for operations and rates, streamlined planning for regional infrastructure, maximizing resources including water supply and personnel and efficient and timely decision making by a fewer number of elected boards. In general disadvantages of consolidation identified by the Districts include loss of local control, inadequate evidence of significant savings that would result from economies of scale, and obstacles to achieving consolidation disparate rate structures, infrastructure conditions, reserve and debt levels of individual districts.
- f) Governance Alternatives for the study area include:
 - 1) Independent regional sewer district
 - 2) Independent regional water district
 - 3) Consolidation of Granada Sanitary District and Montara Water and Sanitary District
 - 4) Community Services District for Unincorporated Midcoast
 - 5) Reorganization of Granada Sanitary District as a community services district and status quo for Montara Water and Sanitary District
 - 6) Incorporation of the Midcoast
 - 7) Implementation of current sphere of influence involving annexation to City of Half Moon Bay and consolidation of water and sewer operations
 - 8) A consolidated, regional water and sanitary district

7. Regarding local accountability and governance, the Commission determines:

- a) Agencies adopt budgets that account for expenditures and revenues and these budgets are accessible to the public.
- b) Agencies publish meeting agenda, financial and other information as required by the Brown Act, and post this information on agency websites.

Exhibit A

Adopted MSR Determinations-City of Half Moon Bay and Unincorporated Midcoast

- c) While district public meetings are not broadly attended, meetings are televised on local cable television.
- d) While agencies fulfill mandated responsibilities related to public meetings and information, the number and diversity of limited purpose agencies providing service in the study area inhibit regional planning, in particular for water supply and infrastructure including efforts such as recycling which can best be achieved with efforts by both sewer and water agencies, and require that the public stay informed of a multiple agency agenda, budgets, etc. in order to influence and participate decision making.

City of Half Moon Bay

Municipal Government

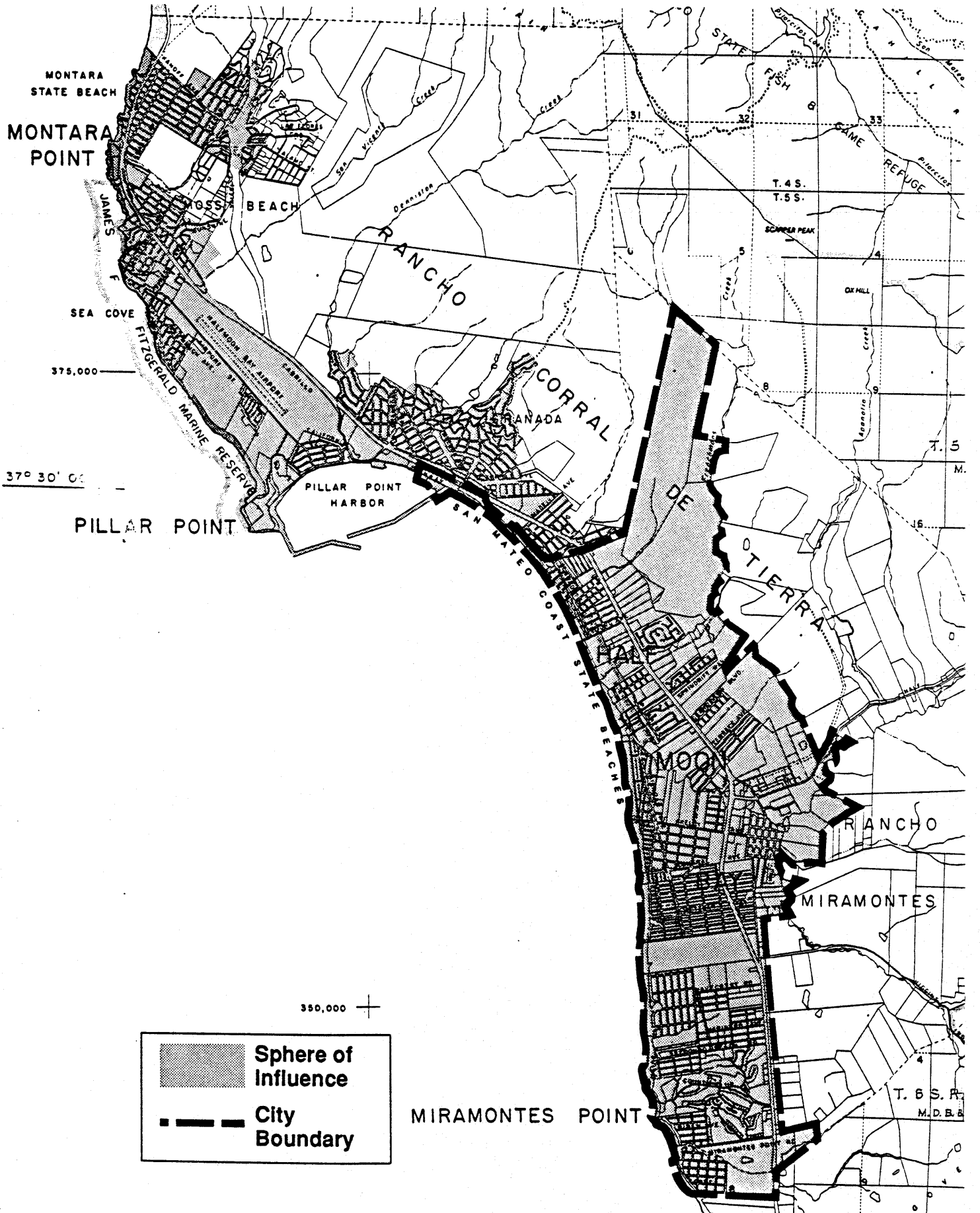
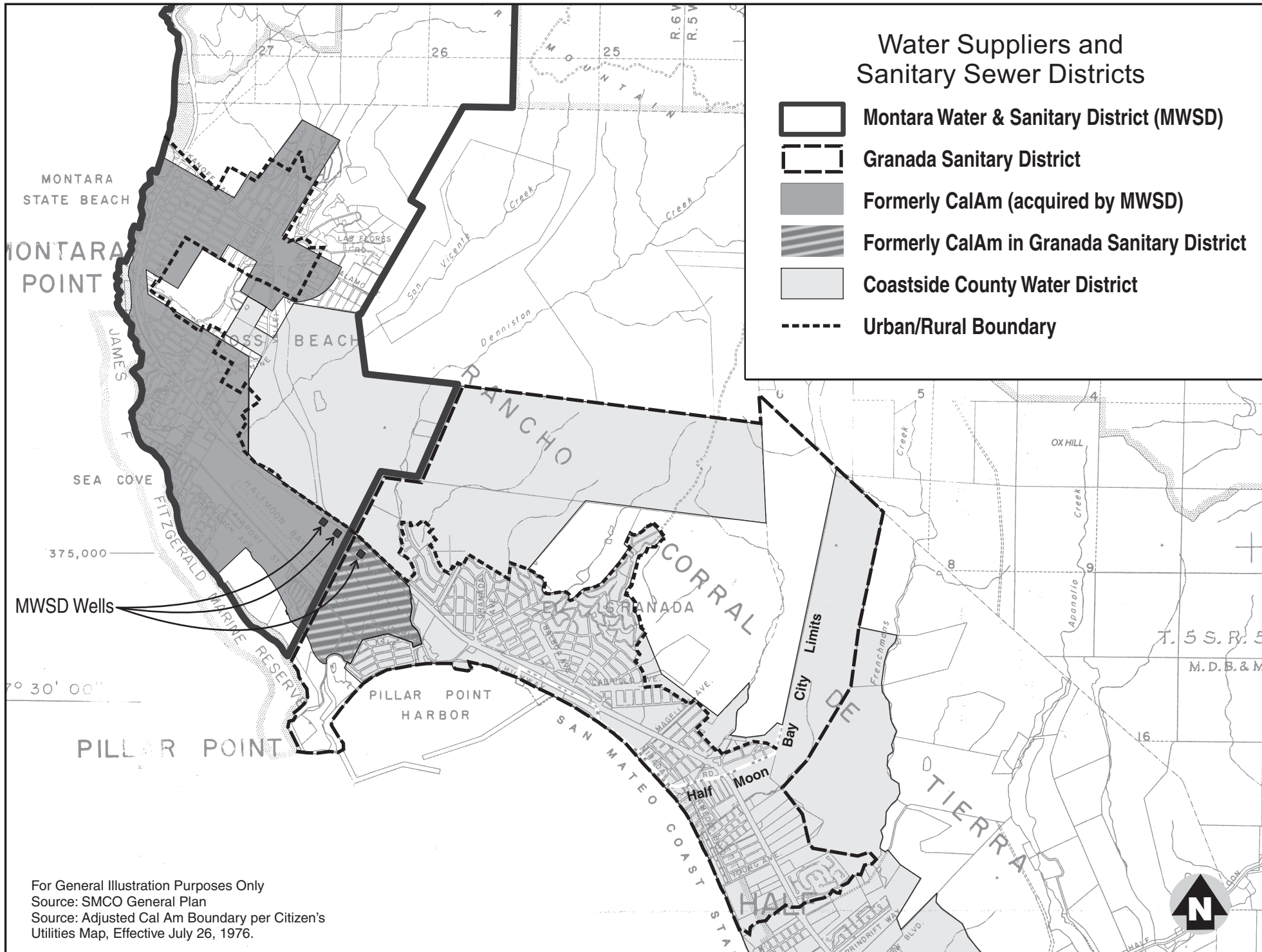




Image NASA
Image © 2008 TerraMetrics

©2008 Google™





MONTARA STATE BEACH
MONTARA POINT

MOSS BEACH

CORRAL DE TIERRA (PALO MARES)

GRANADA

SEAL COVE

PILLAR POINT HARBOR

PILLAR POINT

BAY STATE BEACHES

RANCHO

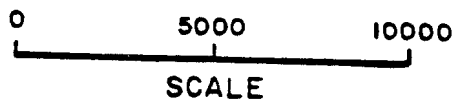
CORRAL DE TIERRA (VASQUES)

MOON BAY

RANCHO MIRAMONTES

MIRAMONTES

GRANADA
 SANITARY DISTRICT



POINT
SAN
PEDRO

MILLBRAE

400,000

DEVILS
SLIDE

GRAY WHALE COVE
STATE BEACH

MONTARA
STATE BEACH

MONTARA
POINT

MOSS BEACH

CORRAL DE TIERRA

(PALO MARES)

SEAL COVE

375,000

7° 30' 00"

PILLAR POINT

PILLAR POINT
HARBOR

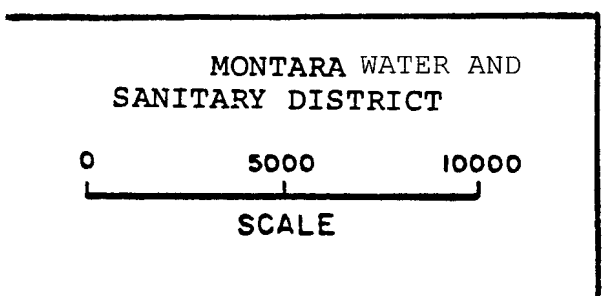
EL GRANADA

RANCHO

HALF
MOON


















CORRAL DE TIERRA
(VASQUES)

RANCHO

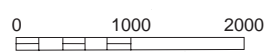


Midcoast LCP Update Project

Legend


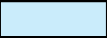

-  General Plan: VERY LOW DENSITY RESIDENTIAL Zoning: RM-CZ Maximum Density: One parcel per 40-160 acres/ One house per parcel
-  General Plan: LOW DENSITY RESIDENTIAL Zoning: R-1/S-105 Minimum parcel size: 20,000 sq. ft. Maximum Density: One house per parcel.
-  General Plan: MEDIUM-LOW DENSITY RESIDENTIAL Zoning: R-1/S-94 Minimum Parcel Size: 10,000 sq. ft. Maximum Density: One house per parcel.
-  General Plan: MEDIUM DENSITY RESIDENTIAL Zoning: R-1/S-17 Minimum Parcel Size: 5,000 sq. f Maximum Density: One house per parcel.
-  General Plan: MEDIUM-HIGH DENSITY RESIDENTIAL Zoning: R-3-A (Affordable/ market housing mix) Minimum Parcel Size: None Maximum Density: One unit per 2,500 sq. ft. parcel area
-  General Plan: HIGH DENSITY RESIDENTIAL Zoning: R-3 Minimum Parcel Size: 5,000 sq. ft. v Maximum Density: One unit per 1,250 sq. ft. parcel area
-  General Plan: INSTITUTIONAL Zoning: R-1 or RM-CZ Permitted Uses: Public/ civic facilities, e.g. schools, hospitals, community centers; Residential
-  General Plan: NEIGHBORHOOD COMMERCIAL Zoning: C-1 Permitted Uses: Neighborhood serving trades and services; Residential (with use permit)
-  General Plan: COASTSIDE COMMERCIAL RECREATION Zoning: CCR Permitted Uses: Visitor serving facilities; e.g. restaurants and lodging; Residential (mixed use only)
-  General Plan: AIRPORT Zoning: M-1 Permitted Uses: Airport, light industrial
-  General Plan: INDUSTRIAL Zoning M-1 Permitted Uses: Light industrial, manufacturing and R&D Minimum parcel size: 5,000 sq.ft.
-  General Plan: INDUSTRIAL Zoning: W Permitted Uses: Waterfront/ marine industrial and light industrial Minimum parcel size: 5,000 sq.ft.
-  General Plan: PUBLIC RECREATION Zoning: RM-CZ Permitted Uses: Parks, recreation facilities, open space; Residential
-  General Plan: OPEN SPACE Zoning: COSC Permitted Uses: Community open space, public recreation and commercial recreation; Residential Minimum parcel size: 2 acres
-  General Plan: OPEN SPACE Zoning: RM-CZ Permitted Uses: Open space uses, recreation facilities; Residential Maximum Density: One parcel per 40-160 acres/One house per parcel
-  General Plan: AGRICULTURE Zoning: PAD Permitted Uses: Agriculture, open space compatible uses; Residential Maximum Density: One parcel per 40-160 acres/One house per parcel
-  AIRPORT OVERLAY (AO) DISTRICT

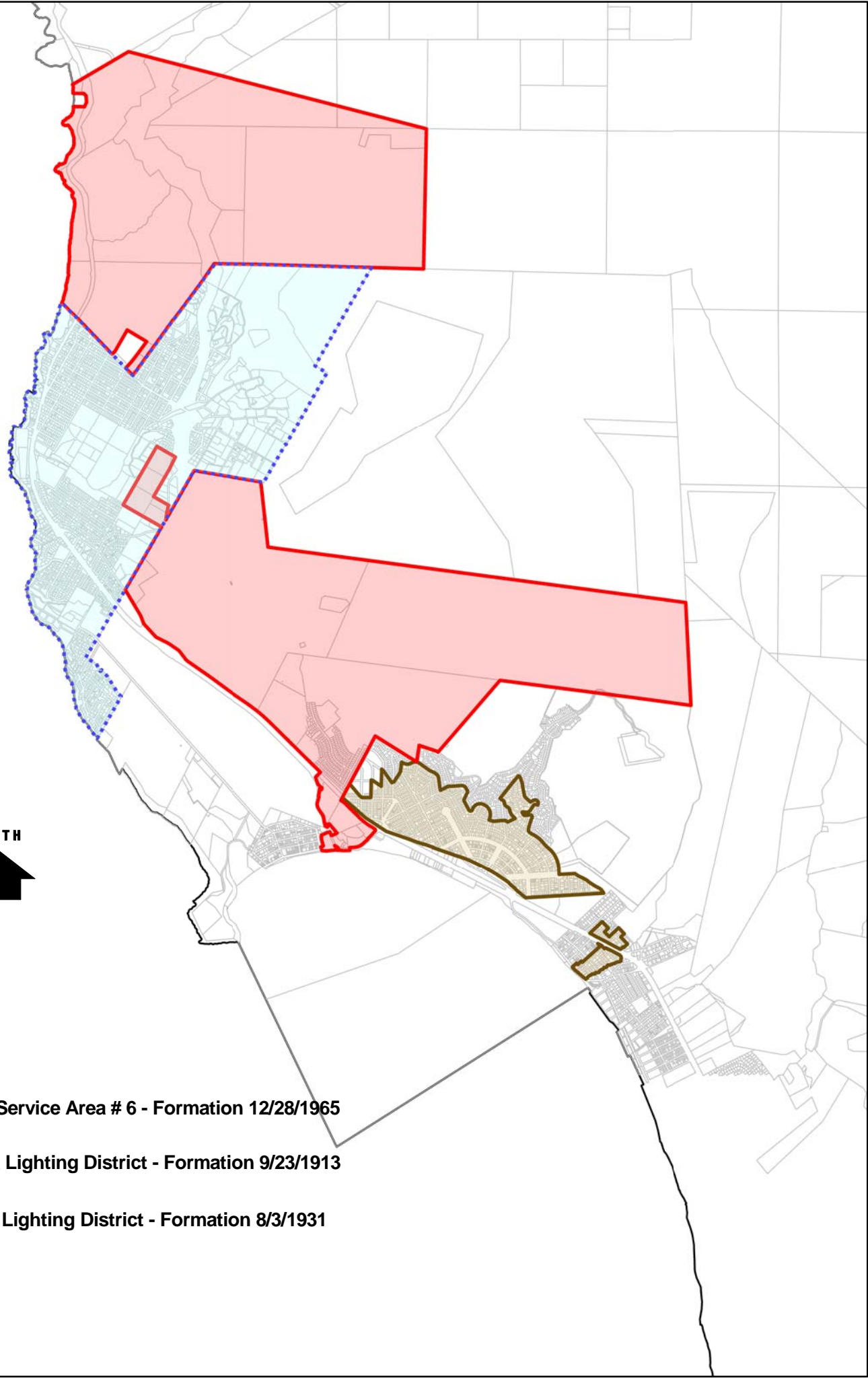
----- Urban/Rural Boundary
 - - - - - Project Area Boundary

