



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

SPECIAL MEETING

AGENDA

Wednesday, October 25, 2023

2:30 pm

Board of Supervisors' Chambers

Hall of Justice and Records

400 County Center

Redwood City, CA 94063

This meeting of San Mateo Local Agency Formation Commission (LAFCo) will be in person at the above-mentioned address. Members of the public will be able to participate in the meeting remotely via the Zoom platform or in person at 400 County Center Redwood City, CA 94063. For information regarding how to participate in the meeting, either in person or remotely, please refer to instructions at the end of the agenda.

Hybrid Public Participation

The October 25, 2023 LAFCo special meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/93703834059>. The webinar ID is: 937 0383 4059. The meeting may also be accessed by telephone by dialing +1 669 900 6833 (local) and entering webinar ID then #. Members of the public may also attend this meeting physically in the Board of Supervisors Chambers at 400 County Center, Redwood City, CA 94063.

*Written public comments may be emailed to lafco@smcgov.org, and should include the specific agenda item on which you are commenting.

* Spoken public comments will be accepted during the meeting in person or remotely through Zoom at the option of the speaker. Public comments via Zoom will be taken first, followed by speakers in person.

***Please see instructions for written and spoken public comments at the end of this agenda.**

ADA Requests

Individuals who require special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact LAFCo staff as early as possible but no later than

(OVER)

COMMISSIONERS: ANN DRAPER, CHAIR, PUBLIC ▪ KATI MARTIN, VICE CHAIR, SPECIAL DISTRICT ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ RAY MUELLER, COUNTY

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

10:00am the day before the meeting at lafco@smcgov.org. Notification in advance of the meeting will enable the Staff to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

*All items on the consent agenda may be approved by one roll call vote unless a request is made at the beginning of the meeting that an item be withdrawn. Any item on the consent agenda may be transferred to the regular agenda.

1. Roll Call
2. Public Comment for Items Not on the Agenda and on Consent Agenda
3. Consent Agenda*
 - a. Approval of Action Minutes: September 20, 2023 - *Page 4*
 - b. Consideration of LAFCo File No. 23-07 - Proposed Outside Service Agreement for water by the City of Redwood City to APN 068-031-200 (Lot B, Agua Vista), Unincorporated Redwood City - *Page 11*

Public Hearings

4. Consideration of Final Municipal Service Review for the City of Burlingame - *Page 36*
5. Consideration of Final Municipal Service Review for the Town of Hillsborough - *Page 104*

Regular Agenda

6. Broadmoor Police Protection District Update (Information Only) - *Page 171*
7. Legislative and Policy Committee
 - a. Legislative Report (Information Only) - *Page 177*
8. Commissioner/Staff Reports – Information Only
9. Adjournment

***Instructions for Public Comment During Teleconference Meetings**

During LAFCo hybrid meeting, members of the public may address the Commission as follows:

***Written Comments:**

Written public comments may be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to lafco@smcgov.org.
2. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda or is on the consent agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.

5. If your emailed comment is received by 5:00 p.m. on the day before the meeting, it will be provided to the Commission and made publicly available on the agenda website under the specific item to which your comment pertains. If emailed comments are received after 5:00p.m. on the day before the meeting, the Clerk will make every effort to either (i) provide such emailed comments to the Commission and make such emails publicly available on the agenda website prior to the meeting, or (ii) read such emails during the meeting. Whether such emailed comments are forwarded and posted, or are read during the meeting, they will still be included in the administrative record.

***Spoken Comments**

In person Participation:

1. If you wish to speak to the Commission, please fill out a speaker's slip located at the entrance. If you have anything that you wish distributed to the Commission and included in the official record, please hand it to the Clerk who will distribute the information to the Commission members and staff.

Via Teleconference (Zoom):

1. The Commission meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/93703834059>. The webinar ID is: 937 0383 4059. The Commission meeting may also be accessed via telephone by dialing +1 669 900 6833 (local). Enter the webinar ID, then press #. Members of the public can also attend this meeting physically in the Board of Supervisor's Chambers at 400 County Center, Redwood City, CA 94063.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When the Commission Chair or Clerk calls for the item on which you wish to speak, click on "raise hand." Speakers will be notified shortly before they are called to speak.

***Additional Information:**

For any questions or concerns regarding Zoom, including troubleshooting, privacy, or security settings, please contact Zoom directly.

Public records that relate to any item on the open session agenda for a regular Commission meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Commission.

NOTICE: State law requires that a participant in a LAFCo proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$250 to any Commissioner in the past year must disclose the contribution. If you are affected, please notify commission staff before the hearing.

Agendas and meeting materials are available at www.sanmateolafco.org

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Action Minutes San Mateo Local Agency Formation Commission Meeting September 20, 2023

Chair Draper called the Wednesday, September 20, 2023, meeting of the Local Agency Formation Commission (LAFCo) to order at 2:30 pm in the Board of Supervisors Chambers, 400 County Center, Redwood City, California. Members of the public were also able to participate in the meeting remotely via the Zoom.

1) Roll Call

Members Present: Commissioners Tygarjas Bigstycyk (*participated remotely*), Virginia Chang-Kiraly, Noelia Corzo, Harvey Rarback, Kati Marti, Ann Draper, Ray Mueller

Members Absent: Commissioner Warren Slocum

Alternate Members Present: Jim O'Neill

Staff Present: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst
Timothy Fox, Legal Counsel
Angela Montes Cardenas, Clerk

2) Public Comment for Items Not on the Agenda

None

3) Consent Agenda

- a. **Approval of Action Minutes: July 19, 2023**
- b. **Consideration of LAFCo File No. 23-04 – Proposed annexation of 400 Cervantes Road, Portola Valley (APN 077-310-160) to West Bay Sanitary District**
- c. **Consideration of LAFCo File No. 23-06 – Proposed Outside Service Agreement for water service by the City of Redwood City to 715 Vernal Way, (APN 068-053-240), Unincorporated Redwood City**

Commission Action: Commissioner Chang-Kiraly moved to approve the consent agenda items. Commissioner Rarback seconded the motion which passed unanimously by roll call

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LAFCo meeting packet

vote. (Ayes: Commissioners Bigstycck, Corzo, Chang- Kiraly, Mueller, Rarback, Martin, Chair Draper.)

4) Consideration of Municipal Service Review Circulation Draft for the City of Burlingame

Mr. Bartoli presented the draft MSR for the City of Burlingame to the Commission. He referred to the staff report included in the packet. He noted that no change to the Sphere of Influence was proposed by staff at this time. Mr. Bartoli reviewed the key issues and determinations made in the report. The following recommendations were made in the draft report:

- Unincorporated Burlingame Hills is within the City's SOI. A County-led study is currently evaluating governance options for the County governed Burlingame Hills Sewer Maintenance District that includes contracting for services with the City or the potential of annexing the area to the City of Burlingame and dissolving the District. The City should continue to explore potential opportunities for shared services or governance changes related to the Burlingame Hills Sewer Maintenance District.
- The City should partner with the Town of Hillsborough to review the recommendations in the Central County Fire Department (CCFD) Community Risk Assessment to prepare a capital improvement plan (CIP) and CIP budget for fire stations, vehicles and apparatus that are in poor condition, as well as the construction or relocation of the Administrative Facility building.
- The City should continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.

A virtual workshop to review the Burlingame and Hillsborough MSRs will be scheduled for October 2023.

Chair Draper opened and closed public comment. No comments were received.

Chair Draper commended the City of Burlingame for their fiscal planning.

Commission Action: Commissioner Chang-Kiraly moved to direct the Executive Officer to schedule the Final MSR for the City of Burlingame for a public hearing at the next Commission meeting and circulate it with any necessary amendments to the County, cities, and independent special districts. Commissioner Rarback seconded the motion which passed unanimously by roll call vote. (Ayes: Commissioners Bigstycck, Corzo, Chang- Kiraly, Mueller, Rarback, Martin, Chair Draper.)

