# Attachment No. 14

Poyatos Memorandum to LAFCo re: 2009 Draft MSR, dated October 7, 2008

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

<sup>&</sup>lt;sup>1</sup> 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.

<u>LAFCo Staff response</u>: 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

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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.

<u>LAFCo staff response</u>: 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

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to combine special districts that serve overlapping or adjacent territory into multifunction community services districts<sup>2</sup>.

#### 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.

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<sup>&</sup>lt;sup>2</sup> 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  $\mbox{MCC}$ .

#### 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

<sup>&</sup>lt;sup>1</sup> Spheres 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 District; 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 6<sup>3</sup> 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

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<sup>&</sup>lt;sup>2</sup> 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.

<sup>&</sup>lt;sup>3</sup> 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 <sup>4</sup>				
Coastside County Water District	Inventory of Active Services*			
	*Water Supply Development			
	*Water Conservation & Distribution for			
	Residential, Commercial, Industrial &			
	Firefighting purposes			
	Inactive services permitted by enabling			
	legislation:			
	*Fire Protection			
	*Sanitary Sewer & Stormwater			
	*Draining and reclaiming lands			
	*Park & Recreation on lands under District			
	control <sup>5</sup>			
	*Water recycling & recycled water			
	distribution <sup>6</sup>			
	*Generate & sell electric power in			
Constant District	conjunction with water conservation project			
Granada Sanitary District	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)			
	disposar (Franchise Agreement)			
	*Sewage Collection			
	*Sewage Treatment (Member of Sewer Authority			
	Mid-Coastside(SAM)			
	*Solid Waste Collection & Disposal			
	<del>(Franchise Agreement)</del>			
	Inactive services permitted by enabling			
	legislation: water recycling & distribution			
	systems			

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

<sup>\*</sup>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.

<sup>&</sup>lt;sup>6</sup> 31047. A district may <u>control</u>, 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.	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				
	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				
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 spheres 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.

<sup>&</sup>lt;sup>7</sup> 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)<sup>8</sup>. 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

<sup>&</sup>lt;sup>8</sup> 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.

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<sup>&</sup>lt;sup>9</sup> 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	Incorporated	Unincorporated		
Responsibility				
Police	City of Half Moon Bay	County Sheriff		
Fire	Coastside Fire Protection	Coastside Fire Protection		
	District	District		
Sewer	City of Half Moon Bay	Granada Sanitary Dist		
	(portion GSD)	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	County of San Mateo as		
	member of Joint Powers	member of Joint Powers		
	Agreement that contracts	Agreement that contracts		
	with Peninsula Humane	with Peninsula Humane		
	Society	Society		
Park & Recreation	City of Half Moon Bay	County of San Mateo		
Library	City of Half Moon Bay as	County of San Mateo as		
	member of County Library	member of County Library		
	System	System <sup>10</sup>		
Garbage City of Half Moon Bay under		MWSD & GSD under franchise		
Collection	franchise agreement with	agreement with Seacoast		
	Allied Waste	Disposal		

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<sup>&</sup>lt;sup>10</sup> 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.

<sup>&</sup>lt;sup>11</sup> 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:
  - o City of Half Moon Bay coterminous with existing corporate boundaries
  - o 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 District<sup>12</sup>
  - o Montara Water and Sanitary District "Consolidation" and coterminous with current service area as determined by LCP
  - o Granada Sanitary District "Consolidation" with sphere of influence to include service area as determined by LCP
  - o County Service Area 6 "Consolidation" with service responsibility transferred to Midcoast community services district and the district dissolved
  - o County Service Area 10 "Dissolution"
  - o County Service Area 12 "Dissolution"

<sup>&</sup>lt;sup>12</sup> 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 consolidation  $\frac{13}{2}$
- Adoption of Resolution by LAFCo initiating consolidation proceedings<sup>14</sup>

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

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<sup>&</sup>lt;sup>13</sup> 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.