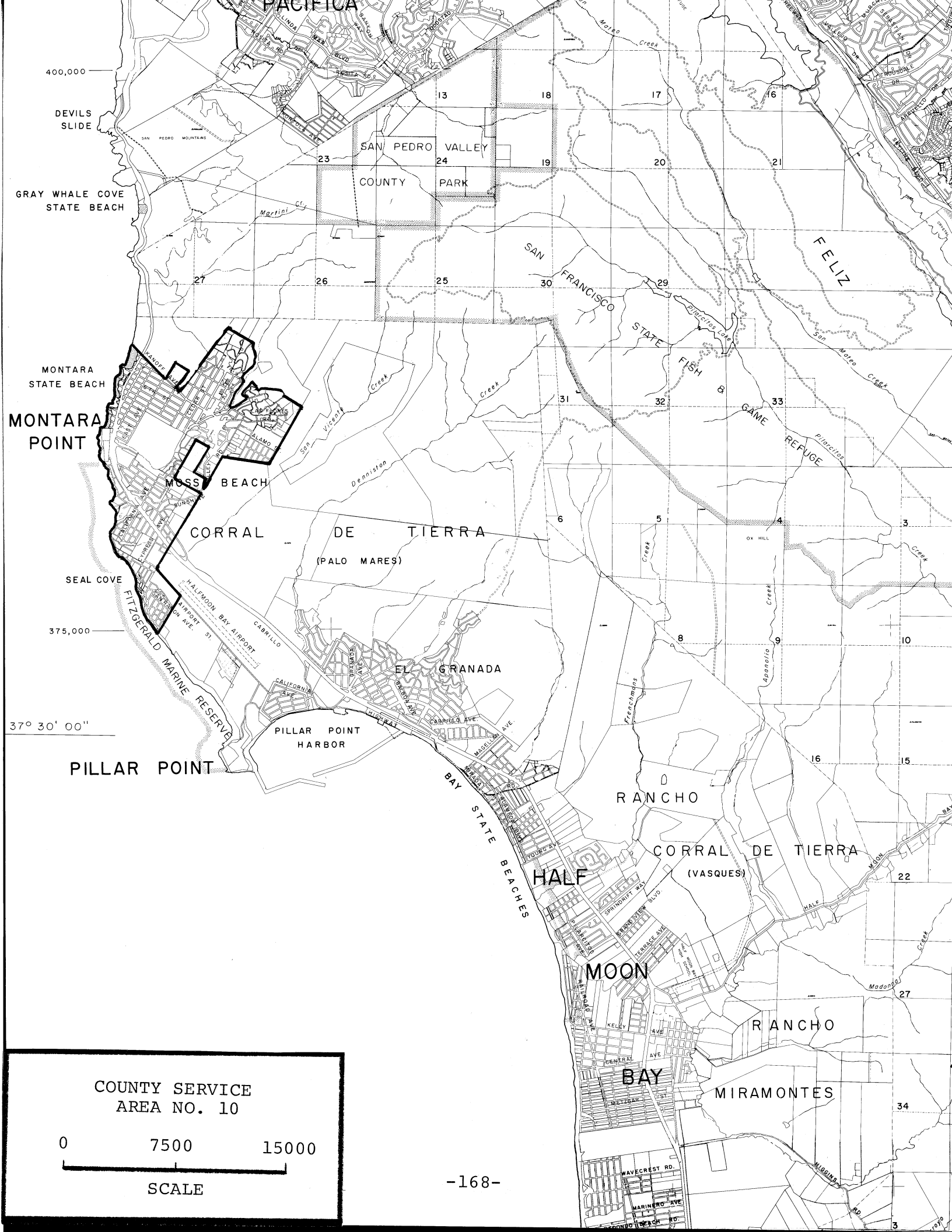


Note: In some areas the zoning may vary from what is stated on the legend.



-  County Service Area # 6 - Formation 12/28/1965
-  Montara Lighting District - Formation 9/23/1913
-  Granada Lighting District - Formation 8/3/1931





400,000

DEVILS SLIDE

GRAY WHALE COVE STATE BEACH

MONTARA STATE BEACH

MONTARA POINT

MOSS BEACH

CORRAL DE TIERRA

(PALO MARES)

SEAL COVE

375,000

37° 30' 00"

PILLAR POINT

PILLAR POINT HARBOR

EL GRANADA

BAY STATE BEACHES

HALF MOON BAY

RANCHO

CORRAL DE TIERRA

(VASQUES)

MOON BAY

RANCHO

MIRAMONTES

COUNTY SERVICE AREA NO. 10

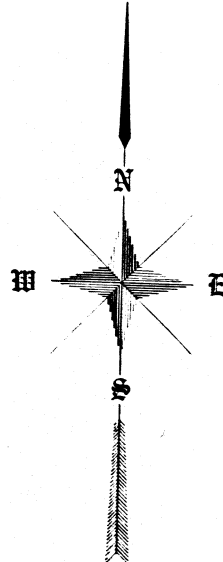
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SCALE

MONTARA STATE BEACH

MONTARA POINT

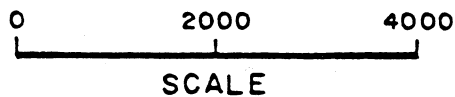
30,000 N



MOSS BEACH

HALFMOON BAY AIRPORT

COUNTY SERVICE AREA NO. 12



Coastside Council/Board/Committees & Membership

City of HMB	CCWD	GSD	MWSD	SAM	MCC	MPL	CFPD
B. McClung	E. Everett	L. Woren	P. Perkovic	M. Fraser/HMB	L. Woren	J. Blanchard	Gary Burke
J. Muller	C. Mickelson	R. Fenech	K. Slater Carter	R. Lohman/GSD	K. Slater Carter	R. Fenech	Chris Cilia
N Patridge	K. Coverdell	M. Clark	S. Boyd	L. Woren/GSD	N. Merrillees	S. Emerson	J. Cockrell
M. Fraser	B. Feldman	G. Erickson	P. Ptacek	J. Muller/HMB	G. Erickson	G. Erickson	J. Draper
J. Grady	J. Larimer	R. Lohman	J. Harvey	J. Harvey/MWSD	R. Lohman	F. Pollard	G. Hosfeldt
				S. Boyd/MWSD	D. Lardie	L. Erickson	L. Lees
					S. Brennan	S. Brennan	B. McKimmie
						C. Vogel	D. MacKintosh
						D. Holland	G. McShane
						M. Kingshill	

Acronym Legend:

- CCWD Coastside County Water District
- GSD Granada Sanitary District
- MWSD Montara Water and Sanitary District
- SAM Sewer Authority Mid-Coastside
- MCC Midcoast Community Council
- MPL Midcoast Parks Lands
- CFPD Coastside County Water District



MONTARA WATER & SANITARY DISTRICT

Serving the Communities of Montara and Moss Beach

P.O. Box 370131
8888 Cabrillo Highway
Montara, CA 94037-0131

Tel: (650) 728-3358
Fax: (650) 728-8556

E-mail: msd@montara.com

Visit Our Web Site: <http://www.msd.montara.com>

October 3, 2008

Martha Poyatos, Executive Officer
San Mateo County Local Agency Formation Commission
455 County Center
Redwood City, CA 94063

Re: Comments on Preliminary Sphere of Influence Report (draft of August 18, 2008) and Request for Sphere of Influence Determination for Montara Water and Sanitary District

Dear Ms. Poyatos:

Our Board has previously commented extensively on the Municipal Service Review of the City of Half Moon Bay and Unincorporated Midcoast ("MSR"), although much of the historical background offered in our comments was not included in the final report prepared for the San Mateo County Local Agency Formation Commission ("LAFCo" or "Commission") by Matrix Consulting Group and adopted by LAFCo at its June 18, 2008 meeting. The MSR and related findings provide the first step in a two-stage process for Sphere of Influence determinations for the agencies under review. This letter conveys Montara Water and Sanitary District ("MWSD" or "District") comments on the draft Sphere of Influence Update dated August 18, 2008 ("Sphere Update") for the City of Half Moon Bay and Unincorporated Midcoast, with detailed comments on the draft and specific recommended text changes in Attachment A.

We request and recommend that the proposed sphere of influence designations on page 11 of the Sphere Update be modified to read as follows:

- **Coastside County Water District – "Consolidation" with sphere of influence territory to include current boundaries eligible for service under LCP *excluding* territory included in County Service Area 12**
- **Montara Water and Sanitary District – "Consolidation" with sphere of influence territory to include current boundaries eligible for service under LCP (including solid waste collection and recycling) and urban areas eligible for water service included in County Service Area 12**
-
- **County Service Area 10 – "Consolidation" into Montara Water and Sanitary District**
- **County Service Area 12 – "Consolidation" into Montara Water and Sanitary District**

Our Board of Directors ("Board") finds that research into prior background and LAFCo actions reveals significant relevant history and inconsistencies between past and present LAFCo actions and recommendations. The most critical changes regard the so-called "excluded territory" described on page 7 of the Sphere Update, an asset purchased by MWSD on behalf of the Montara / Moss Beach community that appropriately belongs within MWSD's boundary and within MWSD's Sphere of Influence ("Sphere") in order to conform to our acquired water service area.

This territory is the subject of a pending annexation application before LAFCo and, among other negative effects, excluding it from our Sphere would presume to prejudge that application without the full examination of facts justifying its annexation.¹ In addition to having an operating municipal water system supply well in the subject territory, MWSD also has transmission lines and hydrants and continues to serve County-owned property in that area that has been served by MWSD and its predecessors since the 1940s. However, as discussed below, your recommendations regarding County Service Area (“CSA”) 12 provide a vehicle for rectifying the omission.

County Service Area 12 – “Consolidation” into Montara Water and Sanitary District

County Service Area 12 was formed in 1988 “to acquire and operate a water system to serve the community of Montara-Moss Beach”.² The boundary of CSA 12 delineates the authorized service area of Citizens Utilities Company of California (“CUCC”) established by the California Public Utilities Commission (“CPUC”) eligible for urban-level water services under the San Mateo County Local Coastal Program. The County never completed the proposed acquisition. Instead, MWSD acquired all Montara District assets of CUCC (then owned by California American Water, “Cal-Am”), including the rights to the former CUCC service area, through an eminent domain proceeding concluded in 2003. MWSD began operation of the former CUCC water system on August 1, 2003.

Aside from having acquired the service area as an asset from Cal-Am, MWSD has also compensated the County pursuant to Health and Safety Code §6512.7, for the County’s preliminary efforts toward acquiring the water system, including the formation of CSA 12. Prior to acquisition of the water system, the District made a significant investment in water studies, appraisals, and other preparatory work, as documented more fully in Attachment D. Since completion of the acquisition in August 2003, MWSD has made extensive investments in the Montara / Moss Beach water system designed to meet the needs of the entire service area. Thus, MWSD has heavily invested in acquisition of the *entire* CUCC / Cal-Am / CSA 12 territory. Consolidation of CSA 12 into MWSD merely completes the public acquisition and operation of the former CUCC water system contemplated and intended by San Mateo County when the boundary of CSA 12 was approved by LAFCo, by adjusting the District boundary of MWSD to conform to our newly-acquired water service area boundary.

Our Board therefore formally requests, pursuant to California Government Code (“GC”) §56428(a), that LAFCo designate a Sphere of Influence for Montara Water and Sanitary District consistent with our long-standing multi-function services (sanitary sewer service, septic system service, and solid waste collection and recycling) within our existing District boundary together with the recent domestic and fire protection water supply services within the water service area established by the CPUC for CUCC described by the boundary of CSA 12 for which MWSD already owns the right to serve.

This request is consistent with the Recommended Spheres of Influence given on pages 10 and 11 of the Sphere Update, except for the so-called “excluded territory” outside Montara Water and Sanitary District’s existing boundary but included within the water service area established by the CPUC for CUCC and its successors, to which MWSD already acquired rights as noted above. In particular, the appropriate Sphere of Influence for MWSD includes all of the territory within the boundary of CSA 12, which, as noted earlier, also includes the area in MWSD’s pending annexation application to LAFCo.

¹ This territory is at the southern end of the Half Moon Bay Airport and in the Pillar Point area outside of Princeton. We have held in abeyance proceeding with the annexation application in deference to comments received after the closure of the California Environmental Quality Act (“CEQA”) public comment period and in light of our own staff workload. Nevertheless, we fully intend to pursue formal inclusion of the area in question into our District boundary via annexation in the event the consolidation with CSA 12 discussed in this letter does not occur.

² Board of Supervisors Resolution No. 50271 adopted April 26, 1988, initiating formation proceedings.

County Service Area 10 – “Consolidation” into Montara Water and Sanitary District

Another important opportunity exists with regard to future watershed acquisition and water supply development. In light of the inactive power for recreation available to county water districts listed in the inventory on page 4 of the Sphere Update (as authorized by Water Code §31130) and the fact that MWSD holds title to an historic military base on its oceanfront District headquarters and owns 11 acres of watershed land with several community-created informal trails running across it, it is logical that County Service Area 10 should also be consolidated into MWSD to give the District the ability to seek financing to improve these existing public resources. Further, it has been suggested that MWSD acquire the surplus California Department of Transportation (“CalTrans”) right-of-way within the urban and rural districts of Montara and Moss Beach as additional protected watershed to expand MWSD’s assured water supply and to continue the existing, extensive, improvised use of those lands for public open space and recreation.

County Service Area 10 was established by the Board of Supervisors on January 14, 1975, prior to the certification of the Local Coastal Program (“LCP”) in 1980, “for the purpose of providing local park and recreation services” to an area generally consisting of the portions of the Montara / Moss Beach community later designated as urban or rural residential by the LCP, as amended.³ A proposed tax levy to provide funding for CSA 10 was not adopted and CSA 10 has remained inactive. The territory of CSA 10 is wholly contained within the existing boundary of MWSD and the proposed Sphere of Influence for MWSD requested above, and therefore does not directly affect the Sphere Update except for our proposal to recommend consolidation into MWSD, rather than dissolution, for CSA 10.

MWSD is prepared to assist LAFCo in the consolidation of special districts and service areas on the Midcoast by formally requesting consolidation of CSA 10 and CSA 12 into MWSD.

Supplementary Information

Attachment A, as noted earlier, contains MWSD’s specific recommended revised language for the Sphere of Influence Update prior to submitting it for approval by the Commission, together with our extensive analysis supporting each of the recommended text revisions.

Attachment B is MWSD’s analysis in support of our request for a sphere of influence determination. It contains the background, history, and factual basis sufficient for LAFCo to make the required determinations and findings supporting the Sphere of Influence designation requested for MWSD.

Attachment C is a map of the requested Sphere of Influence for MWSD and expected eventual boundary of the District following consolidation of CSA 10 and CSA 12 into MWSD, together with copies of maps from the LAFCo Handbook showing the boundaries of CSA 10 and CSA 12 which were not included in the Sphere Update report. We recommend that these maps be included in the revised Sphere Update.

Attachment D is a letter from District Counsel David E. Schricker dated August 8, 1996, submitted to LAFCo in conjunction with the Inventory of Special District Services compiled by LAFCo during the expansion of San Mateo LAFCo to include representation of special districts. This letter clearly spells out the intention of the District to serve the entire CUCC service area, either through public development of additional water supplies or storage facilities to be leased to CUCC, or through outright acquisition of all of CUCC’s Montara District assets.

³ Board of Supervisors Resolution No. 34528 adopted January 14, 1975.

Attachment E is a set of commendations from Senators Barbara Boxer and Dianne Feinstein, Congresswomen Anna Eshoo and Jackie Speier, State Senator Leland Yee, Assemblyman Gene Mullin, the San Mateo County Board of Supervisors, Coastside County Water District, Granada Sanitary District, North Coast County Water District, Sewer Authority Mid-Coastside, and the Midcoast Community Council honoring the Montara / Moss Beach community and MWSD on the occasion of the District's 50th Plus 5th Anniversary Celebration on August 24, 2008.