5) Consideration of Municipal Service Review Circulation Draft for the Town of Hillsborough

Ms. Recalde presented the draft MSR for the Town of Hillsborough to the Commission. She referred to the staff report included in the packet. Staff did not propose any changes to the Town's Sphere of Influence at this time. Ms. Recalde reviewed the key issues and

determinations made in the report. The following recommendations were made in the draft report:

- The Town should partner with the City of Burlingame to review the recommendations in the CCFD Community Risk Assessment to prepare a capital improvement plan and CIP budget for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.
- Hillsborough's Urban Water Management Plan (UMWP) was last updated in 2021. The Town should align the growth projections in the UMWP with the RHNA growth projections and the 2023-2031 Housing Element in its next UMWP update.
- Hillsborough has identified the need for over \$50M of storm drain improvements. However, there is no dedicated source of funding for storm drain improvements. LAFCo staff recommends conducting an analysis to determine if a storm drainage fee or other dedicated source of funding could alleviate reliance on the general fund for these improvements.
- In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows the above-mentioned parcel boundaries that are currently split by the Hillsborough-San Mateo boundary line.
- LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.

Commissioner Martin noted that the Town's General Plan hasn't been updated in 20 years and asked about best practices for updating General Plans. Staff noted that the Town intends to update the General Plan once the housing element has been adopted.

Chair Draper requested that staff inquire with the Town on the impact of losing excess Educational Revenue Augmentation Fund (ERAF) and how the Town would address that loss in their budget.

Commissioner Bigstycyk noted an inconsistency between the percent increase the regional housing allocation would create noted in the presentation (25%) and in the report (15%). Staff will review and correct.

Chair Draper opened and closed public comment, No comments were received.

Commissioner Chang-Kiraly and Chair Draper commended the Town of Hillsborough for their efforts.

Commission Action: Commissioner Chang-Kiraly moved to direct the Executive Officer to schedule the Final MSR for the Town of Hillsborough for a public hearing at the next Commission meeting and circulate it with any necessary amendments to the County, cities, and independent special districts. Commissioner Rarback seconded the motion which

passed unanimously by roll call vote. (Ayes: Commissioners Bigstyck, Corzo, Chang- Kiraly, Mueller, Rarback, Martin, Chair Draper.)

6) Broadmoor Police Protection District Update – Information Only

Mr. Bartoli presented the 120-day update on Broadmoor Police Protection District (BPPD). He reported on the District's fund balance, BPPD Commission regular and special meetings, Broadmoor Property Owner's Association (BPOA) meeting, BPPD's update to LAFCo and BPPD actions since LAFCo agenda publication. Next steps were noted.

Commissioner Mueller asked if the District is still in the County Pool. Staff confirmed that the District is still in the County Pool. Commissioner Mueller stated his disapproval that the District is seeking Chapter 9 bankruptcy in order to save itself, knowing that this could result in retired employees not receiving their pensions.

Commissioner Bigstyck asked whether the District's potentially seeking bankruptcy naturally leads to the process of dissolution.

Chair Draper opened public comment.

Chief Connolly noted that the District's intent is not to relieve itself of pension obligations but acknowledged that it might be a consequence of pursuing Chapter 9 bankruptcy.

Commissioner Mueller noted that if Broadmoor were to dissolve, pension obligations would not disappear. Instead, they would become the responsibility of the succeeding agency, whereas filing for bankruptcy would rob employees of their pension.

Commissioner Chang-Kiraly asked Chief Connolly about the District's creditors. Chief Connolly said the District is in discussion with their legal counsel, and he is unsure at this time.

Commissioner Martin asked Chief Connolly what the District's intent was related to filing for bankruptcy. Chief Connolly responded by saying that the goal is to save the district, figure out the finances and do a financial reorganization.

Commissioner Bigstyck asked if the District has a relationship with the Sheriff's office. Chief Connolly stated that he is having conversations with the Sheriff's office regarding sharing officer duties and co-policing in the BPPD service area.

Chair Draper asked how the District is informing the public of the District's intent to pursue bankruptcy. Chief Connolly said the resolution regarding bankruptcy is on the District's website. The District is also communicating to the public on Facebook, NextDoor and at the Broadmoor Property Owner's Association meetings.

Commissioner Corzo inquired about the statement in the District's resolution regarding the County of San Mateo relentlessly trying to dissolve the District. Chair Draper noted that LAFCo is independent of the County of San Mateo, and that LAFCo has never taken action to dissolve the District. Commissioner Corzo asked whether the County advanced property tax

revenue at the District's request. Chief Connolly stated that the County did not. Per Chief Connolly, the District did receive vehicle license fee revenue, excess ERAF and other revenue.

Commissioner Rarback remarked on the District's continued fiscal irresponsibility and said that dissolution of the District should happen now.

Commissioner Mueller expressed concern about the District's ability to fund an adequate level of police service and restated his opinion that taking away pensions is wrong.

Conversation ensued with Commissioner Bigstycck regarding strategizing for potential transition of service.

Commissioner Chang-Kiraly expressed disapproval regarding the misleading resolution from BPPD and inaccuracy of information provided to the public in the resolution.

Chief Connolly added that the District is working on dealing with the problems.

Christine Taliva'a-Aguerre, President of the Broadmoor Property Owners Association, stated that it would be helpful if the County give some additional property tax to the District or if the Sheriff would hire BPPD staff. She also noted that BPOA has invited BPPD to hold their Board meetings at their meeting space.

Andrea Hall, Broadmoor resident, noted that subsidizing the District is not a resolution to the situation. She also notes that there are ongoing issues with CalPERS and the District's resolution contains misleading information.

LAFCo staff noted that written public comment was submitted by Andrea Hall and circulated to the Commission.

Chair Draper closed public comment.

The Commission voted 7-0 to direct staff to continue discussion with the Broadmoor Police Protection District and to provide an update at the next LAFCo regarding:

- The bankruptcy process/status for BPPD
- Fiscal and budget updates, including any new budget projects
- CalPERS payments and litigation
- Outreach efforts by BPPD to the public regarding the financial state of the district and potential impacts to service
- Collaboration between LAFCo and BPPD
- The ability of the San Mateo County Sheriff's Office and the City of Daly City Police Department to provide service if necessary

Commission Action: Commissioner Chang-Kiraly moved to direct staff to continue discussions and provide an update at next LAFCo meeting. Commissioner Rarback seconded

the motion which passed unanimously by roll call vote. (Ayes: Commissioners Bigstycck, Corzo, Chang- Kiraly, Mueller, Rarback, Martin, Chair Draper.)

7) Approval of Amendment 1 to the Broadmoor Police Protection District Special Study

Ms. Recalde presented Amendment 1 to the Special Study to the Commission and noted the corrected calls for service data.

Chair Draper opened public comment.

Christine Taliva'a-Aguerre, President Broadmoor Property Owners Association, said residents are standing behind the District and will fight for them. She asked Commissioner Rarback to reconsider his stance on dissolution.

Andrea Hall, Broadmoor resident, stated her disapproval of the District considering taking away pensions from retired District employees in order to save themselves and said that what the District has done is wrong.

Chair Draper closed public comment.

Commission Action: Commissioner Chang-Kiraly moved to approve amendment 1 of the final Special Study for the BPPD. Commissioner Corzo seconded the motion which passed unanimously by roll call vote. (Ayes: Commissioners Bigstycck, Corzo, Rarback, Chang-Kiraly, Mueller, Martin, Chair Draper.)

8) Year End and Quarterly LAFCo Budget Update – Information Only

Mr. Bartoli presented the fiscal year end update for 2022-23 and year-to-date update for FY 2023-24. Revenue and expenditures are on tracking for FY 23-24.

Chair Draper opened and closed public comment, no comments were received.

9) Legislative and Policy Committee

a) Legislative Report – Information Only

Ms. Recalde gave a verbal update to the Commission and referred to legislative packet.

Commissioner Martin inquired about AB 557, a bill sponsored by the California Special Districts Association that seeks to return some of the pandemic-era teleconferencing provisions to the Brown Act and would change the timeline for legislative bodies to reaffirm an emergency from the current 30 days to 45 days. Mr. Fox noted that this bill has passed both chambers of the legislature and is awaiting the Governor's signature.

Chair Draper opened and closed public comment, no comments were received.

10) Commissioner/Staff Reports – Information Only

Mr. Bartoli presented the findings from the 2022 San Mateo County Crop Report. Commissioner Chang-Kiraly expressed her appreciation for the San Mateo County Crop report. Mr. Bartoli reviewed the schedule of meetings for the remainder of the year. He also informed the

Commission about Ms. Montes' transition to her new position with San Mateo County Planning and Building, acknowledged her hard work and thanked her for her support to LAFCo.