<sup>&</sup>lt;sup>14</sup> 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. <sup>15</sup> 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

<sup>&</sup>lt;sup>15</sup> 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 MWSD include water fees with augmentation by property tax.
- b) Financing of needed improvements and of infrastructure replacement for MWSD and CCWD is constrained by the relatively small size of their customer bases and by very low or no growth rates.
- c) MWSD 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 nonresidents and the City has the ability to adjust both resident and non-resident fees for better cost recovery.
- c) The County of San Mateo Parks Department Budget includes approximately \$300,000 annually for services on the Midcoast, including approximately \$30,000 for maintenance at Quarry Park. The County also collects development impact fees on the Midcoast for parks.
- d) While the County has developed and adopted the Midcoast Action Plan for Parks and Recreation that includes identification of priorities for facilities, implementation requires new funding sources.

# 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:

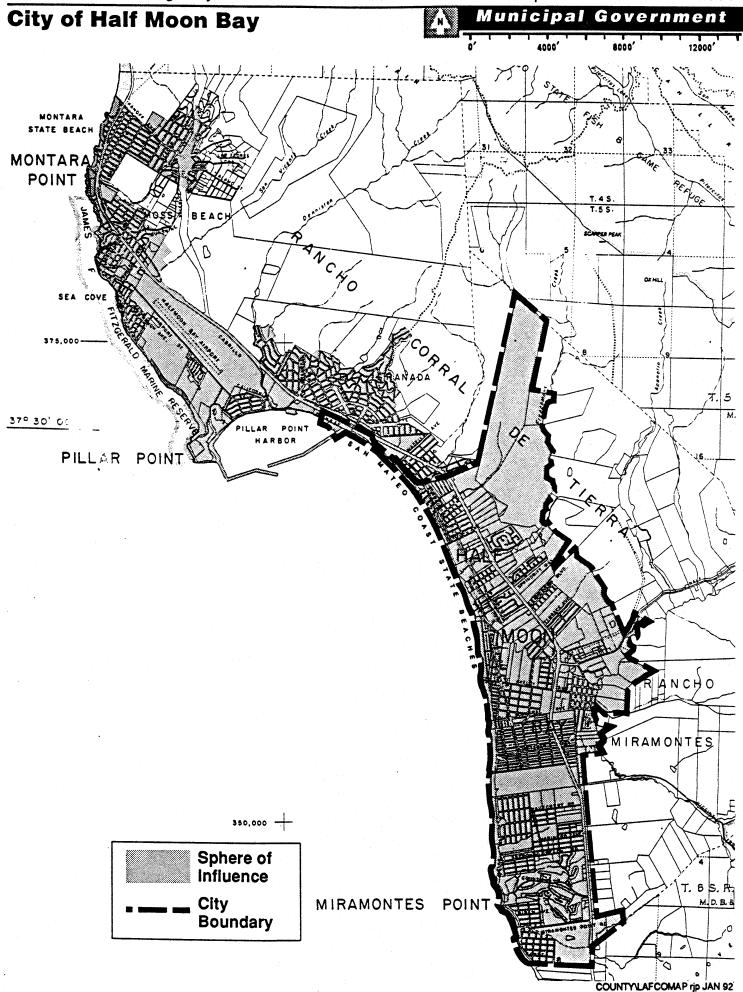
- a) Sewer and water provision for a population of 23,460 comprised of approximately 8,600 sewer connections and 7,370 water connections is carried out by one city, one joint powers authority, one sanitary district, one water and sanitary district and one water district, each with separate office space, 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