Our request does nothing to hinder future reorganizations recommended in the Municipal Service Review. It does request a Sphere of Influence that will allow LAFCo to conform MWSD's boundary to include all of MWSD's water service area through future consolidation of CSA 12 into MWSD (or through our pending annexation application), and it does provide an opportunity for a near-term solution to Montara / Moss Beach recreation needs, which have no funding mechanism in any other proposal we have seen presented, including that of the Sphere Update.

Indeed, consolidation of CSA 10 and CSA 12 into MWSD is consistent with the recommendations contained in the MSR and the Sphere Update to reduce the number of districts and to provide a method for park and recreation services in the Midcoast. It is most efficient and economical for the mutual interests of LAFCo and the Montara / Moss Beach community for the Commission to take advantage of the Municipal Service Review process to adjust the District's Sphere of Influence as requested herein pursuant to GC §56428.

Unfortunately the spheres of influence as proposed for MWSD and CCWD in the Preliminary Sphere Update would amount to a taking of a portion of MWSD's existing service area that was initially established for CUCC, thereafter acquired by MWSD, and within which MWSD currently has operating facilities and provides service. Accordingly, MWSD urges the Executive Officer to revise the LAFCo staff recommendations to conform to those contained in Attachment A so that the final Sphere of Influence Update presented to the Commission for approval avoids interfering with MWSD's vested interests and properly recognizes the long-established history of district service areas, the clear legislative intent in the formation of CSA 12 to define the service area of the water system to be acquired from CUCC, pertinent decisions of the California Coastal Commission, pertinent policies in the Local Coastal Program, and the overwhelming mandates of the voters in the Montara / Moss Beach area. We firmly believe that following our recommendations will best serve the public health, welfare and safety and avoid unnecessary conflicts.

Montara Water and Sanitary District is finally fulfilling the objectives for which County Service Area 12 was originally formed. Thank you for your attention to this matter.

Respectfully submitted,



Paul Perkovic, President,
Montara Water and Sanitary District

cc: Cabrillo Unified School District
California Coastal Commission
City of Half Moon Bay
Coastside County Water District
Granada Sanitary District
Midcoast Community Council
San Mateo County Board of Supervisors
Sewer Authority Mid-Coastside

Attachment A

Specific Proposed Text Changes on Preliminary Sphere of Influence Update

This attachment lists specific recommended changes or clarifications proposed by the Montara Water and Sanitary District to the text of the Preliminary Sphere of Influence Update for the City of Half Moon Bay and Unincorporated Midcoast (draft dated August 18, 2008) (“Sphere Update”) prepared by the San Mateo County (“County”) Local Agency Formation Commission (“LAFCo”).

Active Services and Inactive Services

The table on page 4 of the Sphere Update showing an inventory of active services and inactive services permitted by enabling legislation gives inconsistent lists and phrasings for the three major districts.

Granada Sanitary District (“GSD”) and Montara Water and Sanitary District (“MWSD”), both formed in 1958 pursuant to Health and Safety Code (“HSC”) §§ 5400 *et seq.* should have identical service descriptions for solid waste, wastewater, and water recycling and distribution. MWSD was granted all of the powers of a county water district under HSC §6512.7, and therefore should have identical service descriptions with Coastside County Water District (“CCWD”) for water and related functions.

The differences in phrasing suggest that there is some substantive difference in services, e.g., “Sewage Collection”, “Sewage Treatment” under GSD versus “Wastewater collection, transport, treatment, and disposal of sewage” under MWSD. We also note that “Septic Tank Maint.” is listed as an active service of MWSD, but it is not listed for GSD under either active or inactive services. Are there no septic systems within GSD’s boundary, which includes rural-designated land for which urban-level sanitary sewer services are prohibited under Local Coastal Program (“LCP”) policies?

Furthermore, CCWD has a latent service listed as “Sanitary Sewer & Stormwater”, which is not included (with regard to stormwater) as a latent service for MWSD. MWSD’s authority regarding stormwater services derives both under its powers as a sanitary district and under its county water district powers.

In order to avoid confusion the exact same phrases should be used when describing the same services for each agency. In fact, LAFCo already has a formally adopted set of rules and regulations that list specific functions and services that may be provided by any of the local special districts within the County.⁴ The terminology used in the table on page 4 of the Sphere Update seems to be drawn from the Inventory of Special District Services returned to LAFCo by the various districts in May, 1996, when special district representation was added to LAFCo. Those documents contain discrepancies between the services listed by the various districts and the information presented in the table on page 4. We recommend that the Sphere Update utilize the function and service terminology adopted by LAFCo for uniformity in describing existing and allowable services for the relevant districts.

Finally, the comment letter to the Executive Officer dated October 1, 2008, from CCWD General Manager David R. Dickson states: “We would also like to request a correction to the service inventory table on Page 4 of the report. Water recycling and recycled water distribution should be included in CCWD’s permitted services.” Notably, CCWD’s powers under the Water Code do not expressly include recycling, while MWSD’s powers under the Health and Safety Code do. We therefore find that request of

⁴ See Exhibit B of Rules and Regulations of the Local Agency Formation Commission of San Mateo County Affecting Functions and Services of Special Districts (“Rules and Regulations”), dated February 21, 1996.

doubtful validity, unsubstantiated and an improper attempt to expand services without following proper procedures (Government Code §56824.10, *et seq.*). Moreover, LAFCo's Rules and Regulations place limitations on the exercise of functions and services, specifically noting that, "At such time as the Commission has identified the nature, location and extent of functions and services being provided by any district, the district shall not provide nor engage in any new or different function or class of service, except as authorized by these Rules and Regulations." A service cannot simply be added to a purported inventory by a simple letter request.

Service Areas & Urban/Rural Boundary

Page 6 of the Sphere Update categorically states: "District service areas are defined as their agency boundaries upon formation pursuant to attached maps." The rest of the paragraph proceeds to contradict this blanket statement, by introducing limitations based on the Local Coastal Program ("LCP"), and ignores the fact that MWSD has operating facilities and serves County-owned property in our service area that is proposed to be excluded from our Sphere, viz., the southerly portion of County Service Area 12 and the service area acquired by MWSD from Citizens Utilities Company of California ("CUCC"). Furthermore, the discussion of the LCP completely ignores LCP Table 2.9 ("Estimate of Water Consumption Demand from Buildout of Land Use Plan / Citizens Utility Company"), Table 2.10 ("Estimate of Water Consumption Demand from Buildout of Land Use Plan / Coastside County Water District within County Jurisdiction"), LCP Table 2.11 ("Summary of Water Demand at Buildout / Mid-Coast Areas Under County Jurisdiction"), and Table 2.17 ("Amount of Water Capacity to be Reserved for Priority Land Uses / Citizens Utility District (Montara/Moss Beach) and Coastside County Water District (County Jurisdiction)").

These tables define and constrain the water service areas of CUCC and Coastside County Water District based on the territory in their respective service areas as of 1980. Detachment of territory from CUCC's service area (acquired by MWSD in August 2003) and transfer of that territory to CCWD would require amendments to all of these tables in the LCP. San Mateo County has spent much of the past eight years preparing the Midcoast Local Coastal Program Update amendments, with extensive public meetings, Planning Commission hearings, and Board of Supervisors hearings. At no time did anyone question the basis of the water demand and priority reservation tables using the well-known and commonly understood boundaries of CUCC and CCWD, or propose amendments to these LCP tables to accommodate transfer of service responsibilities from CUCC's service area (now owned by MWSD) to CCWD.

The Midcoast LCP Update amendments are still not certified by the Coastal Commission more than two years after they were approved by the Board of Supervisors. Adopting spheres of influence for CCWD and MWSD that would require Coastal Commission approval of LCP amendments caused by adopting spheres in conflict with the historic service areas adds unnecessary cost, delay, and complication to delivery of necessary services to the area.

If the revised version of the Sphere Update adopts MWSD's proposals, no additional text is necessary in this section. However, if LAFCo continues with the direction of the Preliminary Sphere Update, then it requires an acknowledgement of the LCP amendment requirements to conform the LCP to revised service areas. MWSD strongly opposes this approach and cannot suggest language that would be appropriate, because the entire concept of removing territory from MWSD's acquired water service area is unacceptable.

Overlapping Territory and Excluded Territory

The bottom paragraph on page 6 of the Sphere Update reads: “Two areas of overlap exist between jurisdictions with like powers. . . . [O]verlap exists between Montara Water and Sanitary District and Coastside County Water District in that a portion of the northern CCWD territory is within the boundaries of Montara Water and Sanitary District. This overlap does not reflect location of actual infrastructure or service delivery, rather jurisdictional boundaries of agencies with like powers. The territory includes primarily rural lands not eligible for municipal water and results from special legislation (Health & Safety Code 6512.7) granting water power to MWSD and LAFCo granting water as an active power within all of the then Montara Sanitary District’s boundaries without requiring that boundaries be redrawn to reflect actual eligible service area.”

We believe that as a matter of law, Health and Safety Code §6512.7 explicitly exempts the Montara Sanitary District (now MWSD) from the provisions of the Cortese-Knox Local Government Reorganization Act of 1985 with regard to the establishment of its water powers, as clearly stated in the legislation. Therefore, there was no LAFCo grant of water power to MWSD. Moreover, both the County, by establishing County Service Area (“CSA”) 12, and the Legislature, in directly granting water power to MWSD, expressly and impliedly included the portion of CUCC’s southern service territory in the area to be served by CUCC’s successor, i.e., MWSD. Therefore, the last sentence of this paragraph should read:

“The territory includes primarily rural lands not eligible for municipal water under the LCP and results from special legislation (Health & Safety Code 6512.7) granting water power to MWSD.”

We note that CSA 12 reflects the County’s own definition of the eligible water service area of CUCC that was acquired by MWSD.⁵ The overlapping territory noted in the Sphere Update (i.e., territory currently within the boundaries of both CCWD and MWSD) should be resolved by adjusting the boundary of Coastside County Water District to eliminate this overlap. At the present time, the appropriate action for LAFCo to take is to designate a sphere of influence for CCWD that indicates LAFCo’s intention to eliminate this overlap in the future. That is accomplished by eliminating from CCWD’s sphere of influence all territory within MWSD’s water service area, defined by the boundary of CSA 12. MWSD requests and recommends that the sphere of influence designations for CCWD and MWSD be modified to read as follows to resolve the conflicts created by the existing district boundaries:

- **Coastside County Water District – “Consolidation” with sphere of influence territory to include current boundaries eligible for service under LCP *excluding* territory included in County Service Area 12**
- **Montara Water and Sanitary District – “Consolidation” with sphere of influence territory to include current boundaries eligible for service under LCP (including solid waste collection and recycling) and urban areas eligible for water service previously included in County Service Area 12**

⁵ Board of Supervisors Resolution No. 50271, adopted April 26, 1988, states in relevant part that “the County of San Mateo proposes to acquire and operate a water system to serve the community of Montara-Moss Beach”, and explains that “the reasons for initiating this proposal include: (1) Residents in the Service Area have expressed dissatisfaction with the quality of service provided by the present operators of the water system; and (2) a public opinion survey showed widespread support for the proposal; and (3) a technical evaluation has shown the proposal to be economically feasible.” The proposed County Service Area was to be subject to the following terms and conditions: “(1) that it be empowered to provide water service including the acquisition, construction, operation, replacement, maintenance and repair of water supply and distribution systems, including land, easements and rights-of-way and water rights; and (2) that it be empowered to serve only those properties included within the boundaries of its territory as described in Exhibit ‘A’”, which describes the service area of CUCC eligible for urban-level water services under the LCP and corresponds to the LAFCo map showing the boundary of CSA 12.

At the October 2, 2008, Board of Directors meeting, MWSD approved a notice of intention to initiate consolidation proceedings for the consolidation of County Service Area 12 into the Montara Water and Sanitary District. As noted in Attachment B, this consolidation will complete the acquisition by MWSD of Citizens Utilities Company of California's former Montara District assets and service area by aligning the District's boundary with the District's water service area.

MWSD requests and recommends that the sphere of influence designation for CSA 12 be modified to read as follows, to allow the most cost-effective completion of MWSD's acquisition of CUCC's assets:

- **County Service Area 12 – “Consolidation” into Montara Water and Sanitary District**

On page 7 of the Sphere Update, the first sentence reads: “Urban designated lands excluded from the boundaries of any water district include the territory adjacent to Half Moon Bay Airport, contiguous to current CCWD boundaries.” This statement is incomplete and possibly prejudicial, in that it fails to note that this territory is also “contiguous to current MWSD boundaries” as well. Furthermore, the implication that this territory is currently excluded from MWSD's water service area is inaccurate and misleading in light of the above historical discussion, including legislative intent. Moreover, MWSD has operating facilities and serves County-owned property in the area.

This section of the Sphere Update should note that this so-called “excluded territory” is in fact within County Service Area 12's boundary, which was drawn to reflect the existing authorized service area of Citizens Utilities Company of California when San Mateo County contemplated acquisition of that private water system and transfer to a public agency for operation. In fact, MWSD acquired all rights to CUCC's former service area through an eminent domain action completed in 2003. MWSD proposes a formal consolidation of CSA 12 into MWSD, with an appropriate boundary realignment, to complete the transfer of assets owned by CSA 12 and already paid for by MWSD.

This section should also note that all of CCWD's non-priority water connections created by the Crystal Springs Water Supply Project (“CSWSP”) were pre-sold through assessment district financing. No parcel in the so-called “excluded territory” was assessed for the CSWSP, and therefore no parcel in that territory has any entitlement to or expectation of water service from CCWD.

MWSD has *existing* water supply, treatment, and distribution infrastructure in this area, serves County-owned property, and stands ready to provide additional essential public services when needed, in particular, water for fire protection through either street hydrants or private fire protection connections. These connections are available today to any property needing such services (although, to the best of our knowledge, there is no pending application for a Coastal Development Permit for any property within this territory because the territory is uninhabited and largely used for agricultural or airport functions).

This section of the Sphere Update concludes with the statement: “Annexation of this territory to CCWD would therefore require Coastal Commission approval.” It would be appropriate to note that: “Annexation of this territory to MWSD would *not* require Coastal Commission approval.” As noted above, annexation of this territory to CCWD would require LCP amendments and Coastal Commission approval, whereas consolidation of CSA 12 into MWSD, or other adjustment of MWSD's boundary to include the acquired CUCC service area, is consistent with the certified LCP water demand and water priority tables.

MWSD requests and recommends that this section be revised to read more accurately as follows:

“Urban designated lands excluded from the boundaries of any water district include the territory adjacent to Half Moon Bay Airport, contiguous to current CCWD and MWSD boundaries and within the boundary of County Service Area 12. This territory is in the current adopted sphere of influence of CCWD (which includes the entire urban coastside as well as some rural land) but is also within the service area granted to Citizens Utilities Company of California by the California Public Utilities Commission prior to acquisition of that service area by MWSD in August, 2003.

“A Coastal Commission condition on the CCWD El Granada pipeline expansion limits provision of water by CCWD to areas within district boundaries at the time of the Coastal Commission approval of the project. Annexation of this territory to CCWD would therefore require Coastal Commission approval, together with a set of Local Coastal Program amendments to tables 2.9, 2.10, 2.11, and 2.17. MWSD is already authorized to serve this area, does *not* require Coastal Commission approval, requires *no* LCP amendments, has existing water supply, treatment, and distribution infrastructure within the territory, and has filed an application for annexation of this excluded territory with LAFCo that is currently pending. Furthermore, MWSD has notified LAFCo of its intention to formally request consolidation of CSA 12 into MWSD to complete the acquisition and public ownership of the former CUCC water system contemplated when CSA 12 was formed in 1988.”

Present Capacity of Public Facilities

On page 9 of the Sphere Update, under the discussion of present capacity of public facilities, the last sentence of the second paragraph currently reads: “In the context of water agency boundaries and infrastructure, the urban designated area adjacent to Half Moon Bay Airport is omitted from water service jurisdiction.” We respectfully disagree with the Staff analysis. The area under discussion, referred to as the “excluded territory” earlier, may be outside the district boundaries of both CCWD and MWSD. However, as explained in the previous section of our comments, this area falls within the service area of CUCC’s water system and that defined by CSA 12’s boundary. The right to serve water in this area, as well as the existing water supply, treatment, distribution and service infrastructure located within this area, were acquired by MWSD through the eminent domain action completed in August 2003.

MWSD requests and recommends that this sentence be revised to read more accurately as follows:

“In the context of water agency boundaries and infrastructure, the urban designated area adjacent to Half Moon Bay Airport is included within the water service area acquired by MWSD from CUCC (and was also designated as County Service Area 12’s service area prior to the special legislation granting MWSD water powers) and contains existing water supply, treatment, and distribution infrastructure owned by MWSD. This area is currently the subject of an application pending before LAFCo to conform MWSD’s district boundaries to its authorized service area.”