Commissioner Bigstyk invited the Commissioners to Pacifica's annual Fog Fest.

11) Adjournment

Chair Draper adjourned the meeting at 4:45 p.m.

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October 18, 2023

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: LAFCo File No. 23-07: Proposed Outside Service Agreement for Water by the City of Redwood City to APN 068-031-200 (Lot B, Agua Vista Court), Unincorporated Redwood City

Summary

Pursuant to Government Code Section 56133, Commission approval is required for the extension of service by local agencies to territory outside the agency's boundaries. This section requires that the public agency apply to LAFCo by resolution on behalf of the landowner. In this case, the property owner of 11 Agua Vista Court (APNs 068-031-200 and 068-031-210) is subdividing the property along parcel lines and building a new single-family home on the empty parcel (identified as Lot B in Attachment C). The City of Redwood City has applied by resolution for extension of water service to the new home on the empty parcel.

The project area is within the Sphere of Influence of the City of Redwood City. However, the property is not contiguous to a City boundary, and annexation of the parcel at this time would not create a logical boundary or improve the delivery of services. LAFCo staff supports an Outside Service Agreement (OSA) in lieu of annexation. The applicant has signed and recorded a document consenting to the future annexation of the property to the City if the City should propose to annex the property.

Departmental Reports

County Assessor: The total net assessed land valuation for the parcel (APN 068-031-200) shown in the County Assessor records is \$541,008. The boundaries of the OSA will conform to the lines of assessment and ownership of the subdivided parcel.

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County Clerk: The OSA would not change or conflict with any political subdivision boundaries. If the parcel is annexed by the City of Redwood City, it would need to be changed from an unincorporated area precinct to a precinct within the City of Redwood City.

County Environmental Health: The City of Redwood City and Emerald Lake Heights Sanitary Maintenance District provide the available water and sewer service in the area. The proposal appears appropriate and will not create any unusual health hazards or problems.

County Planning: The County's land use designation is residential low density. The proposal is consistent with the County's General Plan and zoning. The subdivision was approved by County Planning and Building in 2022, and the building permit application is currently under review.

County Public Works: The property is in the Emerald Lake Heights Sewer Maintenance District. The proposed new water line and associated appurtenances to be constructed shall not conflict with or impact the existing sanitary sewer facilities of the District.

City of Redwood City: The City's General Plan designation is residential-low density. The proposal is compatible with the City's general plan and would not create service problems. The City approved an outside service agreement on October 2, 2023 for a water connection conditioned on the submission of a signed and recorded declaration of restriction agreement.

Executive Officer's Report

This proposal submitted by the City of Redwood City is to connect a new single-family residence to City water. The subject property is within the Sphere of Influence of the City but is not contiguous to a City boundary. Therefore, annexation of the parcel at this time would not create a logical boundary or improve the delivery of services. If annexed now, Lot B of 11 Agua Vista Court, the property would become an incorporated island. In these circumstances, LAFCo's adopted Outside Service Agreement policy permits the extension of services when annexation is infeasible. The property owners have already recorded a deferred annexation agreement for the parcel, as required by the City and LAFCo. Approval of the Outside Service Agreement is recommended.

California Environmental Quality Act

The proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) exempt under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities)

Recommended Commission Action by Motion

By motion, approve LAFCo File No. 23-07: Proposed OSA for Water by the City of Redwood City to APN 068-031-200 (Lot B, Agua Vista Court), Unincorporated Redwood City, pursuant to Government Code Section 56133.

Attachments

- A. OSA application for APN 068-031-200
- B. Vicinity Map
- C. Draft Tentative Map
- D. City of Redwood City Resolution No. 16179

E. Signed and Recorded Declaration of Restricted Agreement

cc: Justin Lee, Javier Sierra and Paolo Baltar, City of Redwood City
Gregory Smith, San Mateo County Environmental Health
Penny Boyd, San Mateo County Clerk
Andrew Smith, San Mateo County Assessor
Tiffany Gee and Rosina Cheng, San Mateo County Planning & Building
Jim Gasiewski and Eileen Kollar, Property Owners

APPLICATION FOR A CHANGE OF ORGANIZATION, REORGANIZATION, OR OUTSIDE SERVICE AGREEMENT TO THE SAN MATEO LOCAL AGENCY FORMATION COMMISSION

A. GENERAL INFORMATION

1. Briefly describe the nature of the proposed change of organization, reorganization, or outside service agreement.

SB9 Lot Split requiring new water service from the City of Redwood City for the construction of a new house as shown on subdivision MAP Lot B.

2. An application for a change of organization or reorganization may be submitted by individuals in the form of a petition or by an affected public agency in the form of a certified resolution. This application is submitted by (check one):

- Landowners or registered voters, by petition
- An affected public agency, by resolution

(If this application is submitted by petition of landowners or registered voters in the affected territory, complete the petition form.)

3. What are the reasons for the proposal?

New Redwood City Water connection.

4. Does this application have 100% consent of landowners in the affected area?

Yes No

RECEIVED

AUG 23 2023

5. Estimated acreage: .25

LAFCO

B. SERVICES

1. List the name or names of all existing cities and special districts whose service area or service responsibility would be altered by the proposed change of organization or reorganization.

Redwood City Water

2. List all changes to the pattern of delivery of local services to the affected area. For each service affected by the proposed change(s) of organization, list the present source of service (state "none" if service is not now provided), the proposed source of service and the source of funding for construction of necessary facilities (if any) and operation. Example is given on the first two lines of the space provided for your response.

SERVICE	PRESENT SOURCE	PROPOSED SOURCE	FUNDING SOURCE	
			CONSTRUCTION	OPERATING
<i>Water</i>	<i>None</i>	<i>Redwood City Water</i>	<i>Yes</i>	
<i>Sewer</i>	<i>None</i>	<i>San Mateo County</i>	<i>Yes</i>	

C. PROJECT PROPOSAL INFORMATION

1. Please describe the general location of the territory which is the subject of this proposal. Refer to major highways, roads and topographical features.

Emerald Hills: 11 Agua Vista Court Nearest Cross Street OAK PARK WAY

2. Describe the present land use(s) in the subject territory.

Residential

3. How are adjacent lands used?

North: *Residential*

South: *Residential*

East: *Residential*

West: *Residential*

4. Will the proposed change of organization result in additional development? If so, how is the subject territory to be developed?

Single family home.

5. What is the general plan designation of the subject territory? San Mateo County Single Family Residential Homes.

6. What is the existing zoning designation of the subject territory?
Single family homes Residential Hillside (RH)

7. What rezoning, environmental review or development approvals have already been obtained for development in the subject territory?
The SB9 lot split was approved by San Mateo County Planning on December 14, 2022. Development has been approved by SMC Planning and SMC Building will issue building permit after water service is approved.

8. What additional approvals will be required to proceed?
Redwood City approval for LAFCo; San Mateo County LAFCo Approval

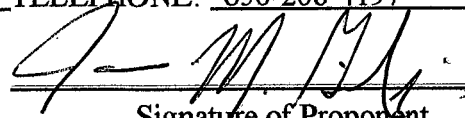
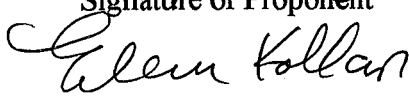
9. Does any portion of the subject territory contain any of the following --agricultural preserves, sewer or other service moratorium or wetlands subject to the State Lands Commission jurisdiction?
No

10. If no specific development projects are associated with this proposal, will the proposal increase the potential for development of the property? If so, how?
San Mateo County approved development of single family home.

* * * * *

LAFCo will consider the person signing this application as the proponent of the proposed action(s). Notice and other communications regarding this application (including fee payment) will be directed to the proponent at:

NAME: James Gasiewski & Eileen Kollar EMAIL: jgasiewski@mindspring.com
 James Gasiewski
 ADDRESS: 11 Agua Vista Ct Emerald Hills CA 94062 TELEPHONE: 650-208-4197
 ATTN: _____


 Signature of Proponent


Addendum to Application titled LAFCo File No. _____
Proposed 11 Agua Vista Ct. Emerald Hills CA 4062 of/for (Address)

APN's 068-31-200 (List)
to -NA-

As part of above noted application submitted by petition, the Chief Applicants, (Name of Applicants) as Applicants and subject landowner(s), real parties in interest, agree to defend, indemnify, hold harmless, and release the San Mateo LAFCO, its agents, Commissioners, Executive Officer, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this addendum to above noted application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications.