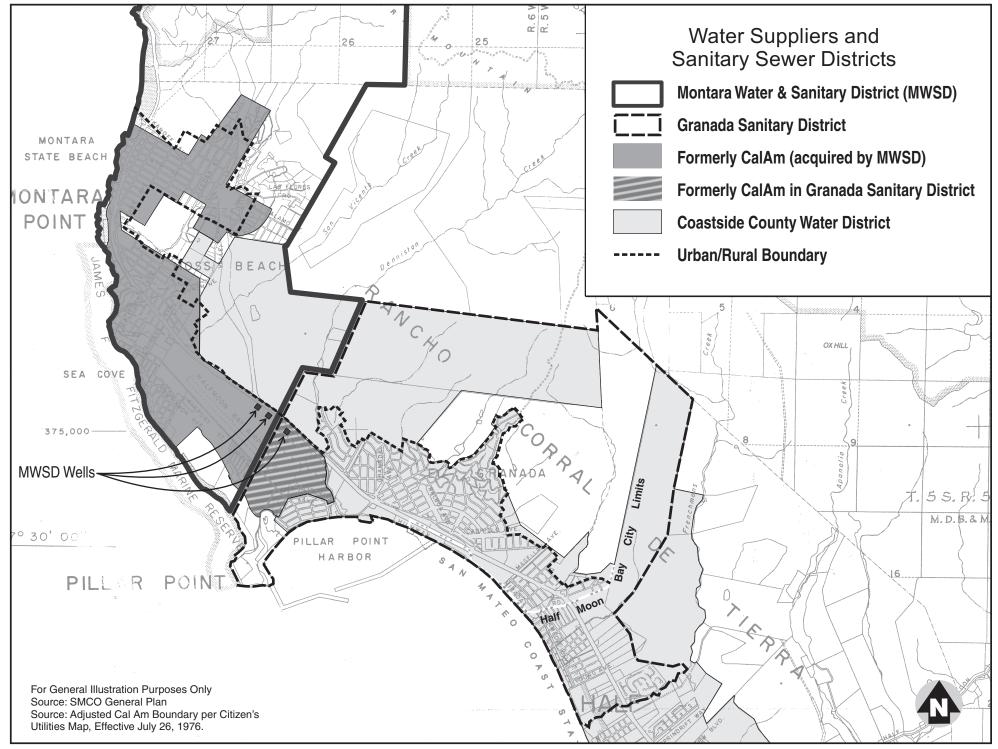
# 7. Regarding local accountability and governance, the Commission determines:

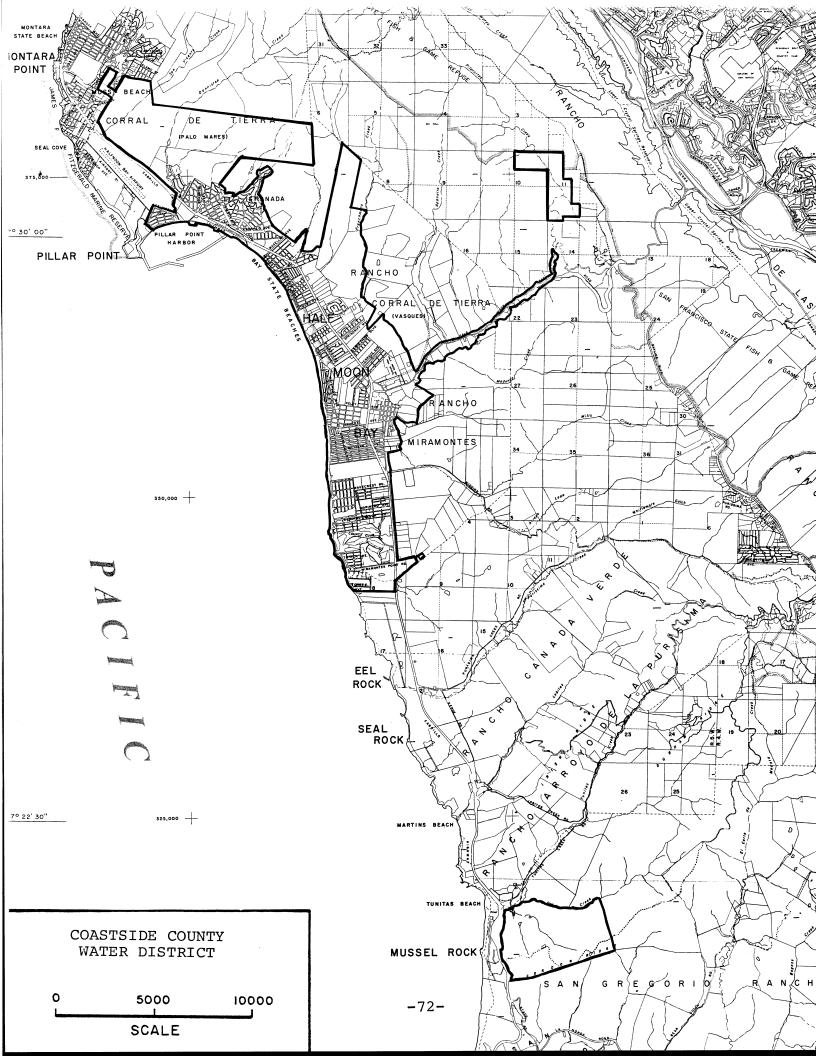
- a) Agencies adopt budgets that account for expenditures and revenues and these budgets are accessible to the public.
- b) Agencies publish meeting agenda, financial and other information as required by the Brown Act, and post this information on agency websites.