Service Delivery Jurisdiction

The table on page 8 of the Sphere Update, under Water for the Unincorporated area, lists “Private Wells” as one method of furnishing water service. The first paragraph on page 9 of the Sphere Update notes that there are approximately 8,600 sewer connections and 7,370 water connections; every sewer connection requires a source of water for the property being serviced, therefore there must be approximately 1,230 private wells. From MWSD’s Sewer Service Charge report, we know that there are approximately 260

properties within MWSD that receive sewer service but not water service, i.e., that are developed on private wells. That leaves approximately 970 private wells within CCWD's territory which are not being served by public utility water. San Mateo County Environmental Health should be able to provide exact counts of existing private water wells within each district.

MWSD requests and recommends that a footnote be added to "Private Wells", or a paragraph following the table clarifying the factual situation, that reads as follows (with possible update of the count of wells in each district from County sources):

"San Mateo County has allowed development on private water wells for domestic water within the urban/rural boundary due to inadequacies in the public water supply from CCWD and MWSD. San Mateo County Resolution No. 53059, 'Policy Regarding the Use of Water Wells in the Urban Mid-Coastside', states: 'Now, therefore, be it resolved, that the Board of Supervisors of San Mateo County hereby reaffirms its existing policy of allowing the use of water wells in urban areas only when no other water is available from existing public water systems and directs the Planning Director and Environmental Health Director to implement this policy in the Coastal Zone by conditioning all appropriate permits in the urban Mid-Coastside area to require connection to a public water system when such water supplies are available.' As documented in the Municipal Service Review and Sphere Update, there are approximately 970 private wells within CCWD's service area and 260 private wells within MWSD's service area. It is evident that CCWD does not have adequate water supplies to meet the requirements of San Mateo County policies."

Recommended Spheres of Influence

As noted earlier, MWSD asserts its existing right to serve the so-called "excluded territory" contiguous to the District's southerly boundary. We request and recommend that the proposed sphere of influence designations on page 11 of the Sphere Update be modified to read as follows:

- **Coastside County Water District – "Consolidation" with sphere of influence territory to include current boundaries eligible for service under LCP *excluding* territory included in County Service Area 12**
- **Montara Water and Sanitary District – "Consolidation" with sphere of influence territory to include current boundaries eligible for service under LCP (including solid waste collection and recycling) and urban areas eligible for water service previously included in County Service Area 12**
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- **County Service Area 10 – "Consolidation" into Montara Water and Sanitary District**
- **County Service Area 12 – "Consolidation" into Montara Water and Sanitary District**

Recommended Sphere of Influence Considerations

On page 12 of the Sphere Update, the first sentence currently reads: "The following includes sphere considerations and designations that could be adopted by the Commission in amending the sphere of influence of the two districts." We are confused by this reference to "two districts", since the Sphere Update recommends amending the sphere of influence designations for the City of Half Moon Bay, Coastside County Water District, Granada Sanitary District, Montara Water and Sanitary District, and County Service Areas 6, 10, and 12 – a total of one city, three special districts, and three county service areas. Please clarify or revise this sentence.

Later on page 12 of the Sphere Update, under the paragraph numbered “(3)”, reference is again made to “urban designated areas omitted from water service areas”. As we have stated earlier, there is no urban designated area omitted from water service areas, because the so-called “excluded territory” is within the water service area acquired by MWSD from the former CUCC and described by CSA 12’s boundary.

MWSD requests and recommends that this paragraph be revised to read more accurately as follows:

“Capacity of public facilities and adequacy of public services in the unincorporated area are characterized by an ongoing moratorium on new domestic water connections in Montara Water and Sanitary District (except as to fire protection connections), severe limits on Coastside County Water District water supply assurance with SFPUC, no new water supply sources for CCWD since the Crystal Springs Water Supply Project (begun in 1987, with all non-priority connection rights already assigned through assessments), lack of park and recreation facilities and programs in the unincorporated area, and lack of storm water facilities.”

Implementation

On page 13, the last paragraph contains a sentence that reads: “With concurrence that park and recreation is a vital service that must be met in the unincorporated area, the recommended sphere of influences addresses regional service delivery for sewer and water and provides a plan for establishing an agency dedicated to park and recreation for the unincorporated area.”

Our problem with this formulation is the use of the phrase “establishing an agency dedicated to park and recreation”, which suggests a new special district limited to park and recreation powers. Recommending, or even suggesting, a new special-purpose district with extremely limited powers in the Midcoast contradicts all of the objectives of LAFCo’s Municipal Service Review and the adopted determinations, which all point towards future reduction, not increase, in the number of special districts.

The last special district limited to park and recreation powers that was created in the Midcoast was County Service Area 10, which was dependent on voter approval of a tax levy to fund its operations.⁶ The unfortunate fate of this CSA is well known and documented in the Sphere Update. A plan for establishing an agency dedicated to park and recreation for the unincorporated area requires a funding source, and history has shown that it is difficult to achieve a two-thirds voter approval for a new tax levy.

We are aware that Granada Sanitary District is considering an application to reorganize as a Community Services District, allowing the reorganized district to deliver park and recreation services in addition to GSD’s current services. Such a reorganization should not be precluded by the Sphere Update, because it allows delivery of important services to a portion of the Midcoast by an existing special district.

MWSD is also considering an application to consolidate County Service Area 10 into MWSD or, alternatively, to activate its latent recreation powers granted by Water Code §31130. Together with GSD, these two existing special districts cover all territory in the Midcoast that would benefit from park and recreation services, including both urban and rural parcels, and already derive a small portion of property tax money, as noted in the Sphere Update, that could be redirected (with voter and ratepayer approval).

Without creating a new Midcoast special district exclusively for park and recreation, the combination of a GSD reorganization and consolidation of CSA 10 into MWSD produces a desirable near-term solution

⁶ County Service Area 10 was created January 14, 1975, by Board of Supervisors Resolution No. 34528, “for the purpose of providing local park and recreation services” to territory comprising “a part of what is commonly known and referred to as Montara-Moss Beach area”.

with no increase in the number of special districts. As noted in the Sphere Update on pages 13 and 14, GSD and MWSD could potentially allocate some or all of their existing property tax revenue to the non-enterprise park and recreation services. Each district could manage these services directly, or contract with the other district or some other agency to manage service delivery, or enter into a Joint Powers Agreement with one or more other agencies (including possibly Cabrillo Unified School District, the City of Half Moon Bay, or San Mateo County) to deliver park and recreation services in the Midcoast.

Such a model for park and recreation services is not without complications. Each district might desire or require voter approval of a plan to take on park and recreation services. Ratepayer consent would also be required, under Proposition 218, for any increases in sewer or water rates that might be occasioned by use of tax allocation to park and recreation uses.

We do not intend to pre-judge how park and recreation services should or will be delivered in the Midcoast, nor should LAFCo's sphere of influence determinations force any specific solution. However, MWSD requests and recommends that this sentence be revised to read more broadly as follows:

“With concurrence that park and recreation is a vital service that must be met in the unincorporated area, the recommended spheres of influence address regional service delivery for sewer and water and provide a plan for consolidating or reorganizing one or more districts to provide park and recreation services for the unincorporated area in addition to their other existing services.”

MWSD proposes that one way to implement park and recreation services for the Montara / Moss Beach area would be to consolidate the existing inactive County Service Area 10, created in 1975 to establish assessments for park maintenance in Montara, into MWSD and fund park and recreation services with existing property tax revenue. CSA 10 is wholly contained within the boundary of MWSD. There is no other appropriate successor district to take over CSA 10's purposes.

Consequently, MWSD requests and recommends that the sphere of influence for CSA 10 be modified to read as follows:

- **County Service Area 10 – “Consolidation” into Montara Water and Sanitary District**

On page 14 of the Sphere Update, the Report discusses the possibility of transfer of property tax from enterprise to non-enterprise functions by increasing water or sewer rates. It is important to emphasize the difficulty of implementing this solution for readers of the Sphere Update report who may not be familiar with constraints on rate adjustments resulting from voter approval of Proposition 218.

MWSD suggests that a sentence be added to this discussion, essentially as follows:

“Under an interpretation of Proposition 218 by the California Supreme Court, increases in water or sewer service rates require notice to ratepayers and are subject to protest provisions that may prevent needed revenue increases for existing services or preclude redirection of existing property tax revenue that currently offsets water or sewer costs to be used instead for non-enterprise services.”

Attachment B

Request for Sphere of Influence Determination for Montara Water and Sanitary District

Executive Summary

The Spheres of Influence for Coastside County Water District (“CCWD”) and Montara Water and Sanitary District (“MWSD”; formerly Montara Sanitary District or “MSD”) were first established in 1969 and updated in 1985. Conditions have drastically changed since that initial determination and update. Notwithstanding periodic reviews, there has been no serious consideration of the changed circumstances and reasons for modifying existing Spheres of Influence until the issuance of the draft Preliminary Sphere of Influence Update (“Sphere Update”) for the City of Half Moon Bay and Unincorporated Midcoast (draft dated August 18, 2008) based on the first comprehensive Municipal Service Review for this region.

Changes in the authorized powers of MWSD – specifically granting all powers of county water districts to MSD – and changes in the ownership structure of the water system serving the Montara / Moss Beach community – specifically, authorization by voters of a general obligation bond measure in 2001 and acquisition of the water system in August 2003 by Montara Water and Sanitary District, a public agency, from a private corporation – establish the need to re-evaluate the existing spheres of influence and modify them to correspond to changed conditions.

A result of careful examination shows that Montara Water and Sanitary District serves a distinct community, successfully fulfilling its responsibility to that community in the areas of service that it provides – historically, wastewater collection and treatment, septic system services, and solid waste collection and recycling, for 50 years, plus the more-recent five year history operating and improving the water system serving the Montara / Moss Beach community.

MWSD requests a Sphere of Influence that comprises the entire existing area of the District, together with the water service area acquired from Citizens Utilities Company of California (“CUCC”)⁷ more particularly defined by the boundary of County Service Area (“CSA”) 12. The map in Attachment C shows the requested Sphere of Influence boundary for MWSD. This will also become the eventual boundary of the District following the proposed consolidation with CSA 12. We acknowledge that our proposed Sphere of Influence will result in a small overlap with the recommended Sphere of Influence for Granada Sanitary District (“GSD”), and therefore address the issues of service areas in detail in each section below where we discuss each existing or anticipated service. We are unaware of any provision of the Cortese-Knox-Hertzberg act that prohibits overlap of spheres of influence; indeed, the existing spheres of influence already include overlapping spheres.

⁷ For convenience, we generally refer to CUCC as the owner of the water system serving the Montara / Moss Beach community prior to August 1, 2003. We intend by this reference to include predecessors (e.g., Public Utilities Company of California, which aggregated several small water systems into the Montara District beginning in 1928) and successors (e.g., California-American Water, a subsidiary of American Water Works, which acquired all of the California assets of CUCC in 2002 and was then, in turn, acquired by Thames Water Holding, a subsidiary of RWE Aktiengesellschaft, a Germany-based multinational utility holding company). CUCC was the owner/operator of the Montara District under that name for nearly the entire time period relevant to this analysis and Citizens Utilities is generally known as the private water company serving the Montara/Moss Beach area prior to MWSD’s acquisition of those assets and service area in August 2003.

The Municipal Service Review process provides an opportunity for San Mateo County Local Agency Formation Commission (“LAFCo”) to review and adjust Spheres of Influence for the agencies under review. Although LAFCo may impose fees to consider changes to a Sphere of Influence, California Government Code (“GC”) §56428(f) provides: “The commission may waive the fee if it finds that the request can be considered and studied as part of the periodic review of spheres of influence required by Section 56425. In addition, the commission may waive the fee if it finds that payment would be detrimental to the public interest.”

In support of our Sphere of Interest request and anticipated consolidation of CSA 12 into MWSD, the District has prepared a Water System Master Plan and a Public Works Plan, Phase I, showing how water services will be provided within the territory described by CSA 12, which the District will submit as part of its formal application for consolidation as our Service Plan for the consolidated District. No changes to our existing sanitary sewer, septic system, or solid waste and recycling services are contemplated by designation of our requested Sphere of Influence or consolidation of CSA 12 into the District (or other boundary change to accommodate the water service area acquired from CUCC).

Financing for acquisition and essential water system improvements has already occurred through the general obligation bond measure approved by 80.66% of the Montara / Moss Beach voters in November, 2001, and through the regular Capital Improvement Program funded by water service charges.

County Service Area 10 falls wholly within the existing boundaries of MWSD and therefore would be included in the proposed Sphere of Influence and adjusted District boundary, so no further action by LAFCo is required at this time. If MWSD initiates a consolidation of CSA 10 into MWSD, or otherwise applies to LAFCo to activate its latent recreation powers under Water Code §31130, the District will prepare all necessary maps, service plans, financing options, and environmental studies at that time.

Introduction

There is a long-standing community of interest within the unincorporated Montara / Moss Beach community served by the Montara Water and Sanitary District (“MWSD” or “District”), distinct from the communities to the north and south. Nearby communities are separated from the Montara / Moss Beach community by open space, rural agricultural and prime agricultural land, and the Half Moon Bay Airport. This community is geographically, historically, physically, and governmentally independent.

At the time of the 1984 Sphere of Influence Study by the San Mateo County Local Agency Formation Commission, Coastside County Water District was developing a proposal for a pipeline from Crystal Springs Reservoir to reduce the amount of water taken from Pilarcitos Lake (and degrading downstream flows in Pilarcitos Creek). Sewer Authority Mid-Coastside (“SAM”) was planning the expansion of its wastewater treatment plant, doubling capacity sufficient to serve eventual buildout population estimates. And California Department of Transportation (“CalTrans”) was planning a four-lane freeway bypass of Devil’s Slide, for which it had acquired property in the hills surrounding Montara. Meanwhile, Montara and Moss Beach received their water from the poorly managed Citizens Utilities Company of California (“CUCC”). As noted in the Sphere Update, LAFCo originally adopted spheres of influence for the City of Half Moon Bay (“HMB”) and CCWD covering the entire coastside, with a zero sphere for MWSD.

Since that time many of those regional planning and infrastructure factors have been altered and others not anticipated have occurred, which require designation of revised spheres of influence for MWSD, as well as CCWD and HMB, including:

- CCWD's Crystal Springs Water Supply Project and Infrastructure Pipelines were completed in 2008, more than 20 years after the start of the project, with capacity limited to that needed to serve only the communities of Half Moon Bay, Miramar, El Granada, and Princeton.
- SAM's wastewater treatment plant expansion in 1999 was completed with less than anticipated capacity for the Montara / Moss Beach community.
- CalTrans's four-lane freeway bypass of Devil's Slide was defeated in favor of a two-lane tunnel project now under construction.
- Peninsula Open Space Trust ("POST") acquired 4262 acres of Rancho Corral de Tierra, the land surrounding the Montara / Moss Beach community and separating it from El Granada. POST is in the process of transferring these lands to the Golden Gate National Recreation Area, a unit of the National Park Service, Department of the Interior.

Obviously the growth potential that was projected in the early 1960s and that influenced the original sphere of influence designations has been greatly reduced. The soon-to-be federal acquisition of property between the Montara / Moss Beach community and El Granada creates a clear boundary to the appropriate Spheres of Influence for MWSD and CCWD. Accordingly, current circumstances compel adjusting MWSD's and CCWD's Spheres of Influence to conform to their existing service areas.

Critical Factors Supporting MWSD's Sphere of Influence Designation

We request approval of a revised Sphere of Influence for Montara Water and Sanitary District by the San Mateo County Local Agency Formation Commission based on the following factors:

- Montara / Moss Beach is a community distinct from both incorporated and other Midcoast unincorporated communities.
- Montara Sanitary District established decades long leadership in wastewater treatment and has a demonstrated track record in meeting the needs of its constituents.
- The Montara / Moss Beach water system has always been distinct, separate, and apart from Coastside County Water District.
- CUCC had a long-standing history of neglect and deferred maintenance that resulted in the Board of Supervisors creating County Service Area 12 in 1988, defining the boundary of the area served by CUCC eligible for water service under the LCP, anticipating acquisition of the assets and service area of CUCC by a public agency.⁸
- Legislation sponsored by State Senator Quentin L. Kopp in 1991 granted the powers of a county water district to MSD, subject to confirmation by a vote of the community which was achieved in 1992 by an overwhelming 91% favorable vote.
- CCWD's Inventory of Special District Services furnished to LAFCo on July 18, 1996, by Bob Rathborne, CCWD's General Manager, described the geographic coverage of CCWD's water system as "City of Half Moon Bay, El Granada, Princeton, Skylawn Cemetery, Highway 92 Corridor to Pilarcitos Road, Highway One immediately South of Half Moon Bay" – there is no mention of any service or proposed service in Montara or Moss Beach.
- MSD's Inventory of Special District Services furnished to LAFCo on April 30, 1996, by George Irving, MSD's District Administrator, described the geographic coverage of MSD's authorized active water powers as "Area of Service: Intended area of service, as retailer.