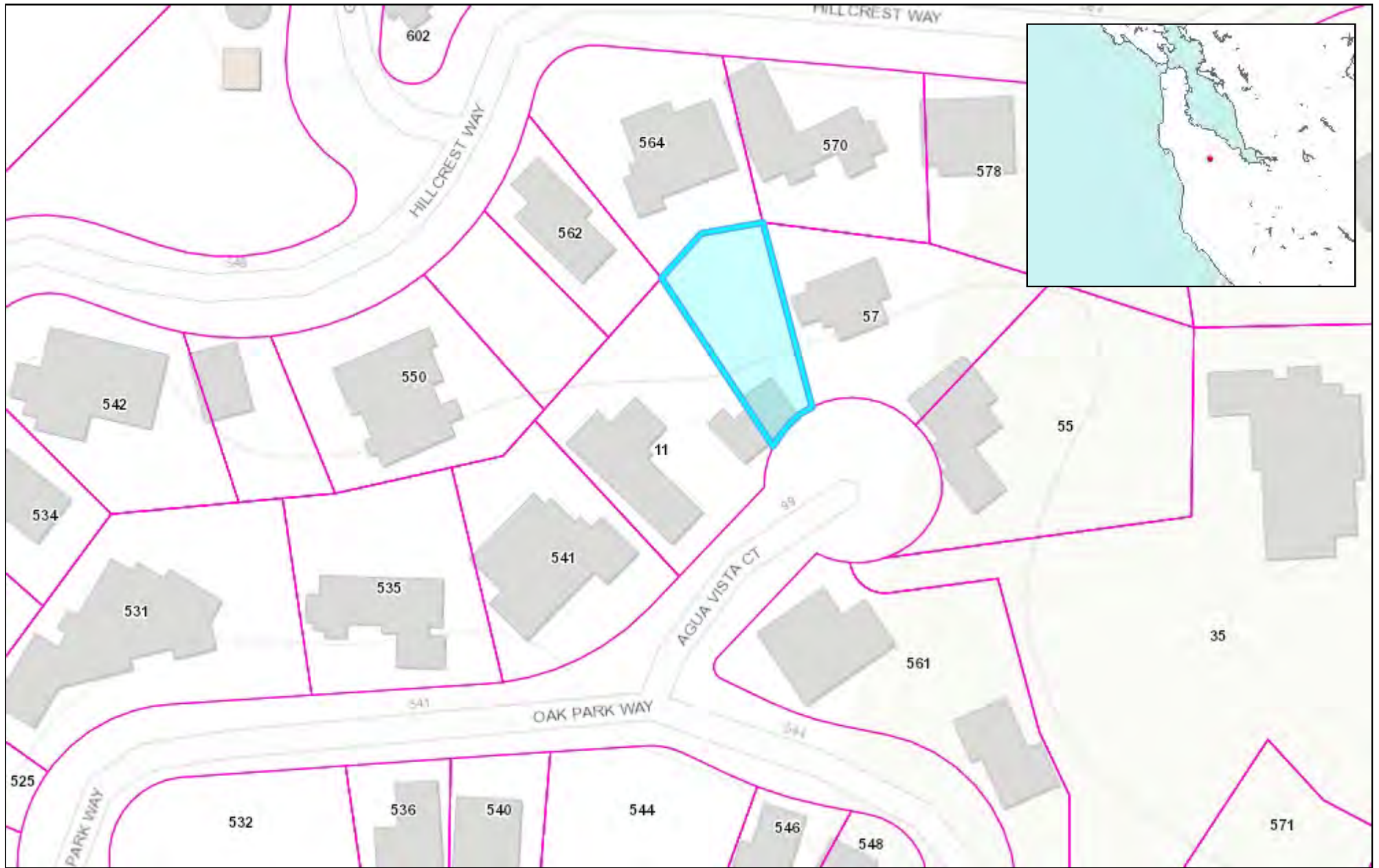
J. M. MA Date 08-22-2023

Glenn Kellax Date 08-22-2023

_____ Date _____

_____ Date _____

RECEIVED
AUG 23 2023
LAFCO



0.04 0 0.02 0.04 Miles

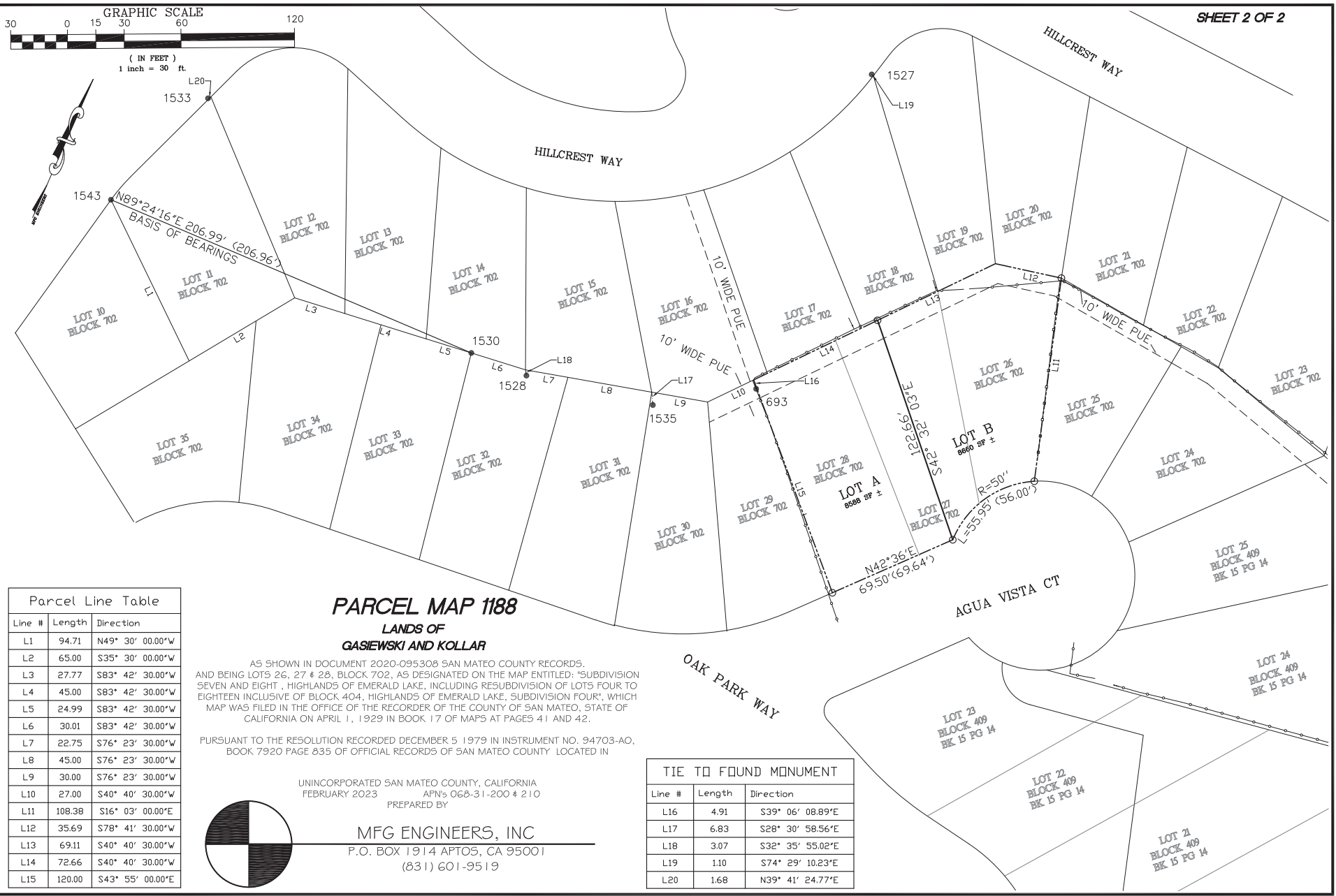
WGS_1984_Web_Mercator_Auxiliary_Sphere
© Latitude Geographics Group Ltd.