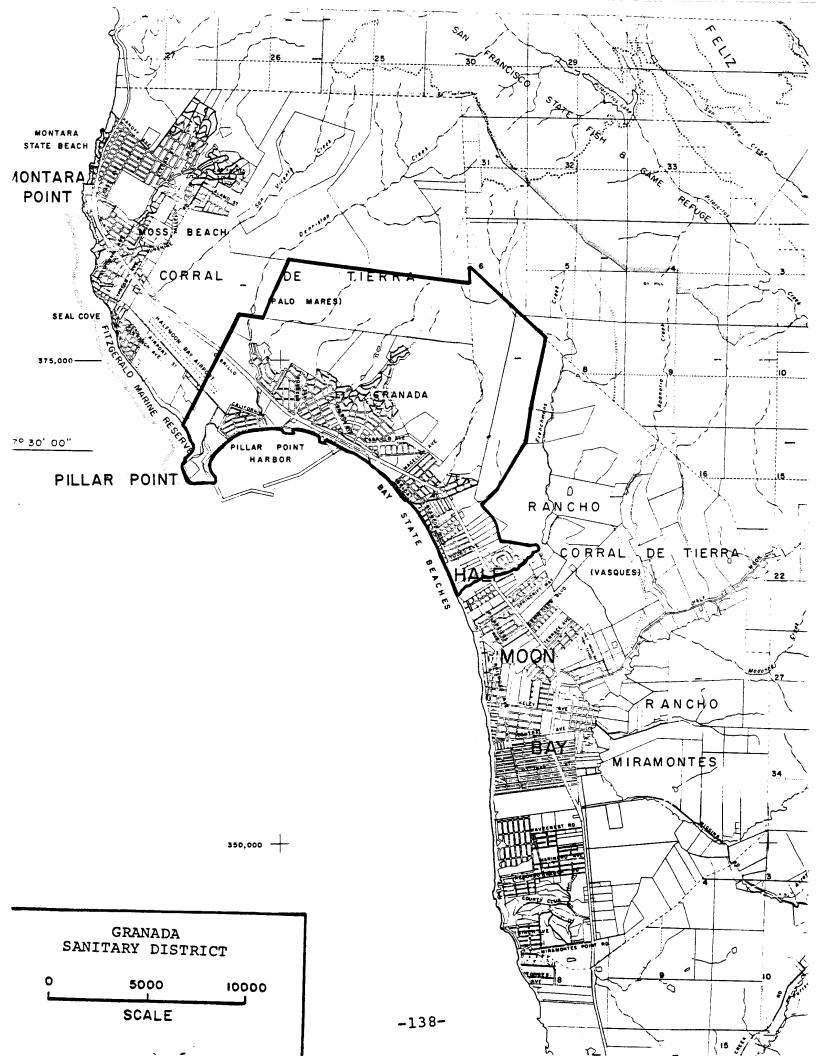
- c) While district public meetings are not broadly attended, meetings are televised on local cable television.
- d) While agencies fulfill mandated responsibilities related to public meetings and information, the number and diversity of limited purpose agencies providing service in the study area inhibit regional planning, in particular for water supply and infrastructure in 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.