⁸ County Service Area 12 was created by Board of Supervisors Resolution No. 50749, adopted August 30, 1988, following approval by LAFCo via Resolution No. 779, which states in relevant part that "services to be provided by the proposed County Service Area shall be limited to water service, including the acquisition, construction, operation, replacement, maintenance and repair of water supply and distribution systems, including land, easements and rights-of-way and water rights", and defines the service area of the water system to be acquired.

wholesaler, or other supply function, as the District shall determine, includes the area currently served by CUCC (see, map marked Exhibit 'B', attached and incorporated herein by reference)."⁹

- LAFCo previously adopted Resolution No. 870, "Resolution of the San Mateo Local Agency Formation Commission Approving the Inventory of Functions and Services of the Montara Sanitary District," on September 18, 1996, confirming the intended area of service including all of CUCC's service area.¹⁰
- In support of LAFCo's consideration of Resolution No. 870, MSD's District Counsel, David Schricker, provided extensive legal analysis supporting MWSD's intent to develop water supplies and other infrastructure to serve all of CUCC's service area, or acquire the CUCC system outright (see Attachment D).
- Voters in the Montara / Moss Beach community authorized up to \$19,000,000 in general obligation bonds for the acquisition and improvement of the CUCC water system, with Measure V receiving an overwhelming 80.66% favorable vote of the community in 2001, enabling the sale of bonds for MWSD's purchase of the former CUCC / California-American ("Cal-Am") water system and service area.
- MWSD acquired CUCC's entire service area, established by the California Public Utilities Commission ("CPUC"), when it purchased the CUCC / Cal-Am system, which includes existing infrastructure and service connections within the territory outside the current boundary of MWSD.
- CCWD's supply assurance from the San Francisco Public Utilities Commission ("SFPUC") through the Bay Area Water Supply and Conservation Agency ("BAWSCA") is insufficient to meet existing obligations, much less serve additional customers in the MWSD service area.
- MWSD is developing additional local, independent water supplies, including the new Alta Vista Well, which allow MWSD to meet customer needs while water districts dependent on the SFPUC supply are currently requiring voluntary or mandatory rationing.
- MWSD operates existing water supply, treatment, and delivery infrastructure outside MWSD's current boundary in the service area acquired from CUCC and defined by CSA 12; there are currently no customers in this area (described as "excluded territory" in the Sphere Update), which is uninhabited and largely used for agriculture and airport purposes.
- MWSD is investigating potential for desalination and recycling as additional sources of water to address the scarce supply available to the community, in addition to further development of ground water sources in appropriate watersheds.
- The Final Program Environmental Impact Report for the Water System Improvement Program and the Phased Water System Improvement Program for the SFPUC Hetch Hetchy Reservoir System, released on September 30, 2008, strictly limit water supplies available to existing SFPUC customers, including wholesale customers with supply assurances from BAWSCA, thus limiting CCWD's potential for increased water supply.

MWSD, with considerable investment in both time and money by the entire Montara / Moss Beach community, has finally turned around the situation left by CUCC and is now serving the Montara / Moss Beach community with a safe, reliable supply of water to meet existing needs.

⁹ See Attachment C to this letter, which shows County Service Area 12's boundary (i.e., CUCC's authorized service area) together with MWSD's existing boundary, to show the proposed boundary of MWSD's Sphere of Influence and anticipated consolidated District boundary following inclusion of CSA 12 into MWSD.

¹⁰ See also letter from David E. Schricker, District Counsel, to San Mateo County Local Agency Formation Commission dated August 8, 1996, re: Montara Sanitary District-Provision of Water Service, which was a part of the LAFCo Staff Report dated September 5, 1996, attached to the current letter as Attachment D.

The property owners and voters of the Montara / Moss Beach area have shown complete self-sufficiency in addressing water, wastewater, and solid waste needs. MWSD has served that community faithfully for 50 years, is poised to continue that service into the future, and requests designation of a Sphere of Influence as shown in Attachment C that reflects the reality of the existing community of interest.

Background and History of Districts

The Montara Sanitary District was formed on August 5, 1958, and held its **50th Plus 5th Anniversary Celebration** on August 24, 2008. The community is justifiably proud of the accomplishments of its own District over 50 years, as well as 5 years of improved water service. The community's achievements were recognized by letters, proclamations, and resolutions from Senators Barbara Boxer and Dianne Feinstein, Congresswomen Anna Eshoo and Jackie Speier, State Senator Leland Yee, Assemblyman Gene Mullin, the San Mateo County Board of Supervisors, and boards of neighboring agencies (see Attachment E).

The formation of MSD followed that of Coastside County Water District, which was formed in 1947, and predates that of the City of Half Moon Bay, incorporated in 1959. Granada Sanitary District ("GSD") was also formed in 1958, reflecting the needs of its own distinct community of interest.

Independent Community Leadership with 1963 Montara Wastewater Treatment Plant

The residents of the Montara / Moss Beach community built the most advanced wastewater treatment plant on the coastside, providing secondary treatment with a capacity of 500,000 gallons per day average daily dry weather flow, sufficient to meet the projected needs of the community at buildout. Our neighboring agency to the south, GSD, provided only primary treatment for its customers. While the City of Half Moon Bay was having operational problems with its treatment plant, federal and State funds were available to assist in correcting those problems, but would only be made available if they were used to eliminate the proliferation of individual treatment plant outfalls on the Coastside.

These issues led to the formation of Sewer Authority Mid-Coastside ("SAM") as a joint exercise of powers agency ("JPA") in 1976 to fix the existing inadequate GSD and HMB wastewater treatment plants. MSD was forced to join SAM and abandon its successfully operating treatment plant as a result of San Mateo County's creation of the James V. Fitzgerald Marine Reserve ("Reserve") and then expansion of the Reserve so that it incorporated MSD's outfall, thereby preventing its continued use.¹¹

SAM received funding under the Clean Water Act that enabled construction of an Intertie Pipeline System, upgraded Wastewater Treatment Plant, and Ocean Outfall to serve the wastewater needs of the combined GSD, HMB, and MSD sanitary districts. By participating in this joint solution to regional needs, the residents of the Montara / Moss Beach community gave up a significant investment in MSD's local treatment plant, which still had approximately ten years of bond payments outstanding. Only with the further expansion of the SAM treatment plant in 1999, at significant cost to the Montara / Moss Beach community, has the Montara / Moss Beach area had its original 500,000 gallons per day of wastewater treatment capacity restored.

¹¹ The collection system serving the Montara / Moss Beach area flows into the former MSD treatment plant, which was converted to the Montara Pump Station as part of the SAM Intertie Pipeline System. A portion of the community's investment in this plant was recovered by recent conversion of the Walker Tank to a surge tank as part of SAM's Wet Weather Flow Management Program. The original outfall is still in existence and may serve future needs as part of a possible desalination plant located on the District's property. A portion of the parcel may be suitable for recreational use or as part of the California Coastal Trail, subject to MWSD exercising recreation authority.

Another condition of the federal funding, memorialized by an amendment to the JPA agreement dated June 21, 1976, limited the service area boundaries to all lands within the districts not zoned RM (Resource Management). Certification of the San Mateo County Local Coastal Program (“LCP”) in 1980 further restricted sanitary sewer service to parcels inside the Urban / Rural Boundary.

Although there are some pre-existing sewer customers outside the limits of our current sewer service area, under existing District policy in conformance with the SAM agreement and certified LCP policies, MWSD’s sewer service area comprises parcels within the Urban / Rural Boundary, excluding those zoned RM (Resource Management) in 1976. MWSD has rights to sufficient treatment capacity in SAM for anticipated buildout population, including the revised (higher) estimates in the San Mateo County Midcoast Local Coastal Program Update amendments currently pending before the California Coastal Commission.

MWSD also regulates and requires permits for septic systems within the entire territory of the District, particularly in the areas designated as “Rural” by the LCP, although responsibility for percolation tests and other approvals has been delegated to San Mateo County (MWSD Code §3-4.100, et seq.).

MWSD has established a long-term history of acting responsibly and effectively to serve the needs of the Montara / Moss Beach community regarding wastewater and stormwater issues, while protecting the environmentally sensitive habitats of the coastal region and adjacent marine sanctuaries.

Within the requested Sphere of Influence comprising the entirety of MWSD’s proposed territory, MWSD proposes to continue sanitary sewer service within the existing urban service area; MWSD has no intent to extend sanitary sewer service into the area served by GSD or included in the sphere of influence recommended for GSD by the Sphere Update.

Within the requested Sphere of Influence comprising the entirety of MWSD’s proposed territory, MWSD proposes to continue septic system service, except those areas currently within GSD’s jurisdiction or included in the sphere of influence recommended for GSD by the Sphere Update.

Solid Waste and Recycling Leadership in the Montara / Moss Beach Community

MSD was organized under the Sanitary District Act of 1923 (California Health and Safety Code [“HSC”] §§6400 et seq.). An important public health and safety responsibility undertaken by the District is garbage collection throughout the entire District territory, in accordance with HSC §6512 and §6521. When the San Mateo County Local Coastal Program (“LCP”) was certified in 1980, it prohibited extending urban level services (defined as sewer and water) into the rural area, to avoid burdening those agricultural and open space parcels with the high costs of urban infrastructure. The LCP contains no provision limiting solid waste or recycling services to the urban area; indeed, public health and safety requires management of solid water throughout both urban and rural areas.

Every inhabited property in the District has road access. The District, through our franchised solid waste contractor, Seacoast Disposal, serves all developed properties within the entire boundary of the District, including those on the rural side of the Urban / Rural Boundary defined in the LCP. Chapter II of the District Ordinance Code (“Garbage, Rubbish, Waste Matter and Refuse, and the Collection, Removal and Disposal Thereof”) requires that every occupied premise within the District shall subscribe to the waste collection and recycling services provided by MWSD’s franchised contractor.

Recycling programs were instituted by the District in 1988 and were strengthened by introduction of a lower-fee, small container rate, to encourage recycling. Because solid waste collection is essential to the public health and safety, the District's existing boundary, including rural agricultural and resource management lands, must remain within the District. The solid waste service area includes the entire area within existing District boundaries and should be within the District's designated Sphere of Influence.

MWSD has been the lead agency in negotiating the franchise agreement with Seacoast Disposal. GSD used our agreement as the model for its contract, and both MWSD and GSD have cooperated on revisions to the contract.

MWSD has established a long-term history of acting responsibly and effectively to serve the needs of the Montara / Moss Beach community regarding solid waste and recycling issues.

Within the requested Sphere of Influence comprising the entirety of MWSD's proposed territory, MWSD proposes to continue solid waste and recycling service, except as to those areas currently within GSD's jurisdiction or included in the sphere of influence recommended for GSD by the Sphere Update.

History of Water Service Providers for the Montara / Moss Beach Area

In 1928, Citizens Utilities Company of California (then known as Public Utilities Company of California) acquired various scattered small water systems constructed by original land subdividers as far back as 1907. CCWD purchased those systems located south of the Half Moon Bay Airport from CUCC in 1950. CCWD expanded its district boundary across the boundary of MSD towards Montara and Moss Beach in 1966, annexing large areas of prime agricultural land. At the time the property owners involved had hopes of turning their holdings into major coastal residential housing developments. Those plans evaporated in 1972 with the statewide approval of Proposition 20 (enacting the California Coastal Zone Conservation Act, now the California Coastal Act of 1976) and certification of the San Mateo County Local Coastal Program in 1980.

CCWD's boundaries and existing sphere of influence now include large rural areas within the authorized boundaries of the Golden Gate National Recreation Area which will never require urban level water services. Eventually this area should be detached from CCWD at the urban edge of Clipper Ridge and Princeton, as the land is not used for agricultural crops or floriculture requiring urban water supplies. CCWD's sphere of influence should be adjusted appropriately.

CUCC had provided water services in the Montara / Moss Beach area since 1928. After selling a portion of its system to CCWD in 1950, as noted above, CUCC continued to operate the water system serving the Montara / Moss Beach area as part of its Montara District. Lack of investment, deferred maintenance, and inadequate water supply and storage capacity to meet community needs during droughts constantly plagued its customers. Meanwhile, CUCC mis-managed its system to the detriment of the Montara / Moss Beach community.

As LAFCo's 1984 Sphere of Influence Study notes:

“Service provided by Citizen's Utility has been a subject of local debate since the 1960s. Citizens in the Montara area have considered alternatives for transferring CUC's system to a public agency and have recently requested Board of Supervisors assistance in pursuing annexation to the Coastside County Water District. It is possible that acquisition of CUC's existing facilities could eventually be carried out by the district, a city or the county government.”

In response to this request, the Board of Supervisors formed County Service Area 12 with boundaries conforming to CUCC's authorized service area eligible for urban water services under the LCP.¹² The County expended funds for appraisals and other studies that were to be reimbursed by CSA 12 through the eventual financing mechanism adopted for the acquisition. Acquisition of the CUCC facilities by County Service Area 12, by CCWD, or by San Mateo County was never accomplished, as described in more detail below.

As noted above, recognizing that the Montara / Moss Beach community must proceed independently of other coastside communities and government agencies, the citizens and voters in our community overwhelmingly approved Measure V on November 6, 2001 by 80.66% – an unheard-of margin for a general obligation bond measure. (School funding measures, costing property owners much less, routinely fail to achieve even the requisite 55% margin.) The Montara / Moss Beach community committed to borrowing up to \$19,000,000 to acquire and improve the local water system.

In July 2003, MSD completed a settlement of its eminent domain action to acquire the Montara District water system and issued \$17,500,000 in general obligation bonds to finance that purchase and subsequent improvements. On August 1, 2003, MWSD finally completed acquisition of CUCC's assets and service area as contemplated by CSA 12 and has reimbursed the County \$118,000 for its efforts, including establishment of the service area defined by CSA 12. Consolidation of CSA 12 into MWSD completes the last step in public ownership of the Montara / Moss Beach water system. That territory rightfully belongs within the Sphere of Influence of MWSD. The District became Montara Water and Sanitary District in August 2003. Finally, a solution to long-standing water problems has been accomplished by our local community, showing remarkable cohesion and commitment to local control and necessary water system improvements.

As noted, property owners within MWSD's territory are repaying a general obligation bond that financed acquisition and improvement of the water system. MWSD anticipates using revenues from new service connections to offset some of the costs of acquiring and improving the system, and consequently the property owners within MWSD's territory will be financially harmed if a portion of the service area they have purchased is not available for connection fee revenues.

CCWD has never served, nor planned to serve, nor does it have the infrastructure to serve, property within the service area acquired by MWSD from CUCC / Cal-Am. Moreover, CCWD is precluded from providing water service to properties within MWSD's boundaries, all of which are subject to the lien of MWSD's general obligation bond (California Water Code §31053). Therefore, CCWD's boundaries and Sphere of Influence, to the extent they overlap MWSD's or include rural agricultural land prohibited by the LCP from receiving urban-level water services, should be redrawn to conform to CCWD's authorized and legal water service area.

In establishing MWSD's Sphere of Influence, consideration should be given to CCWD's and MWSD's potential for future water sources. CCWD is currently consuming nearly its maximum allowance of water from SFPUC's Pilarcitos Lake and Crystal Springs Reservoir, called its "supply assurance". In 2007, CCWD used 96% of the 800 million gallons per year allocation from the SFPUC system and is confronting possible supply reductions as SFPUC's Hetch Hetchy sources are affected by a statewide drought. Surface water diversion from Pilarcitos Lake has resulted in significant habitat destruction downstream, leading to study groups attempting to restore environmental quality.

Meanwhile, MWSD has located and developed its Alta Vista Well and is working to develop additional local water sources in an environmentally sensitive manner. MWSD's efforts in that regard are leading

¹² As noted earlier, CSA 12 was formed to delineate the service area of CUCC and provide for public acquisition.

toward the eventual provision of a safe, healthful, and sufficient water service within MWSD's existing boundary plus the newly-acquired service area formerly held by CUCC / Cal-Am and represented by the boundary of CSA 12.

MWSD is also working to remedy a long-standing deficiency in water storage capacity needed to meet emergency needs. Our Public Works Plan, Phase I ("PWP"), includes 1,100,000 gallons of additional storage capacity, with a new treated water storage tank at the Alta Vista site and an enlarged replacement storage tank at the Schoolhouse site. The PWP also includes additional water treatment facilities for the Airport Wells to improve water quality for the community. These projects are awaiting approval of the PWP by the California Coastal Commission.

Now that CUCC's Montara District assets and service area have been acquired by a public agency, as contemplated by CSA 12, and major system improvements are either completed or well under way, MWSD proposes to merge CSA 12 into MWSD and include the entire CSA 12 territory within MWSD's Sphere of Influence and District boundary.