1:1,128

LAFCo meeting packet

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

THIS MAP IS NOT TO BE USED FOR NAVIGATION



RESOLUTION NO. 16179

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY AUTHORIZING APPLICATION TO THE LOCAL AGENCY FORMATION COMMISSION REQUESTING APPROVAL FOR EXTENSION OF WATER SERVICES TO 11 AGUA VISTA COURT (APN 068-031-200 and 068-031-210) OUTSIDE JURISDICTIONAL BOUNDARIES PURSUANT TO GOVERNMENT CODE SECTION 56133

WHEREAS, the property located at 11 Agua Vista Court, APN 068-031-200 and 068-031-210 (the “Property”), Unincorporated San Mateo County, California is outside the jurisdictional boundaries of the City of Redwood City (the “City”), but inside the City’s sphere of influence and water service area; and

WHEREAS, the County of San Mateo is processing an application for the construction of a new single-family home on the Property; and

WHEREAS, the County of San Mateo’s approval of the building permits is conditioned upon the property owner obtaining a new water connection and service for the proposed residence from the City; and

WHEREAS, the property owner has requested that the City provide water services to the proposed single-family home on the Property; and

WHEREAS, the California Environmental Quality Act (“CEQA”) does not apply to this project because CEQA does not apply to ministerial projects; the proposed project is a ministerial project pursuant to Senate Bill 9 (California Government Code Section 66411.7). This project is also categorically exempt from CEQA pursuant to CEQA Guidelines Section 15303(d) (New Construction or Conversion of Small Structures).

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF REDWOOD CITY, AS FOLLOWS:

1. The City Manager or their designee is hereby authorized to submit an application to the Local Agency Formation Commission (“LAFCo”) requesting approval of an extension of the water service outside the City’s jurisdictional boundaries, and within the City’s sphere of influence and water service area to 11 Agua Vista Court, Unincorporated San Mateo County, California (APN 068-031-200 and 068-031-210) pursuant to California Government Code Section 56133 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

2. The water service connection proposed for the single-family residence at the property is subject to the following conditions and fees:

- a. Property owner shall obtain LAFCo approval of the application for the proposed water service connection;
- b. Property owner shall pay LAFCo fees;
- c. After approval of the construction drawings by the San Mateo County Building Department and upon application for new water service, property owner shall pay all applicable City fees, including connection fees associated with providing proposed water service;
- d. Property owner shall pay the City's water service annexation fees;
- e. Property owner shall install new water service lines;
- f. Property owner shall be responsible for the design, construction, and connection of any water main modifications or extensions necessary to provide adequate flow for domestic use and fire suppression, in accordance with City Code Section 38.26 and as determined by the City and the Fire Marshal within the local jurisdiction;
- g. Property owner shall pay the fees for any construction permit in connection with improvements for new water service and shall pay associated costs for plan review and inspections;
- h. Property owner shall obtain a City encroachment permit for work relating to the water line connection;
- i. Property owner shall adhere to all the review comments and conditions of service stated by the City; and
- j. Property owner shall execute a Declaration of Restriction and record it with the County of San Mateo.

3. The Local Agency Formation Commission (LAFCo) of San Mateo County is hereby requested to take proceedings in the manner provided by California Government Code Section 56133.

* * *

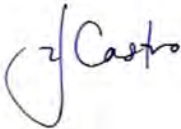
Passed and adopted by the Council of the City of Redwood City at a
Joint City Council/Successor Agency Board/Public Financing Authority Meeting
thereof held on the 2nd day of October 2023 by the following votes:

- AYES: Aguirre, Howard, Martinez Saballos, Sturken, and Mayor Gee
- NOES: None
- ABSENT: Eakin and Vice Mayor Espinoza-Garnica
- ABSTAINED: None
- RECUSED: None



Jeff Gee
Mayor of the City of Redwood City

Attest:



Yessika Castro, CMC, CPMC
Interim City Clerk of Redwood City

I hereby approve the foregoing resolution this
3rd day of October 2023.



Jeff Gee
Mayor of the City of Redwood City

RESO. # 16179
MUFF # 304

**RECORDING REQUESTED BY AND
AFTER RECORDING MAIL TO:**

**LOCAL AGENCY FORMATION COMMISSION
455 COUNTY CENTER
REDWOOD CITY, CA 94063**

**With a copy to:
CITY CLERK
CITY OF REDWOOD CITY
P.O. BOX 391
1017 MIDDLEFIELD ROAD
REDWOOD CITY, CA 94064**

2023-048923 CONF

8:47 am 10/05/2023 DR Fee: \$53.00

Count of Pages 13

Recorded in Official Records

County of San Mateo

Mark Church

Assessor-County Clerk-Recorder



APN: 068-031-210, 068-031-200

**SPACE ABOVE RESERVED FOR RECORDER'S USE
Exempt from recording fee per Gov. Code § 27383.**

DECLARATION OF RESTRICTION

THIS DECLARATION OF RESTRICTION ("Declaration") is made and entered into this 4 day of October, 2023, by the Property Owner(s), James Gasiewski and Eileen Kollar, ("Owner").

WITNESSETH:

WHEREAS, Owner owns all that certain real property situated in the County of San Mateo, State of California, commonly known as APN 068-031-210, 068-031-200, 11 Agua Vista Court (the "Property"), as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference; and

WHEREAS, the Property is located outside the jurisdictional boundaries of the City of Redwood City, a charter city and municipal corporation of the State of California, ("City"), and not contiguous to the City's boundary, but within the City's Sphere of Influence as determined by the San Mateo County Local Agency Formation Commission (the "Commission"); and

WHEREAS, on October 2, 2023, the City Council of the City adopted Resolution No. 16179, authorizing the application by the City to the Commission requesting approval for extension of water service to serve a new single-family residence on the Property pursuant to Government Code Section 56133 and in compliance with Redwood City Municipal Code Chapter 38 (Water System Regulations); and

WHEREAS, as a condition to said water service connection, the Commission required the Owner to evidence consent to annexation to City and waiver of protest to such annexation in the event the Property were to be proposed for annexation to City; and

WHEREAS, Owner desires to evidence such consent and waiver; and

WHEREAS, Owner understands that any future annexation to City is subject to any and all City rights and determinations, whether legislative, quasi-judicial, administrative, or however characterized, with respect to any proposed annexation of the Property to City.

A G R E E M E N T:

NOW, THEREFORE, Owner agrees as follows:

1. **CONSENT**. In the event that the Property shall be proposed for annexation to the City, Owner hereby consents to said annexation, and hereby waives Owner's rights to protest such annexation pursuant to the provisions of law governing such annexations.

2. **TAXES, OTHER CHARGES**. In the event annexation of the Property to City shall be duly approved by all agencies having jurisdiction thereof, Owner agrees that the Property shall be subject to any and all general, special, extraordinary, or additional taxes or assessments or any and all general, special extraordinary, or additional service charges, fees, or rates, levied against, imposed upon, or otherwise pertaining to the Property by any and all agencies, including the City, having jurisdiction thereof in the same fashion as other like property located within the territorial limits of City.

3. **SUCCESSORS**. This Declaration and all of the terms, conditions, covenants and declarations herein contained shall be binding upon, and shall inure to the benefit of, Owner, and Owner's administrators, heirs, assigns, and transferees.

4. **RUNS WITH THE LAND; RECORDATION**. This Declaration pertains to and shall run with the Property. Upon execution, this Declaration shall be recorded in the Official Records of San Mateo County.

5. **CAPTIONS**. Paragraph headings as used herein are for convenience only and shall not be deemed to affect the meaning or intent of the paragraph headed thereby.

[Signature page follows]

IN WITNESS WHEREOF, Owner has executed this Declaration the date and year first hereinabove written.

OWNER

James Gasiewski, Owner

Date: _____

[Signature must be notarized]



Eileen Kollar, Owner

Date: 10-4-2023

[Signature must be notarized]

PLEASE SEE
ACKNOWLEDGMENT/JURAT
FROM NOTARY PUBLIC

PLEASE SEE ATTACHED
ACKNOWLEDGMENT/JURAT
FROM NOTARY PUBLIC

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): 068-031-210 and 068-031-200

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF SAN MATEO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

LOTS 27 AND 28, BLOCK 702, AS DESIGNATED ON THE MAP ENTITLED: "SUBDIVISION SEVEN AND EIGHT, HIGHLANDS OF EMERALD LAKE, INCLUDING RESUBDIVISION OF LOTS FOUR TO EIGHTEEN INCLUSIVE OF BLOCK 404, HIGHLANDS OF EMERALD LAKE, SUBDIVISION FOUR", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON APRIL 1, 1929 IN BOOK 17 OF MAPS AT 41 AND 42.