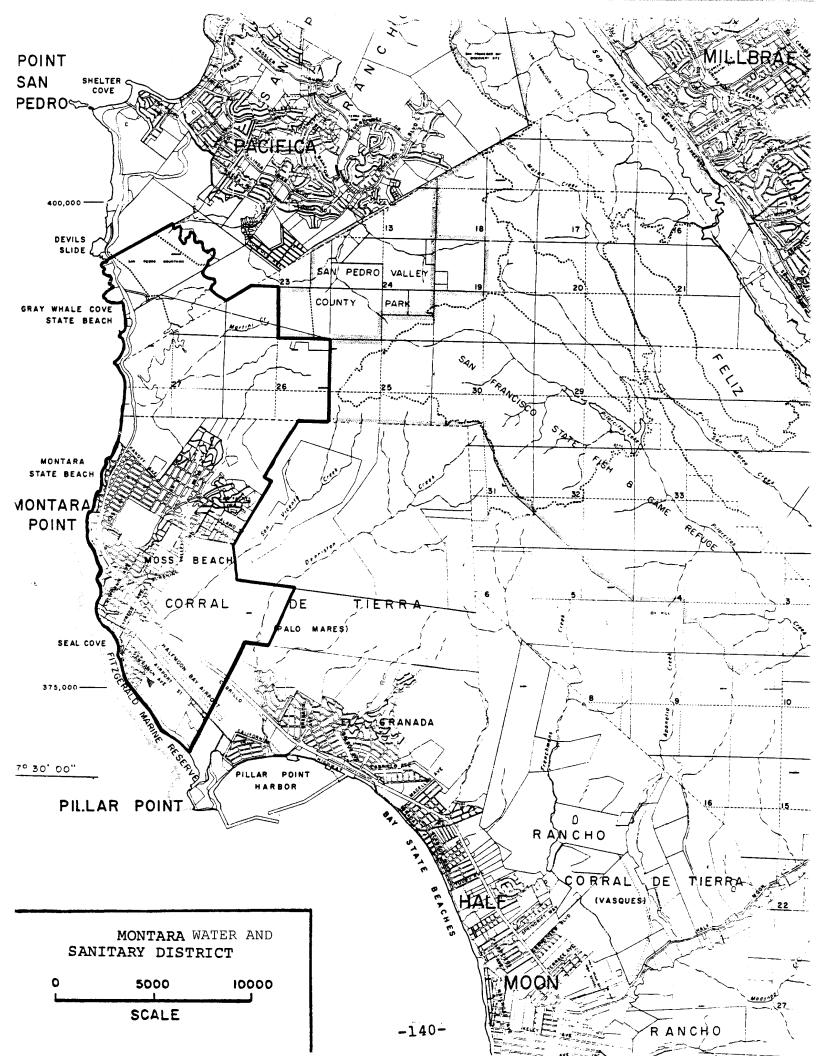


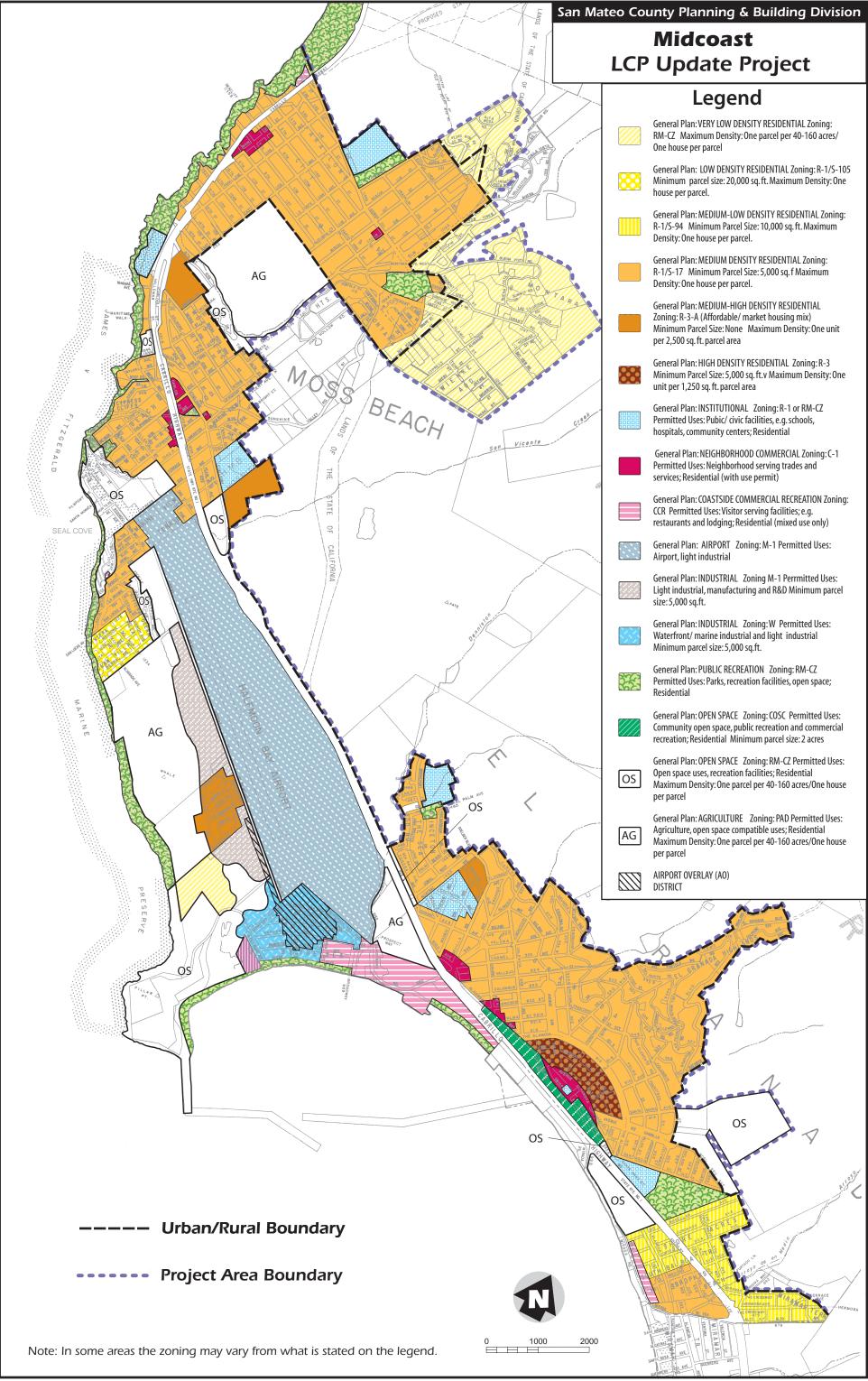