In just five years, MWSD has established a history of acting responsibly and effectively to serve the needs of the Montara / Moss Beach community regarding domestic water and community fire water supply, treatment, and storage issues. Within the requested Sphere of Influence comprising the entirety of MWSD's proposed territory, MWSD expects to continue water service within the existing service area acquired from CUCC and described by the boundary of CSA 12.

Conclusion

The Montara Water and Sanitary District has the proven community backing (shown by overwhelming votes of 91% in favor of exercising water powers and 81% in support of the bond measure to finance acquisition and improvement of the Montara / Moss Beach water system), financial resources and management capability to serve the wastewater, septic system, solid waste / recycling, domestic water, and fire protection water needs of the Montara / Moss Beach community. Designating a Sphere of Influence for MWSD as requested would have no effect on the existing provision of services, financing, property taxes, rates, or environmental impacts.

County Service Area 10 should eventually be consolidated into MWSD to give the District the tools needed to work toward a solution for the grossly inadequate and much needed parks and associated services needed in the growing Montara / Moss Beach community. Active recreation powers also would allow MWSD greater flexibility in acquiring and managing watershed land essential to providing the community with safe, reliable, and adequate water resources.

The only reasonable decision for the near future is to recognize the long-standing community of interest in the Montara / Moss Beach area, designate a Sphere of Influence for MWSD that includes the areas within and outside its current boundary that are authorized for service by MWSD (including the area purchased from Cal-Am on August 1, 2003, conforming, likewise, to CSA 12's boundary), and to adjust the Sphere of Influence for CCWD accordingly.

The citizens of Montara and Moss Beach have worked hard and successfully to acquire their own water system from an absentee investor corporation that neglected it, to make substantial investments in repairs to its infrastructure in both water and sewer, and to find new sources of water, independent of any other agencies or community. For these reasons, MWSD's Sphere of Influence should be established as described above and as shown on the map in Attachment C.

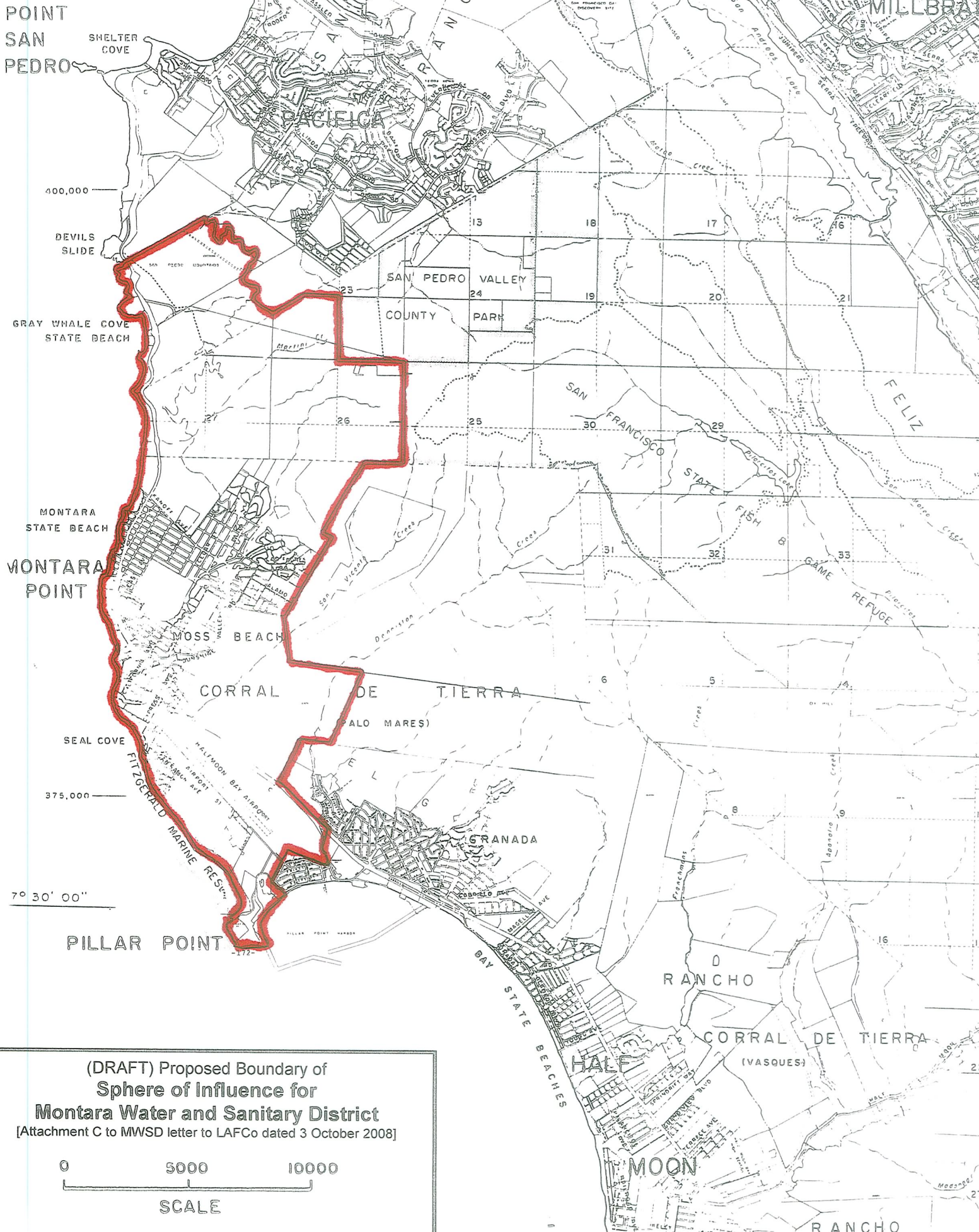
Attachment C

Map of Proposed Sphere of Influence for Montara Water and Sanitary District

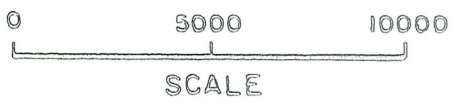
(Overlay map of County Service Area 12 and existing Montara Water and Sanitary District boundaries.)

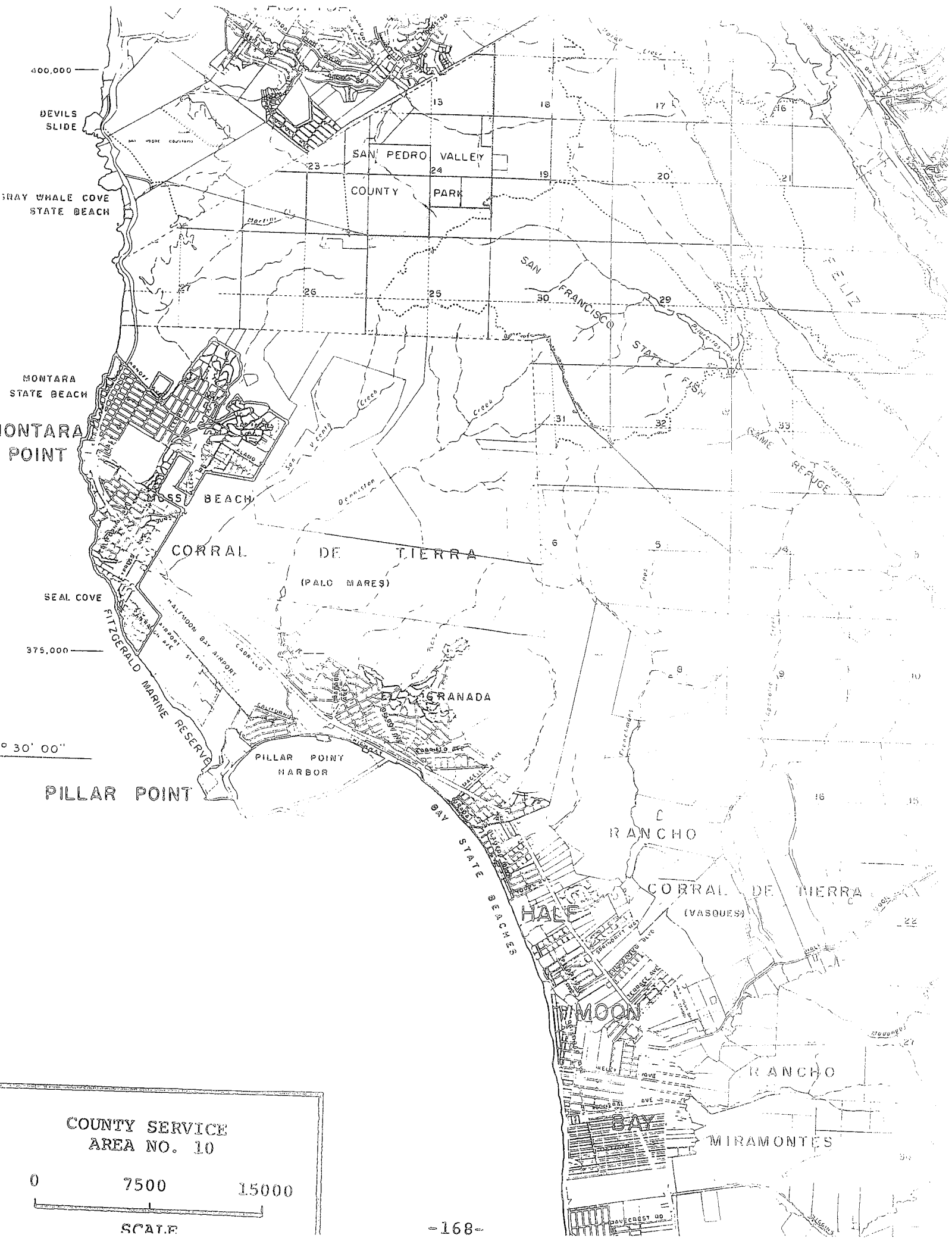
An official map suitable for recording as the consolidated MWSD boundaries will be included with MWSD's formal consolidation application.

Maps of County Service Area 10 and County Service Area 12 from the LAFCo Handbook are included for completeness, and we suggest including them with the final Sphere of Influence Update report.



(DRAFT) Proposed Boundary of Sphere of Influence for Montara Water and Sanitary District
[Attachment C to MWSD letter to LAFCo dated 3 October 2008]





400,000
 DEVILS SLIDE
 GRAY WHALE COVE STATE BEACH
 MONTARA STATE BEACH
 MONTARA POINT
 SEAL COVE
 375,000
 ° 30' 00"

SAN PEDRO VALLEY
 COUNTY PARK

CORRAL DE TIERRA
 (PALO MARES)

PILLAR POINT

EL GRANADA

RANCHO

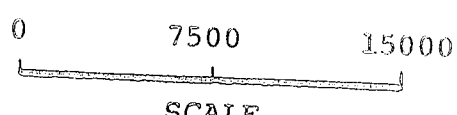
CORRAL DE TIERRA
 (VASQUES)

HALF MOON

RANCHO

MIRAMONTES

COUNTY SERVICE
 AREA NO. 10



STATE BEACH

POINT

000 N

SEAL COVE

MOSS BEACH

HALF MOON BAY AIRPORT

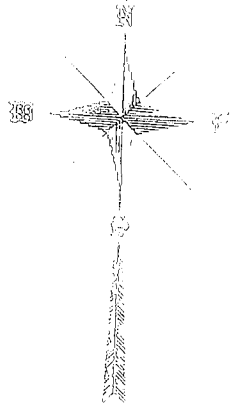
COUNTY SERVICE AREA NO. 12

0 2000 4000

SCALE

PILLAR POINT GARDEN

CABRILLO





GRANADA SANITARY DISTRICT
OF SAN MATEO COUNTY

Board of Directors

Leonard Woren, President

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Gael Erickson, Treasurer

Matthew Clark, Board member

September 12, 2008

Ms. Martha Poyatos, Executive Director
Local Agency Formation Commission
County of San Mateo
455 County Center
Redwood City, CA 94063

Re: Comments on the August 18, 2008 Draft Sphere of Influence Update for the City of Half Moon Bay and the Unincorporated Midcoast

Dear Martha,

Thank you for the opportunity to provide comments on behalf of the Granada Sanitary District Board of Directors concerning the draft LAFCo Sphere of Influence Report referenced above.

The District supports the report's approach of planning for any potential consolidation in steps or phases, rather than attempting to accomplish the task all at once. We would request that Alternative B be modified (or an Alternative C be added) to allow for the reorganization of the Granada Sanitary District into a community services district with parks and recreation powers, and activation of the Montara Water and Sanitary District's parks and recreation powers, as an initial first step towards any future consolidations. The addition of this step would allow parks and recreation services to be provided to the residents of the Midcoast in a much more timely fashion. Inextricably tying the provision of parks and recreation services to consolidation, which may never occur, raises the possibility that parks and recreation services will never be provided to local residents. The history and experience of the past 20 years reinforces this concern.

We would also like to thank LAFCo staff for working with the District and encouraging our input into this report.

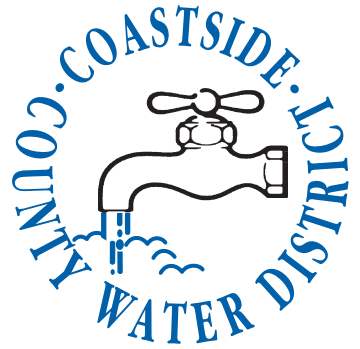
Sincerely,

GRANADA SANITARY DISTRICT

Chuck Duffy, General Manager

October 1, 2008

Ms. Martha Poyatos
Executive Officer
San Mateo County LAFCo
455 County Center
Redwood City, CA 94063



**Re: Coastside County Water District Comments on Sphere of Influence
Update/Review for City of Half Moon Bay and Unincorporated Midcoast**

Dear Ms. Poyatos:

Coastside County Water District (CCWD) appreciates the opportunity to comment on the LAFCo Sphere of Influence Update/Review. The District's Board of Directors discussed the review at their September 9, 2008 meeting. CCWD supports the sphere of influence recommendations on Page 11 of the report.

In particular, the District supports the determination that CCWD's sphere includes urban area adjacent to CCWD's northern boundary in Princeton which has always been in CCWD's sphere but is not currently served by any district. In previous discussions of a project in this area, CCWD has taken the position that CCWD is ready to provide water service, either permanently or on an interim basis until another water district is able to serve the area. With water supply capacity available, and infrastructure in close proximity, CCWD is the only agency likely to have the ability to provide service to this area in the near term.

We would also like to request a correction to the service inventory table on Page 4 of the report. Water recycling and recycled water distribution should be included in CCWD's permitted services.

The District would like to thank you and the Commission for your work on the municipal service review and sphere of influence determinations.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David R. Dickson".

David R. Dickson
General Manager

Midcoast Community Council

An elected Municipal Advisory Council to the San Mateo County Board of Supervisors

Serving 12,000 coastal residents

Post Office Box 248, Moss Beach, CA 94038-0248

<http://mcc.sanmateo.org>

September 24, 2008

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726-9647

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Gael Erickson
726-4416

(vacancy)

(vacancy)

Supervisor R. Gordon
400 County Center
Redwood City, CA 94063

Re: Comments on August 18, 2008 draft Preliminary Sphere of Influence Report for the City of Half Moon Bay and Unincorporated Midcoast

Dear Supervisor Gordon:

The Midcoast Community Council supports the Preliminary Sphere of Influence Report recommendation on page 11 that designates a sphere of influence for the City of Half Moon Bay “coterminous with existing boundaries” and that designates spheres of influence for each of the local agencies providing services in the Midcoast, consistent with their existing service boundaries.

The Midcoast Community Council (MCC or Council) is an elected Municipal Advisory Council created in 1991 pursuant to Government Code section 31010, representing approximately 12,000 residents of the unincorporated Midcoast. San Mateo County Board of Supervisors Resolution 55042 creating the Council states:

WHEREAS, the unincorporated areas of Montara, Moss Beach, El Granada, Miramar and Princeton (hereinafter referred to as the Midcoast):

- Are neighboring communities with a strong sense of identity and common problems,
- Desire a vehicle for exploring the feasibility and merits of governmental organization alternatives, such as incorporation and annexation; and

WHEREAS, the Board of Supervisors finds that it is in the best interests of this County to establish a Municipal Advisory Council for the Midcoast;

NOW, THEREFORE, IT IS HEREBY RESOLVED as follows:

3. The Midcoast Community Council is established to advise the San Mateo County Board of Supervisors on matters including, but not limited to, public health, safety, welfare, public works and planning which affect the Midcoast.

Given the mission of the MCC, it is appropriate for the Council to comment on the draft recommendations for updates to the spheres of influence of the local special districts that serve residents in our communities, and for the City of Half Moon Bay. The MCC has a “Forms of Government” committee that has investigated alternative government structures for the Midcoast, including annexation to Half Moon Bay, incorporation as a separate city, or continuation of existing and new services through local special districts. This community dialog should be encouraged, consistent with the Board of Supervisors resolution quoted above.