PARCEL TWO:

LOT 26, BLOCK 702, AS DESIGNATED ON THE MAP ENTITLED: "SUBDIVISION SEVEN AND EIGHT, HIGHLANDS OF EMERALD LAKE, INCLUDING RESUBDIVISION OF LOTS FOUR TO EIGHTEEN INCLUSIVE OF BLOCK 404, HIGHLANDS OF EMERALD LAKE, SUBDIVISION FOUR", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON APRIL 1, 1929 IN BOOK 17 OF MAPS AT 41 AND 42.

PURSUANT TO THE RESOLUTION RECORDED DECEMBER 5, 1979 IN INSTRUMENT NO. 94703-AO, BOOK 7920 OF OFFICIAL RECORDS, PAGE 835, SAN MATEO COUNTY RECORDS.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo

On October 4, 2023 before me, Michelle Mejia, Notary Public
(insert name and title of the officer)

personally appeared Eileen Kollar
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

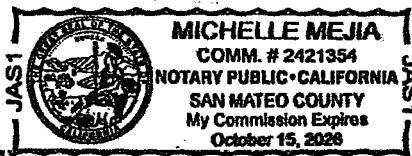
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Michelle Mejia

(Seal)



TTACHED
ENT/JURAT
Y PUBLIC

RESOLUTION NO. 16179

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY AUTHORIZING APPLICATION TO THE LOCAL AGENCY FORMATION COMMISSION REQUESTING APPROVAL FOR EXTENSION OF WATER SERVICES TO 11 AGUA VISTA COURT (APN 068-031-200 and 068-031-210) OUTSIDE JURISDICTIONAL BOUNDARIES PURSUANT TO GOVERNMENT CODE SECTION 56133

WHEREAS, the property located at 11 Agua Vista Court, APN 068-031-200 and 068-031-210 (the "Property"), Unincorporated San Mateo County, California is outside the jurisdictional boundaries of the City of Redwood City (the "City"), but inside the City's sphere of influence and water service area; and

WHEREAS, the County of San Mateo is processing an application for the construction of a new single-family home on the Property; and

WHEREAS, the County of San Mateo's approval of the building permits is conditioned upon the property owner obtaining a new water connection and service for the proposed residence from the City; and

WHEREAS, the property owner has requested that the City provide water services to the proposed single-family home on the Property; and

WHEREAS, the California Environmental Quality Act ("CEQA") does not apply to this project because CEQA does not apply to ministerial projects; the proposed project is a ministerial project pursuant to Senate Bill 9 (California Government Code Section 66411.7). This project is also categorically exempt from CEQA pursuant to CEQA Guidelines Section 15303(d) (New Construction or Conversion of Small Structures).

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF REDWOOD CITY, AS FOLLOWS:

1. The City Manager or their designee is hereby authorized to submit an application to the Local Agency Formation Commission ("LAFCo") requesting approval of an extension of the water service outside the City's jurisdictional boundaries, and within the City's sphere of influence and water service area to 11 Agua Vista Court, Unincorporated San Mateo County, California (APN 068-031-200 and 068-031-210) pursuant to California Government Code Section 56133 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

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- a. Property owner shall obtain LAFCo approval of the application for the proposed water service connection;
- b. Property owner shall pay LAFCo fees;
- c. After approval of the construction drawings by the San Mateo County Building Department and upon application for new water service, property owner shall pay all applicable City fees, including connection fees associated with providing proposed water service;
- d. Property owner shall pay the City's water service annexation fees;
- e. Property owner shall install new water service lines;
- f. Property owner shall be responsible for the design, construction, and connection of any water main modifications or extensions necessary to provide adequate flow for domestic use and fire suppression, in accordance with City Code Section 38.26 and as determined by the City and the Fire Marshal within the local jurisdiction;
- g. Property owner shall pay the fees for any construction permit in connection with improvements for new water service and shall pay associated costs for plan review and inspections;
- h. Property owner shall obtain a City encroachment permit for work relating to the water line connection;
- i. Property owner shall adhere to all the review comments and conditions of service stated by the City; and
- j. Property owner shall execute a Declaration of Restriction and record it with the County of San Mateo.

3. The Local Agency Formation Commission (LAFCo) of San Mateo County is hereby requested to take proceedings in the manner provided by California Government Code Section 56133.

* * *

Passed and adopted by the Council of the City of Redwood City at a
Joint City Council/Successor Agency Board/Public Financing Authority Meeting
thereof held on the 2nd day of October 2023 by the following votes:

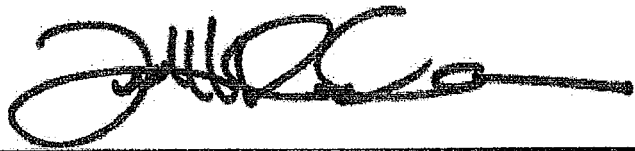
AYES: Aguirre, Howard, Martinez Saballos, Sturken, and Mayor
Gee

NOES: None

ABSENT: Eakin and Vice Mayor Espinoza-Garnica

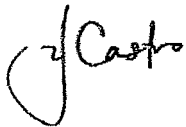
ABSTAINED: None

RECUSED: None



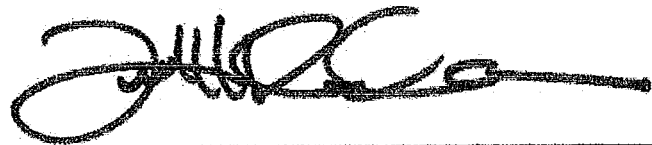
Jeff Gee
Mayor of the City of Redwood City

Attest:



Yessika Castro, CMC, CPMC
Interim City Clerk of Redwood City

I hereby approve the foregoing resolution this
3rd day of October 2023.



Jeff Gee
Mayor of the City of Redwood City

RESO. # 16179
MUFF # 304

**RECORDING REQUESTED BY AND
AFTER RECORDING MAIL TO:**

**LOCAL AGENCY FORMATION COMMISSION
455 COUNTY CENTER
REDWOOD CITY, CA 94063**

**With a copy to:
CITY CLERK
CITY OF REDWOOD CITY
P.O. BOX 391
1017 MIDDLEFIELD ROAD
REDWOOD CITY, CA 94064**

APN: 068-031-210, 068-031-200

**SPACE ABOVE RESERVED FOR RECORDER'S USE
Exempt from recording fees per Gov. Code § 27383.**

DECLARATION OF RESTRICTION

THIS DECLARATION OF RESTRICTION ("Declaration") is made and entered into this 4th day of OCTOBER, 2023, by the Property Owner(s), James Gasiewski and Eileen Kollar, ("Owner").

WITNESSETH:

WHEREAS, Owner owns all that certain real property situated in the County of San Mateo, State of California, commonly known as APN 068-031-210, 068-031-200, 11 Agua Vista Court (the "Property"), as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference; and

WHEREAS, the Property is located outside the jurisdictional boundaries of the City of Redwood City, a charter city and municipal corporation of the State of California, ("City"), and not contiguous to the City's boundary, but within the City's Sphere of Influence as determined by the San Mateo County Local Agency Formation Commission (the "Commission"); and

WHEREAS, on October 2, 2023, the City Council of the City adopted Resolution No. 16179, authorizing the application by the City to the Commission requesting approval for extension of water service to serve a new single-family residence on the Property pursuant to Government Code Section 56133 and in compliance with Redwood City Municipal Code Chapter 38 (Water System Regulations); and

WHEREAS, as a condition to said water service connection, the Commission required the Owner to evidence consent to annexation to City and waiver of protest to such annexation in the event the Property were to be proposed for annexation to City; and

WHEREAS, Owner desires to evidence such consent and waiver; and

WHEREAS, Owner understands that any future annexation to City is subject to any and all City rights and determinations, whether legislative, quasi-judicial, administrative, or however characterized, with respect to any proposed annexation of the Property to City.

AGREEMENT:

NOW, THEREFORE, Owner agrees as follows:

1. **CONSENT.** In the event that the Property shall be proposed for annexation to the City, Owner hereby consents to said annexation, and hereby waives Owner's rights to protest such annexation pursuant to the provisions of law governing such annexations.