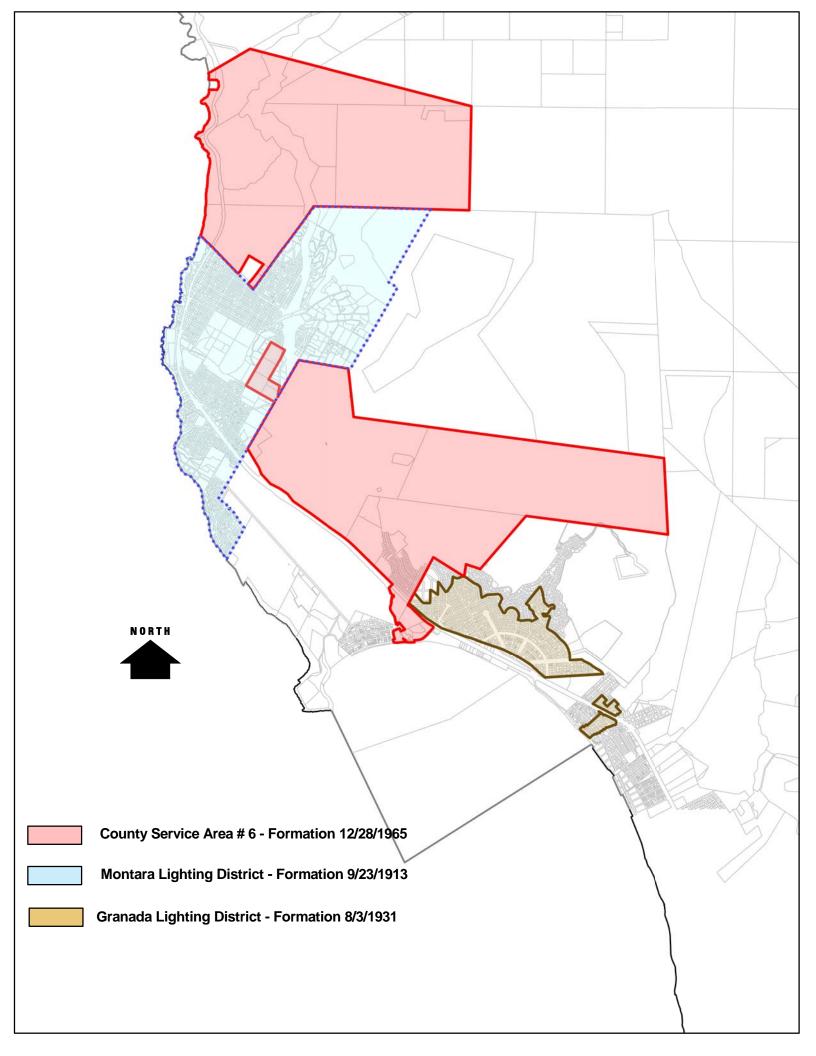


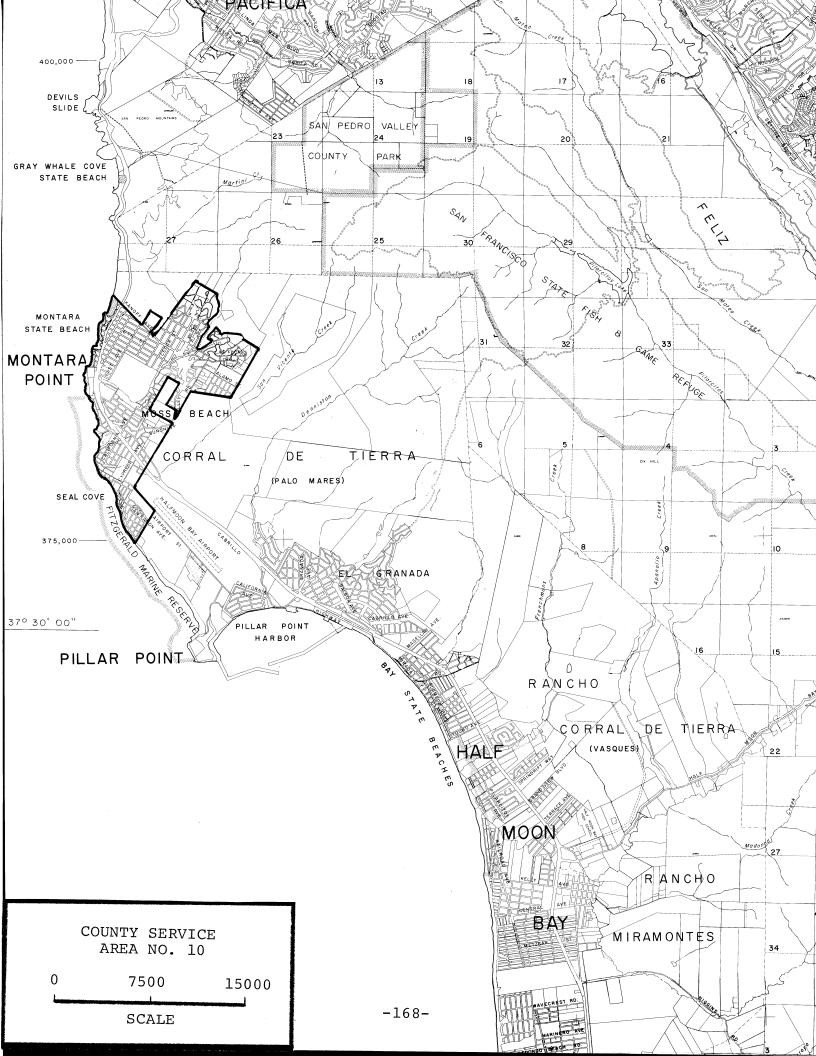