“A Sphere of Influence designates an agency’s probable future physical boundary and service area. It is territory that a city or special district will annex in the future. It’s also the area where the local government will build facilities and deliver services sometime in the future. A sphere of influence is often bigger than a local government’s current jurisdiction.” – It’s Time to Draw the Line, A Citizen’s Guide to LAFCOs, published by the California State Legislature

The existing spheres of influence for the City of Half Moon Bay (HMB), Coastside County Water District (CCWD), Granada Sanitary District (GSD), and Montara Water and Sanitary District (MWSD) were first established by LAFCo in 1969. Conditions have drastically changed since that initial determination, including the addition of water service by MWSD as a result of special enabling legislation passed in 1991 and ratified by over 91% favorable vote of the Montara / Moss Beach community in 1992. Notwithstanding periodic reviews, there has been no serious consideration of those changed circumstances and reasons for modifying existing spheres of influence until the current Preliminary Sphere of Influence Report.

San Mateo County LAFCo should be congratulated on finally taking a serious look at changed conditions and recommending new spheres of influence that are appropriate for the current situation. Half Moon Bay’s obsolete 1969 sphere of influence, which includes the entire coastside, does not seem appropriate under the constraints of today’s political and fiscal realities.

The Midcoast Community Council is particularly concerned that the recommended spheres of influence allow existing special districts to propose reorganizations or activation of latent service powers so that they may fulfill critical park and recreation needs for the Midcoast, as well as allowing the creation of a new special district to fulfill these functions. The LAFCo goal of reducing the number of special districts is not achieved by establishing spheres of influence that force formation of a new park and recreation district, rather than using existing local agencies.

The remainder of this letter provides some background and history that may not be as well known to you or the LAFCo Commissioners as it is to local residents while you consider the Preliminary Sphere of Influence Update Report (Report).

Background and Overview

“An important consideration in the Commission’s decisions on spheres of influence is the determination that a community of interest exists within an area to be placed within a single sphere.” – December 1984 Sphere of Influence Study for Mid-Coastside San Mateo County

Following World War II, the San Francisco Bay Area grew rapidly, with development filling in San Francisco’s Sunset District, moving into Daly City, expanding communities along the Southern Pacific rail / El Camino Real corridor, and forming new cities such as Foster City. The Coastside was the last large undeveloped area in San Mateo County. Buildout population estimates in the mid-1950s varied from 140,000 to more than 238,000, according to newspaper articles from the time. As one example of anticipated growth here, the April 19, 1958, issue of the *Half Moon Bay Review and Pescadero Pebble*, in an article headlined “Coast Progress Is Forecast At Conference,” wrote: “Keynote was sounded by County Planning Director Frank S. Skillman who said that by the turn of the century agriculture will have disappeared from this county and that the Coastside had better prepare for an avalanche of people on ‘sleepy San Gregorio, peaceful Pescadero and happy Half Moon Bay.’ Population of the area, now 7,000 will be 120,000 by 1970, Skillman predicted, and the capacity is up to three times even that.”

The San Mateo County Planning Commission approved a Preliminary General Plan for the Mid-Coastside District in 1962, showing anticipated levels of growth and the nearly total elimination of agriculture in the County, much as Mr. Skillman had suggested four years earlier.

The State Legislature created Local Agency Formation Commissions in 1963 to deal with and attempt to control the proliferation of cities and special districts throughout the state resulting from California's rapid population growth. San Mateo County LAFCo was among the first to adopt the concept of a "sphere of influence" to define the territory in which each agency was expected to eventually provide services. The current coastside spheres of influence were designated in 1969 and have been continued with little careful study and review.

Extensive legislative and tax policy changes since 1969 have made it unlikely that the City of Half Moon Bay will have the financial resources to annex the territory north of the current city limits in the foreseeable future. Half Moon Bay has no plan to service the municipal needs of the Midcoast under an annexation scenario. The City most recently consistently voted not to be a part of a regional solution to wet weather flow problems affecting the Sewer Authority Mid-Coastside, a joint powers authority of which the City is a member. The City has taken the position that it has no responsibility or obligation for essential infrastructure improvements in its own existing sphere of influence, which further underscores the City's separation from the Midcoast. **We urge the Commission to support the staff recommendation for Half Moon Bay's sphere of influence, specifically, to designate Half Moon Bay's sphere of influence as coterminous with the existing city limits.**

As structured, existing Midcoast special districts cannot provide all of the services of a city. San Mateo County, as the provider of last resort, has failed to meet community needs. As noted on page 12 of the Report, "Capacity of public facilities and adequacy of public services in the unincorporated area are characterized by . . . lack of park and recreation facilities and programs in the unincorporated area . . .," among other problems.

The need for park and recreation facilities in the Midcoast has been extensively studied, including efforts by the MCC's Park and Recreation Committee, San Mateo County Park and Recreation Department, and the Midcoast Recreation Planning Team, among others. The Midcoast Community Plan adopted by the Board of Supervisors in 1978 outlined proposed park and recreation needs. More recently, the County conducted a Midcoast Recreational Needs Assessment in 2002, followed by a Midcoast Parks Action Plan. The goals of all these studies and plans are consistent with the Shared Vision 2010 The Promise of the Peninsula prepared by the Board of Supervisors.

The path to effective implementation of the LAFCo recommendation for parks and recreation has complexity and involves many players. During the past year and a half the need assessment and action plan for parks and recreation services have been undertaken by the Midcoast Action Plan Committee (MAPC). That committee has been chaired by the County (Dave Holland, Director of San Mateo County Parks and Recreation) and MCC's current chairs of its Park and Recreation Committee has been a member of MAPC. The report of that committee, Midcoast Action Plan for Parks and Recreation – Planning Team Report, has been vetted extensively in all relevant parts of the coastside. It is supported by the MCC and was adopted by the Board of Supervisors with supportive community comment in May of this year.

The thrust of LAFCo's recommendation is the creation of a parks and recreation body that represents Midcoast residents' interests and is organizationally and financially efficient. The two bodies that have organizational effectiveness and manage the existing property tax base are GSD and MWSD. Both of these agencies have expressed an interest in fulfilling parks and recreation needs in terms of service, revenue, and governance.

As it relates to parks and recreation in the Midcoast in the near term, the Council desires to see:

- Adoption of revised spheres of influence for Half Moon Bay, GSD, and MWSD
- Continuity and coordination of the action elements of the Midcoast Action Plan Report
- An efficient process to create a coordinated and possibly graduated plan for Midcoast Parks and Recreation that is acceptable to LAFCo, the affected agencies, and the local community, and that also reflects current local government organizational structures

The Council believes that this will require the cooperative work of several groups including the MCC and the Council desires to play a role in such a process.

The recommended spheres of influence in the Report recognize and respond appropriately to this problem. "With concurrence that park and recreation is a vital service that must be met in the unincorporated area, the recommended sphere of influences . . . provides a plan for establishing an agency dedicated to park and recreation for the unincorporated area," the Report states on page 13, and then continues: "Recognizing that water and sanitary services are enterprise functions, opportunities exist to establish rates to recover the cost of providing water and sewer service, to facilitate transfer of property tax to a community services district focusing on park and recreation programs and provide for a direct governance model for Midcoast voters."

The recent Municipal Service Review for the City of Half Moon Bay and Unincorporated Midcoast, adopted by LAFCo in June of this year, called particular attention to Government Code section 16270, and the intent of the State Legislature that enterprise services should be financed exclusively through user fees and charges. A recommendation from the Legislative Analyst Office to eliminate tax revenue to enterprise districts alarmed both the GSD and MWSD boards. Sacramento has already diverted 40% of the local property tax revenue to meet State obligations. Both GSD and MWSD are interested in performing non-enterprise services to their communities so that local property tax revenues can be allocated to those non-enterprise services and remain available to meet local needs.

It is the Council's understanding that GSD is planning to submit an application to LAFCo for reorganization as a Community Services District, to carry out this approach. GSD needs its own non-zero sphere of influence to facilitate this community-oriented solution. Failure of Measure O in the recent November 2007 election eliminates the anticipated tax revenue that San Mateo County Parks and Recreation Department had hoped would support Midcoast parks and recreation. GSD appears to be willing to step in to fulfill this need. **We urge the Commission to support the staff recommendation for Granada Sanitary District's sphere of influence.**

MWSD has also begun consideration of providing recreation services, as allowed under its enabling legislation, so that local property taxes can support local services, rather than being diverted to fund Sacramento's responsibilities. MWSD also needs its own non-zero sphere of influence for this potential solution to park and recreation needs to be viable. **We urge the Commission to support a modified staff recommendation that recognizes the historic service area of Citizens Utilities Company of California as part of MWSD's sphere of influence.**

The final enterprise service provider serving the Midcoast is Coastside County Water District. It is the Council's understanding that CCWD is not considering any changes to its organization or services that would allow it to provide park and recreation services. However, CCWD's participation is not necessary to meet Midcoast park and recreation needs, because GSD's recommended sphere of influence, together with MWSD's, cover the entire unincorporated portion of the Coastside where park and recreation services are needed. **We urge the Commission to support a sphere of influence for CCWD coterminous with its existing service area, including only the Midcoast communities of Miramar, El Granada, and Princeton.**

Brief History of Agencies, Spheres of Influence, and Significant Changed Circumstances

Local government on the Coastsides began in 1947 with the formation of Coastsides County Water District. Beginning in the mid-1950s, discussion of forming a Coastsides city resulted in an incorporation committee, largely based around the Spanishtown area. Attempts to solicit interest and participation in forming a larger Coastsides city among residents of El Granada and areas further north were unsuccessful. During this time, both the Pillar Point Improvement Association and the Montara / Moss Beach Improvement Association held many public meetings to discuss alternatives for local government and provision of necessary services.

To solve discharges of untreated wastewater into the Pacific Ocean and provide for the growth anticipated in the mid 1950s, San Mateo County proposed a coastsides sanitation district extending from Devil's Slide to Purissima. This plan was opposed nearly unanimously by the property owners and voters on the coastsides, who were unwilling to be assessed for a sewage treatment plant designed to serve the massive development envisioned at the time.

Meanwhile, at the same time as the discussions proposing the formation of the City of Half Moon Bay were occurring, the separate local communities of El Granada / Princeton (through the Pillar Point Improvement Association) and Montara / Moss Beach (through the Montara / Moss Beach Improvement Association) were proceeding to form independent local districts to meet their own sanitary sewer and wastewater treatment needs. These districts – Granada Sanitary District and Montara Sanitary District – were formed in 1958. The City of Half Moon Bay was finally incorporated in 1959.

Looking at the aerial photographs from this period clearly indicates why these three separate communities were interested in local solutions. Large agricultural areas separated the developed area around Spanishtown, the developed area around Princeton and El Granada, and the developed area in the Montara / Moss Beach community. The breakwater at Pillar Point Harbor had not yet been built.

Despite the independent spirit of these separate Midcoast communities, a sphere of influence study in 1969 and the 1984 Sphere of Influence Study for Mid-Coastsides San Mateo County concluded that in the long term (using a 20-year planning horizon), the entire coastsides between Pacifica and Pescadero should be encompassed by a single coastal city. Accordingly, it gave the City of Half Moon Bay a sphere of influence that included the entire coastsides. There has been no comprehensive evaluation and update of coastsides spheres of influence until the current LAFCo Report, which responds to recent legislative mandates.

When LAFCo first established its now-obsolete spheres of influence for the Midcoast in 1969, Half Moon Bay was the only incorporated coastal city in San Mateo County south of Pacifica. The general view at that time was for an urban / suburban community stretching from south of Half Moon Bay to the southern base of Montara Mountain. California Department of Transportation (CalTrans) was planning a four-lane freeway bypass of Devil's Slide, together with a 19th Avenue freeway from the San Mateo / Hayward bridge in San Mateo out to a proposed Coast Freeway (even including a tunnel through the Coastal Range), as well as other freeway connections from I-380 into what is now Pacifica and along the current Route 84 corridor. Interstate 280 along the Crystal Springs reservoirs had already been built, including an interchange for the 19th Avenue Freeway (now Route 92).

Developers, supervisors, and commercial interests were planning for the urban growth that would follow the anticipated infrastructure construction. In its original 1969 determination and later 1984 re-affirmation of coastsides spheres of influence, it may have been appropriate for LAFCo to have determined that a "single-city" coastsides governmental model seemed to be most consistent with

anticipated circumstances.

However, many factors negating that determination have changed since Half Moon Bay's Sphere of Influence was adopted in 1969, including:

- Statewide voter approval of Proposition 20, the California Coastal Zone Conservation Act, in 1972, which limited and regulated development in the Coastal Zone
- Legislative enactment of the California Coastal Act in 1976 and creation of the California Coastal Commission
- The fiscal effects of Proposition 13, enacted by initiative in 1978, that have drastically limited the City's taxing powers that could support any notion of annexation
- Certification of San Mateo County's Local Coastal Program in 1980 and subsequent certification of the City of Half Moon Bay's Land Use Plan and later its Coastal Plan
- Passage of Measure T in 1996 by over 74% of San Mateo County voters approving a two-lane tunnel rather than the Devil's Slide Bypass freeway
- Approval of Midpeninsula Regional Open Space District's annexation of the Midcoast area in 2004, resulting in protection of some coastal open space lands
- A 2008 court decision in the Beachwood case severely affecting the City's economic capability for annexation of territory that would increase its fiscal responsibilities

Half Moon Bay – incorporated in 1959 – has had 49 years to pursue annexation of some or all of the Midcoast and has not pursued any action towards annexation. Half Moon Bay's repeated refusal to participate in the Sewer Authority Mid-Coastside Wet Weather Flow Program improvements within its current sphere of influence – including upgrades to serve the portion of GSD within HMB's city limits – reinforces the perception that HMB cannot see and plan beyond its own city limits. LAFCo should recognize the political reality and redraw HMB's sphere of influence to be coterminous with the existing city limits, as recommended in the Report. This will allow the Midcoast to continue to pursue its own solutions independently, as it has done for over 50 years.

Existing Half Moon Bay Sphere of Influence No Longer Viable

The 1984 Sphere of Influence study concluded that the long-range goal for the Coastside was a single city, encompassing all municipal services. At that time, the distorting effects of Proposition 13's limits on property tax revenue were not fully understood. Half Moon Bay today receives only 22% of its revenue from property taxes; other revenue sources include sales taxes and transient occupancy taxes. For Half Moon Bay to annex any portion of the Midcoast, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires preparation of a plan of service showing sources of financing, as well as environmental studies required under the California Environmental Quality Act. Half Moon Bay would be under severe financial constraints to implement the needed services for the Midcoast to support annexation.

Following the 1984 Sphere of Influence study, LAFCo prepared a Mid-Coast Incorporation / Annexation Fiscal Study, released in June 1998. That thorough and excellent study prepared by LAFCo staff found that annexation of the Midcoast to the City of Half Moon Bay would increase the City's deficit by \$1,440,000 (in 1998 dollars). Clearly, annexation and a single coastal city are not financially viable given the constraints on government financing imposed by Proposition 13, subsequent initiatives, legislative action, the recent Beachwood court decision, and the extensive urban infrastructure deficiencies noted in the Report on pages 11 and 12. Simply stated, a Midcoast single-city model would not be viable anytime in the foreseeable future.

Conclusion

Half Moon Bay has not acted to plan, promote, or protect its alleged future interests in the unincorporated area. The City has not lobbied San Mateo County to improve roads or implement storm water controls or storm water management infrastructure. It has allowed the infrastructure to become increasingly overloaded by urban level growth. The City has no plan to service the unincorporated area in its existing obsolete 1969 sphere of influence.

Based on extensive interviews with individual homeowners in the Midcoast, it is quite evident that the Montara / Moss Beach, El Granada, Miramar, and Princeton communities have no interest in joining Half Moon Bay as part of a single Coastside city.

The Midcoast Community Council strongly supports the recommendation in the Preliminary Sphere of Influence Update report to designate Half Moon Bay's sphere of influence along existing city limits, allowing for the Midcoast community to continue solving its own problems.

LAFCo's long-range goal of a single coastside city, reflected by the existing Half Moon Bay sphere of influence, should not prevent intermediate steps that can meet immediate local community needs with existing agencies.

Respectfully submitted,

Leonard Woren, Chair

Cc Martha Poyatos



Midcoast Park Lands
PO Box 1754
El Granada CA 94018

October 1, 2008

Ms. Martha Poyatos, Executive Director
Local Agency Formation Commission
County of San Mateo
455 County Center
Redwood City, CA 94063

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Gael Erickson
Director

Ron Fenech
Director

Marty Kingshill
*Park Projects
Director*

Re: Comments on the August 18, 2008 Draft Sphere of Influence Update for the City of Half Moon Bay and the Unincorporated Midcoast

Dear Ms. Poyatos:

Midcoast Park Lands is a non-profit organization that has supported Midcoast parks for 14 years and the Granada Sanitary District (GSD) and its goals for the past 8 years, since GSD directly furthers our mission.