2. **TAXES, OTHER CHARGES.** In the event annexation of the Property to City shall be duly approved by all agencies having jurisdiction thereof, Owner agrees that the Property shall be subject to any and all general, special, extraordinary, or additional taxes or assessments or any and all general, special extraordinary, or additional service charges, fees, or rates, levied against, imposed upon, or otherwise pertaining to the Property by any and all agencies, including the City, having jurisdiction thereof in the same fashion as other like property located within the territorial limits of City.

3. **SUCCESSORS.** This Declaration and all of the terms, conditions, covenants and declarations herein contained shall be binding upon, and shall inure to the benefit of, Owner, and Owner's administrators, heirs, assigns, and transferees.

4. **RUNS WITH THE LAND; RECORDATION.** This Declaration pertains to and shall run with the Property. Upon execution, this Declaration shall be recorded in the Official Records of San Mateo County.

5. **CAPTIONS.** Paragraph headings as used herein are for convenience only and shall not be deemed to affect the meaning or intent of the paragraph headed thereby.

[Signature page follows]

IN WITNESS WHEREOF, Owner has executed this Declaration the date and year first hereinabove written.

OWNER



James Gasiewski, Owner

Date: October 4, 2023

[Signature must be notarized]

Eileen Kollar, Owner

Date: _____

[Signature must be notarized]

State of Colorado

County of Larimer

~~Estes~~ Estes Park, 80517

Signed and sworn to [or affirmed] before me on Oct. 4th, 2023
by James Grasiowski (name(s) of individual(s) making
statement).

Hailey Parks

(Notary's official signature)

Notary Public

(Title of office)

10-19-24

(Commission Expiration)

HAILEY PARKS
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20204036380
MY COMMISSION EXPIRES 10-19-2024

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): 068-031-210 and 068-031-208

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF SAN MATEO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

LOTS 27 AND 28, BLOCK 702, AS DESIGNATED ON THE MAP ENTITLED: "SUBDIVISION SEVEN AND EIGHT, HIGHLANDS OF EMERALD LAKE, INCLUDING RESUBDIVISION OF LOTS FOUR TO EIGHTEEN INCLUSIVE OF BLOCK 404, HIGHLANDS OF EMERALD LAKE, SUBDIVISION FOUR", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON APRIL 1, 1928 IN BOOK 17 OF MAPS AT 41 AND 42.

PARCEL TWO:

LOT 26, BLOCK 702, AS DESIGNATED ON THE MAP ENTITLED: "SUBDIVISION SEVEN AND EIGHT, HIGHLANDS OF EMERALD LAKE, INCLUDING RESUBDIVISION OF LOTS FOUR TO EIGHTEEN INCLUSIVE OF BLOCK 404, HIGHLANDS OF EMERALD LAKE, SUBDIVISION FOUR", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON APRIL 1, 1928 IN BOOK 17 OF MAPS AT 41 AND 42.

PURSUANT TO THE RESOLUTION RECORDED DECEMBER 5, 1979 IN INSTRUMENT NO. 94703-AO, BOOK 7920 OF OFFICIAL RECORDS, PAGE 835, SAN MATEO COUNTY RECORDS.

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

October 18, 2023

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: Consideration of Final Municipal Service Review for the City of Burlingame

Summary and Background

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

The City of Burlingame (the City or Burlingame) was incorporated on June 6, 1908. As of 2020, the population of Burlingame is 31,386¹. Burlingame's sphere of influence spans approximately 5.8 square miles, of which 4.4 miles consist of developable land, including unincorporated Burlingame Hills, eight parcels west of Skyline Boulevard and six parcels southwest of Skyline Boulevard. The remaining 1.4 square miles include Mills Canyon Preserve and the San Francisco Bay.

The City provides the following municipal services: law enforcement, parks and recreation, library, streets, lighting, water, wastewater and storm drain and flood control. Fire protection is provided by Central County Fire Department (CCFD), a joint powers agreement (JPA) with the Town of Hillsborough.

¹ US Census Bureau <https://www.census.gov/quickfacts/fact/table/burlingamecitycalifornia/PST045222>

COMMISSIONERS: ANN DRAPER, CHAIR, PUBLIC ▪ KATI MARTIN, VICE CHAIR, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ RAY MUELLER, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

The City's revenue was impacted by the COVID-19 pandemic and is slowly recovering. Although the City has needed to draw down on its reserves over the past three years, it has been able to maintain a healthy reserve and continue to meet service demands.

Updates to the Final Circulation MSR

LAFCo staff held a virtual community workshop on October 3rd to review and receive feedback on the draft circulation MSR. Staff received a comment during the workshop to be more explicit in the recommendation regarding annexation of the Burlingame Hills area and how the potential annexation could benefit both the City and the residents of the unincorporated Burlingame Hills community. This comment has been incorporated into the report.

In addition, several minor updates were made between the draft circulation and the final MSR based on comments received during the public comment period, including the following:

- *Added to Financial Ability:* Excess Educational Revenue Augmentation Fund (ERAF) revenue, which represents less than 10% of the City's revenue, is considered by the County Controller's office to be an insecure source of revenue and cautions agencies from relying on it to fund critical services. The City disagrees with this assessment and does not view the loss of excess ERAF as an immediate threat to the City's finances. However, the City will continue to monitor discussions related to excess ERAF.
- *Added to Other:* One Shoreline, San Mateo County's flood and sea level rise resiliency district, is proposing to multi-jurisdictional project to protect built and natural areas along the San Francisco Bay Shoreline south of San Francisco International Airport near and within the cities of Millbrae and Burlingame from coastal flooding and sea level rise. LAFCo is supportive of these multi-jurisdictional partnerships to protect communities from the impacts of flooding and sea level rise.

All changes from the circulation draft MSR are noted in red in the final MSR.

Current Key Issues

Key issues identified in compiling information on the City of Burlingame include the following:

- Unincorporated Burlingame Hills is within the City's SOI and currently receives water service from Burlingame. A County-led study is currently evaluating governance options for the County governed Burlingame Hills Sewer Maintenance District that includes contracting for services with the City or the potential of annexing the area to the City of Burlingame and dissolving the District.
- The Central County Fire Department (which provides service to Hillsborough, Burlingame, and Millbrae) recently published a Community Risk Assessment/Standards of Care & Deployment Analysis that made several recommendations, including the development of a capital improvement plan for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

- The City of Burlingame’s revenue is slowly recovering from the COVID-19 pandemic; however, revenue from the City’s transit occupancy task (TOT), one of the City’s primary revenue sources, has not returned to pre-pandemic levels.
- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Proposed MSR Recommendations

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

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

For the Circulation Draft, LAFCo has the following determinations and recommendations:

1. Growth and Population Determination

Currently, there are an estimated 13,170 housing units in the City of Burlingame. Burlingame’s draft housing element proposes to add 3,257 housing units to the City’s housing stock, which represents a 25% increase in housing production over the next decade. However, the City’s General Plan has largely evaluated this potential future growth. The City has identified deficiencies in its water, wastewater and storm drainage infrastructure and has prioritized and allocated funding for capital improvement projects.

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

2. Disadvantaged Unincorporated Communities Determination

The City provides water service outside of its boundaries to unincorporated Burlingame Hills and to an unincorporated area to the southwest of the City along Skyline Boulevard. The County supports the unincorporated areas with sewer service and street and sidewalk maintenance. These two unincorporated areas within the Sphere of Influence of the City of Burlingame are not considered disadvantaged unincorporated communities.

3. Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a 5-Year Capital Improvement Plan (CIP) for City owned infrastructure and facilities.

Fire protection services are provided by the Central County Fire Department, a Joint Powers Agreement (JPA) between the City of Burlingame and Town of Hillsborough. In March 2023, CCFD published a Community Risk Assessment/Standards of Care & Deployment Analysis that made several recommendations, including the development of a capital improvement plan for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

As identified in the draft Burlingame Hills Sewer Maintenance District Operation and Governance Options report, the annexation of the Burlingame Hills area to the City is an option that could be explored by both the City and the County. Burlingame Hills is an unincorporated island, surrounded by the City of Burlingame and Town of Hillsborough and is largely developed. Similar to other unincorporated islands in the County, Burlingame Hills is governed and served by the County, inherently create public service inefficiencies. LAFCo support efforts to annex unincorporated islands to their neighboring cities as identified in their SOIs.