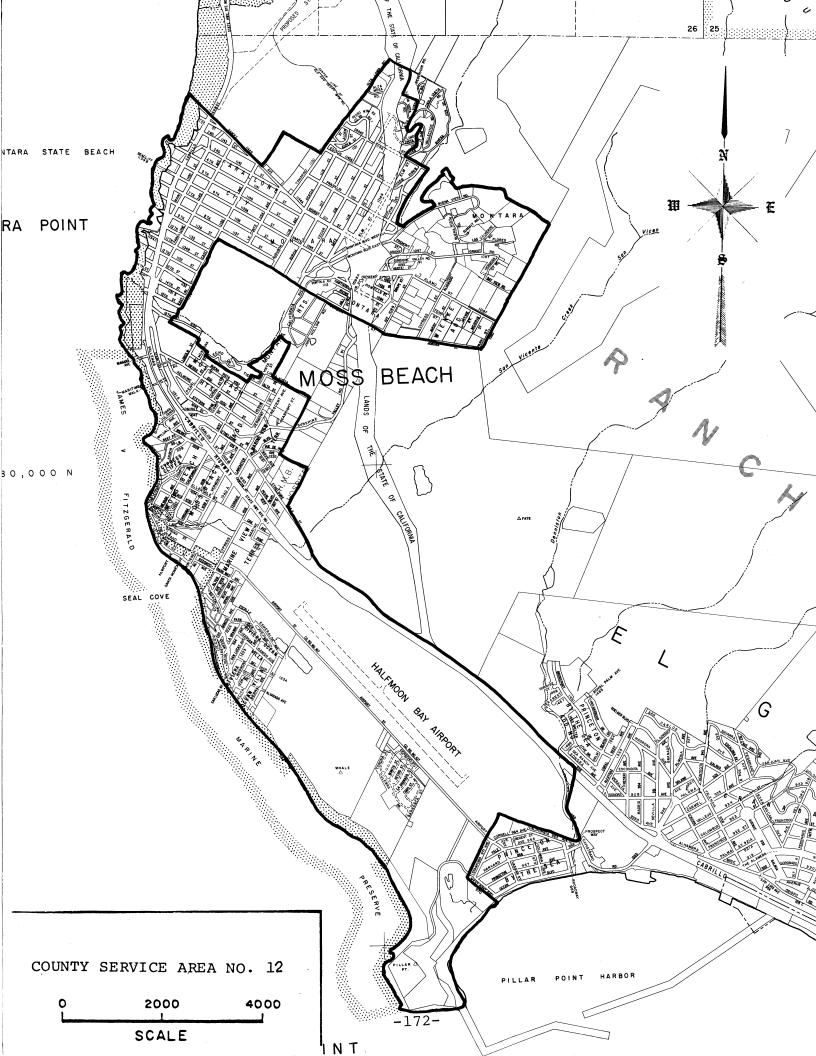












Coastside Council/Board/Committees & Membership

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