Consistent with our mission statement (see below), we have worked with the County's efforts to promote parks programs on the Coast through the Midcoast Action Plan.

We would like to reaffirm our support for GSD and their comments as submitted in their September 12, 2008 letter. MPL supports GSD's efforts to bring local parks and recreation responsibility to the Midcoast as expressed in this letter.

MPL also supports the efforts of the Montara Water and Sanitary District to bring local parks and recreation responsibility to the Midcoast.

MPL also supports the LAFCo staff recommendation that recognizes the necessity and rationale for designating each district's Sphere of Influence. This will allow the communities to identify their mutual parks and recreation interests while working with Midcoast Community Council, SMC Parks, LAFCo, and other community stakeholders.

MPL recognizes that the August 18, 2008 LAFCo recommendation brings the opportunity for local responsibility for parks and recreation along with the existing district responsibilities to the Midcoast. This supports MPL's goals for parks and recreation.

Too many years have passed without progress. We feel the time for action is now.

Thank you for your consideration.

Kind regards,

A handwritten signature in black ink that reads "J. Blanchard". The signature is written in a cursive style with a long horizontal line extending to the left.

Jim Blanchard
President

CC: GSD, MWSD, SMC Parks

e-mail midcoastparks@sanmateo.org

www.MPL.sanmateo.org

*Midcoast Park Lands seeks to promote land stewardship, conservation and recreation
by creating and supporting parks on the unincorporated San Mateo County coast*

^{NU}
LAW OFFICE
G. A. LASTER

RECEIVED
SEP 30 2008
LAFCO

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FAX:(650) 342-6392
e-mail: galaster@aol.com

September 30, 2008

P.O. Box 786
Half Moon Bay, Ca. 94019

Martha Poyatos,
Executive Director
San Mateo LAFCO
455 County Center
Redwood City, CA 94063

Re: Sphere of Influence Update – City of Half Moon Bay and
Unincorporated Midcoast – August 18, 2008 Draft

Dear Ms. Poyatos:

I am a 23 year resident of El Granada, prior to that an 8 year resident of Moss Beach, and prior to that a 4 year resident of Montara. I have been active for many years in Midcoast activities, including the organization of the Midcoast Community Council, the acquisition and lease of Quarry Park, and the failed effort about 14 years ago to organize a community services district for parks and recreation in the El Granada - Moss Beach – Montara area.

Properties most suitable for parks and recreation in the area have long needed an organization with the ability to make those arrangements. There is continuing and current concern that such properties will be diverted to other more profitable uses. I helped organize Midcoast Park Lands, a California nonprofit public benefit corporation qualified to receive tax-deductible contributions, on the failure of the community services district in an effort to provide such an organization, and while it has operated Quarry Park under a lease from San Mateo County, it has not been able to arrange for additional properties – including key properties such as the Burnham Strip – despite many tireless efforts by highly dedicated volunteers.

So as I read through the Draft Update I was very pleased to find the recommendation for a community services district with park and recreation powers. The above brief history, supports this recommendation for it makes it very clear that citizen efforts, alone, are not sufficient. There is no question, now, as to the need for government.

I also note that the Draft Update discusses other public services such as water

and sewer, and recommends reorganization of the provision of those services. No doubt the present admittedly complex organization for those services can be simplified. But the existing organization has existed for years and projects have been undertaken and arrangements have been made that will not be easy to unwind. Time will be required in order to accomplish any reorganization, certainly one as comprehensive as that recommended. Fortunately, time is not a critical factor since the services are already being provided by each of the local governments in the area.

However, the provision of park and recreation services is unique: there is no local government presently providing such services. To the extent that properties need to be acquired and put to park and recreation uses there is simply the blank that has existed for the last 14 years. Arguably, that blank suggests lack of local interest. But that is hardly the case. The vote 14 or so years ago was strongly in favor of the community services district. The problem which defeated the vote was the failure to authorize a special tax sufficient to provide funding. Even the vote on the tax was strongly in favor, but not enough to equal two-thirds. Suffice it to say that while there was a mathematical failure, there was a dramatic success, in that the Board of Supervisors recognized the strength of the vote and decide to advance county funds to acquire Quarry Park.

As the area has continued to build out, the interest in protecting the environmental ambiance by acquiring additional properties for parks and recreation has, if anything, increased. And so, of course, has the interest of the owners of suitable properties in developing them for profitable uses.

In short, there is a need, now, for the community services district.

The need may differ somewhat from one area to another, that is hard to say. But what can be said is that by treating the existing districts separately, it will become obvious where the need is most immediate. And it is the ability of the individual districts, without a two-thirds vote, to provide the existing tax revenues to satisfy the immediate need.

All that is required is for a district to obtain the necessary powers by being reorganized into a community services district with such powers.

The procedure is straightforward, simple, requires no time-consuming changes in organization of any other government, can be accomplished by a majority vote, and is by far the most efficient method of enabling the needed services.

I request that the Draft Update be modified, if necessary, to accommodate the need. This appears to be consistent with comments of the MCC.

G. A. Laster

From: "Neil & Jennifer Merrilees" <mermade4@yahoo.com>
To: <rgordon@co.sanmateo.ca.us>
Date: 10/1/2008 3:18 PM

CC: <mpoyatos@co.sanmateo.ca.us>
Supervisor Gordon

I would like to voice my support for the recent Sphere of Influence Update/Review (dated August 18, 2008).

I agree that fewer Sewer and Water districts on the coastside could be more efficient, economical, and simplify interaction with regulatory agencies. I am especially supportive of the goal of a Parks and Rec district that is independent from sewer and water providers.

For the last 4 years, there has been a conflict between the Moss Beach Park, and the MSWD, over the use of an existing water connection for a park bathroom. I feel that the goals of providing Sewer and Water, and the Goals of providing Parks and Rec, are too dissimilar, and finding board members adept at both issues would be problematic. I worry that the adoption of Parks responsibilities by Sewer and Water agencies could slow, rather than promote much needed recreational opportunities. I feel that the best long term solution, is one single separate Parks and Rec district on the San Mateo County unincorporated midcoast, as is noted in the recent Lafco report.

Thank you

Neil Merrilees
(650)728-3813

I believe that parks and recreation planning and service delivery should be done for the whole unincorporated Midcoast, from one high-level entity. Given the realities that exist with the agencies' dedication to seeking local control at the appropriate level, I wonder whether there could be a "collaboration" alternative to consolidation that might permit high-level planning for parks and recreation, funded in a phased approach by the property tax revenues that the Districts now enjoy, without requiring consolidation first.

I look forward to further developments and discussions. Thank you for the opportunity to comment.

Yours,

Sandy Emerson

Resident of El Granada

Sabrina Brennan
165 La Grande Ave.
Moss Beach, CA 94038

Wednesday, October 1, 2008

Ms. Martha Poyatos, Executive Director
Local Agency Formation Commission
County of San Mateo
455 County Center
Redwood City, CA 94063



Re:

Comments on the August 18, 2008 Draft Sphere of Influence Update for the Unincorporated Midcoast and the City of Half Moon Bay

Dear Martha,

Thank you for the opportunity to provide comments regarding the draft LAFCo Sphere of Influence Report referenced above.

I enjoy living and working in Moss Beach. I purchased my home on the unincorporated Midcoast in 1999 when I was 29 years old. This Saturday I will celebrate my 39th birthday with a bike ride on the Coastal Trail.

The Midcoast is a wonderful community of families and business that would benefit from improved parks and recreation funding.

The Midcoast community is in urgent need of a Multi-Use Commuter Bike Trail (parallel trail) on the east side of Highway One and the Coastal Trail connection on the west side of Highway One.

Additional immediate needs include:

- Safe Highway One Crossing for pedestrians and bicyclists
- Community parks with water and bathroom facilities
- Community Center that includes active recreation programs and a community garden
- Ball Courts (tennis & basketball)
- Play Fields (soccer & baseball)
- Playgrounds

I support the LAFCo staff recommendation that designates three Spheres of Influence on the Coastside. This will allow the three communities to identify their mutual parks and recreation interests while working with Midcoast Community Council, SMC Parks, LAFCo, Coastside Land Trust and other community stakeholders.

I support the report's approach for potential consolidation in steps or phases, rather than attempting to accomplish the task all at once.

I support the reorganization of the Granada Sanitary District into a community services district with parks and recreation powers.

I support activation of the Montara Water and Sanitary District's parks and recreation powers, as an initial first step towards any future consolidations.

Funding Midcoast parks and recreation projects should be on a fast track.

Midcoast residents should not have to wait for another level of bureaucracy before funding and implementing the Board of Supervisors approved Midcoast Action Plan for Parks and Recreation. Further delays are a waste of time.

Midcoast Parks and Recreation funding is needed now.

Sincerely,

Sabrina Brennan

**Victor H. Abadie III
Post Office Box 81
Montara CA 94037-0081**

650.728.3373

30 September 2008

RECEIVED

OCT 02 2008

LAFCO

Ms. Martha Poyatos, Executive Officer
San Mateo County Local Agency Formation Commission
455 County Center
Redwood City CA 94063

Re: Preliminary Sphere of Influence Report and
Montara Water and Sanitary District

Dear Ms. Poyatos:

This letter has two purposes. The first is to oppose combining Montara Water and Sanitary District with Coastside County Water District. The second is to request that LAFCo support enlarging MWSD's service area to include that part of the former Citizen's Utility Company area outside of MWSD's current boundary.

MWSD should remain separate from CCWD. Any effort to combine the two districts appears opportunistic on the part of CCWD and possibly others, now that MWSD's customers and taxpayers purchased the water utility, invested heavily to repair dilapidated water infrastructure, and found significant new groundwater supply. MWSD should not have to relinquish to CCWD the benefit of what we MWSD customers and taxpayers bought. This reminds me of the story of the Little Red Hen, who asked the other barnyard animals to help process wheat and make bread. They declined to help and became interested in the project only upon noticing the aroma of fresh-baked bread.

LAFCo should approve expanding MWSD's service area southeastward, near Pillar Point, to include that part of the former Citizen's Utility Company service area that now extends beyond MWSD's boundary and is contiguous with the boundary. MWSD purchased all of the Citizen's Utility Company service area here on the Midcoast. MWSD should have full rights to operate the entire area it purchased. This requires extending MWSD's boundary to incorporate all of the former Citizen's Utility Company area.

Yours truly,



Victor H. Abadie III

From: "Sandy Emerson" <semerson@igc.org>
To: <mpoyatos@co.sanmateo.ca.us>
Date: 10/1/2008 8:47 PM
Subject: Comments on August 18, 2008 Draft Sphere of Influence Update for the City of Half Moon Bay and the Unincorporated Midcoast

October 1, 2008

Ms. Martha Poyatos

San Mateo LAFCo

455 County Center

Redwood City, CA 94063

Dear Martha Poyatos:

As a long-time participant in efforts to bring improved parks and recreation services to the unincorporated area of the Midcoast, I read with interest your Draft SOI Report of August 18. I served two years on the Midcoast Community Council, as Chair of the Parks and Recreation committee and as Chair of the Council, and I participated in Rich Gordon's initial Parks and Rec Task Force. I am currently on the Board of Midcoast Park Lands and of the Committee for Green Foothills.

The comments that follow come solely from me as an individual and do not represent the views of anyone else.

First, I support making the SOI for Half Moon Bay coterminous with the current City limits. Our neighbor to the south is functioning as a separate entity.

Second, I support creating non-zero spheres of influence for Granada Sanitary District and Montara Water and Sanitary District. The path to consolidation could be very long indeed, and these Districts have the means and the motivation to improve parks and recreation services in the near term. However, the mechanisms available to the Districts are problematic: I have concerns about creating a CSD limited to GSD's service area; and about MWSD's parks and recreation powers being limited to lands under its direct control.

RESOLUTION NO. 1125

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTIONS 56430 AND 56425 AND
AMENDING THE UPDATING AND AMENDING SPHERES OF INFLUENCE
OF THE CITY OF HALF MOON BAY, COASTSIDE COUNTY WATER DISTRICT
GRANADA SANITARY DISTRICT, MONTARA WATER AND SANITARY DISTRICT
COUNTY SERVICE AREAS 6, 10 AND 12**

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

WHEREAS, Government Code Section 56425 requires LAFCo to review and update spheres of influence every five years; and

WHEREAS, prior to reviewing the sphere of influence for the agencies under study, the Commission conducted a municipal service review pursuant to Government Code Section 56430; and

WHEREAS, the Executive Officer prepared a written report of this review that was provided to the Commission and affected agencies; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its meeting of the Commission on October 15, 2008; and

WHEREAS, as part of this sphere review and update, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

WHEREAS, the Commission has the authority and responsibility, pursuant to Government Code Section 56425, to determine and periodically review and update the sphere of influence of each local governmental agency within its jurisdiction in the county.

WHEREAS, a noticed public hearing was held on October 15, 2008 in Redwood City whereby the Commission heard and considered all oral and written testimony and the report of the Executive Officer, and all persons were given an opportunity to hear and be heard with respect to the sphere of influence; and

Resolution 1125

NOW, THEREFORE, THE COMMISSION DOES HEREBY DETERMINE

as follows:

- 1 In accordance with the applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this sphere review is exempt from the provisions of CEQA under Section 15061(b)(3) of the State CEQA Guidelines. The sphere review and update does not change the territory in which urban services can be provide and it can be seen with certainty that there will be no adverse impact to the environment.
- 2 The Commission adopts the statement of determinations set forth in the report dated October 7, 2008 and included in "Exhibit A" which is attached and hereby incorporated by reference.
- 3 The Commission hereby resolves and determines that based on the Commission's sphere review and consideration of the Commission's adopted municipal service review determinations, the Executive Officer's sphere of influence report, the oral and written comments submitted to the Commission by affected agencies and the public, the Commission makes the following statement of determinations in accordance with Government Code Section 56425 and hereby adopts the following spheres of influence for the City of Half Moon Bay, Coastside County Water district, Granada Sanitary District, Montara Water and Sanitary District, County Service Areas 6, 10 and 12.
- 4 Commission adopted sphere determinations are as follows:

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

Land uses within the study area including various residential land use designations under the jurisdiction of the County of San Mateo and the City of Half Moon Bay and include residential, Airport, Agriculture, Industrial, Institutional, Neighborhood Commercial, Open Space, Public Recreation and Commercial Recreation under the land use jurisdiction of the County of San Mateo.

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

Land use designations, current populations and projected growth indicate a current need and an increased demand for facilities, services and supply in the study area, in particular the need to augment water supply.

Resolution 1125

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

Capacity of public facilities and adequacy of public services in the unincorporated area are characterized by an ongoing water moratorium in Montara Water and Sanitary District, limits on Coastside County Water District water supply assurance with SFPUC, lack of park and recreation facilities and programs in the unincorporated area, urban designated areas omitted from the jurisdictional boundaries of a water provider, and lack of storm water facilities.

(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 study area consists of urbanized communities bounded by the urban/rural boundary certified by the California Coastal Commission. Sewer and water provision for a population of 23,460 comprised of approximately 8,600 sewer connections and 7,370 water connections is carried out by one city, one joint powers authority, one sanitary district, one water and sanitary district and one water district. The area can benefit from regional cost avoidance and shared resource practices to ensure a reliable, safe, sustainable water supply for the current and future health, safety and economic well-being of all coastside residents, landowners and businesses.

Resolution 1125

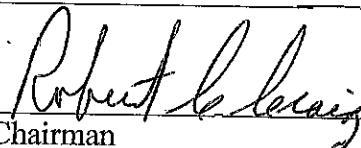
Regularly passed and adopted this 15th day of October, 2008.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioners Absent and/or Abstentions:



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

ATTEST:

Executive Officer
Local Agency Formation Commission

Date: _____

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 A: Spheres of Influence: Coastside Agencies

- A single regional water and sewer district to serve the unincorporated and incorporated study area delineated by the urban/rural boundary
- A community services district to serve the unincorporated midcoast to provide park and recreation, street lighting and other services as determined
- Associated with this sphere designation for service delivery and governance, the following sets the sphere of influence designations for existing agencies:
 - City of Half Moon Bay - coterminous with existing corporate boundaries
 - Coastside County Water District - "Consolidation" with sphere of influence territory to include current District boundaries eligible for service under LCP and eligible urban areas previously included in CCWD sphere and not currently in the jurisdictional boundaries of Montara Water and Sanitary District
 - Montara Water and Sanitary District - "Consolidation" and coterminous with current district boundaries to include areas eligible for service under LCP and eligible rural residential areas as determined by LCP
 - Granada Sanitary District - "Consolidation" with sphere of influence to include areas eligible for service under LCP
 - County Service Area 6 - "Consolidation" - with service responsibility transferred to a Midcoast community services district and the district dissolved
 - County Service Area 10 - "Dissolution"
 - County Service Area 12 - "Dissolution"