The annexation could benefit existing Burlingame Hills residents by allowing for potential economies of scales regarding sewer service and help minimize sewer rate increases. Annexation of Burlingame Hills (and two other unincorporated areas) could produce a fiscal “break-even” for the City’s budget. Depending on property tax share negotiations required for an annexation, which is a discretionary process between the City and the County, the tax sharing could create fiscal benefits to the City in excess of costs as well.

Recommendations -

1. In alignment with the Draft Burlingame Hills Sewer Maintenance District Operations and Governance Options Study, the City should continue to explore potential opportunities for shared services or governance changes related to the Burlingame Hills Sewer Maintenance District. This could include the operation of the District by the City or the eventual annexation of unincorporated Burlingame Hills into the City of Burlingame.

2. The City should partner with the Town of Hillsborough to review the recommendations in the CCFD Community Risk Assessment to prepare a capital improvement plan and CIP budget for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

4. Financial Ability Determination and Recommendations

The California State Auditor has a risk indicator for the fiscal health of California cities. In FY 20-21, the City of Burlingame had a score of 59.2 out of 100 points (higher is better) and on a rating scale of “low”, “moderate”, and “high” risk, the City of Burlingame is classified as “moderate”. Debt burden, revenue trends, future pension costs and OPEB funding are the key City finance issues.

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

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

5. Shared Service and Facilities Determination and Recommendations

The City of Burlingame partners with other organizations to share project costs and services with other governments. It shares services through being a member of several JPAS, including JPAs with the Central County Fire Department and South Bayside Waste Management Authorities. LAFCo has not identified additional opportunities for the Town to share services or facilities with neighboring over overlapping organizations.

6. Accountability, Structure, and Efficiencies Determination

There are no recommended changes to the organization’s governmental structure or operations that will increase accountability and efficiency. In 2022, the Burlingame City Council adopted an ordinance to transition to by-district elections. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment policy, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies; City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

7. Other Issues Determinations and Recommendations

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

Recommendation -

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

Sphere of Influence Determination

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

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

Burlingame's sphere of influence spans approximately 5.8 square miles, of which 4.4 miles consist of developable land and the remaining 1.4 include Mills Canyon Preserve and the San Francisco Bay. The City is bordered by Millbrae to the north; San Francisco Bay to the east; San Mateo, Hillsborough, and unincorporated Burlingame Hills to the south; and a portion of Burlingame Hills and another unincorporated area to the west. The City's land use is primarily residential with two major commercial areas and an auto row. There is no agricultural land within Burlingame's SOI.

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

The City's facilities and services meet the current need of the area, and the City anticipates that it will be able to adequately provide facilities and services for the projected growth that may occur within its boundaries.

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

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

There are no social or economic communities of interest within the City of Burlingame's SOI.

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

No change to the Sphere of Influence of the City of Burlingame is proposed at this time.

Public/Agency Involvement

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budget, reports, policies, etc. On August 31, 2023, a Notice of

Public Hearing for the Draft MSR was released by LAFCo and published in the San Mateo County Times. In addition, notices were sent to every “affected agency”, meaning all other agencies and school districts with overlapping service areas. LAFCo staff will also be holding a virtual workshop for the public during the comment period.

The public comment period to receive written comments from the public and stakeholders commenced on September 20, 2023 after Commission approval of the circulation draft MSR and ended on October 13, 2023. No written comments were received from the public or stakeholders. In addition, notices were sent to every “affected agency”, meaning all other agencies and school districts with overlapping service areas.

LAFCo staff held a virtual workshop for the public during the comment period for both City of Burlingame and Town of Hillsborough MSRs on October 3, 2023. Verbal comments received during the virtual workshop about the Burlingame MSR were incorporated as described above in this report.

Environmental Review/CEQA

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

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

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

Recommendation

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

Attachment

- A. Final Municipal Service Review for the City of Burlingame
- B. Resolution No. 1311 for the City of Burlingame Municipal Service Review and Sphere of Influence



Municipal Service Review and Sphere of Influence Review for the City of Burlingame

Final Draft

Released October 18, 2023

Municipal Service Review and Sphere of Influence Review for the City of Burlingame

SUBJECT AGENCY:

City of Burlingame

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Burlingame, CA 94010

Contact: Lisa K. Goldman, City Manager

CONDUCTED BY:

San Mateo Local Agency Formation Commission

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**LAFCo Municipal Service Review
and Sphere of Influence Update
City of Burlingame**

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EXECUTIVE SUMMARY

Section 1: MSR Overview

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) update for the City of Burlingame (City). California Government Code Section 56430 requires that the Local Agency Formation Commissions (LAFCo) complete MSRs and SOI reviews on all cities and special districts. LAFCo is an independent entity with jurisdiction over the boundaries of cities and special districts. An SOI is a plan for the boundaries of a city or special district. The MSR and SOI update do not represent a proposal¹ for reorganization of agencies, but rather a State-mandated study of service provisions of an agency.

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

San Mateo Local Agency Formation Commission

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

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

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

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County, 20 cities, 22 independent special districts, five subsidiary districts governed by city councils, and 33 County-governed special districts. It merits emphasis that the County plays a dual role that differs from cities or districts. Districts provide a limited set of services based on enabling legislation, while cities generally provide basic services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the State, provides a vast array of services for all residents, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. Along with independent water, sewer, and fire districts, the County also provides basic municipal services for residents who live in unincorporated areas. According to Census 2020 data, 63,205 of the County’s total 765,417 residents live in unincorporated areas.

Purpose of a Municipal Service Review/Sphere of Influence Update

This MSR/SOI Update examines the City of Burlingame.

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

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.

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

- a. Water Resiliency and Climate Change
- b. Impact of Natural Hazards and Mitigation Planning

Sphere of Influence Determinations:

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

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of MSR determination #35 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. City of Burlingame does not have any disadvantaged unincorporated communities within its SOI.

Section 2. Summary of Key Issues

- Unincorporated Burlingame Hills is within the City’s SOI and currently receives water service from Burlingame. A County-led study is currently evaluating governance options for sewer service that include potentially merging the County run Burlingame Hills Sewer Maintenance District with the City of Burlingame or dissolving the District and annexing the area to the City of Burlingame.
- The Central County Fire Department (which provides service to Hillsborough, Burlingame, and Millbrae) recently published a Community Risk Assessment/Standards of Care & Deployment Analysis that made several recommendations, including the development of a capital improvement plan for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

- The City of Burlingame’s revenue is slowly recovering from the COVID-19 pandemic; however, revenue from the City’s TOT, one of the City’s primary revenue sources, has not returned to pre-pandemic levels.
- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Section 3: Affected Agencies

County and Cities: City of Burlingame and San Mateo County

School District: Burlingame School District, San Mateo Union High School, and San Mateo Community College District

Independent Special Districts: San Mateo County Harbor District, San Mateo County Mosquito & Vector Control District, and Peninsula Healthcare District

Dependent Special Districts: Burlingame Hills Sewer Maintenance District

Section 4: City of Burlingame

Background & Overview

The City of Burlingame (the City or Burlingame) was incorporated on June 6, 1908. As of 2020, the population of Burlingame is 31,386.³ Burlingame’s sphere of influence spans approximately 5.8 square miles, of which 4.4 miles consist of developable land and the remaining 1.4 include Mills Canyon Preserve and the San Francisco Bay. The Burlingame train station, built in 1894, allowed for east access to summering San Francisco families. The train route also allowed housing development to flourish between 1910 and 1940, transforming Burlingame into a traditional commuter suburb, with neighborhoods organized along compact grids of tree-lined streets. Housing development since 1960 has been modest, as has population growth, but commercial development increased in the 1960s and 1970s due to proximity to the San Francisco Airport.⁴ Median household income in Burlingame is comparable to other cities in the region (\$150,182, compared to a Countywide median of \$131,769) but has higher shares of households in the highest and lowest income brackets compared to other cities^{3,5}. Almost half of Burlingame’s housing stock is multi-family housing, and more than 50% of units are renter occupied, which is a more even split between renters-owners than in other neighboring communities.

The City is bordered by Millbrae to the north; San Francisco Bay to the east; San Mateo, Hillsborough, and unincorporated Burlingame Hills to the south; and a portion of Burlingame

³ US Census Bureau, City of Burlingame 2020 U.S. Census Bureau Profile

⁴ City of Burlingame General Plan, Chapter II. Community Context, Nov. 2019

⁵ US Census Bureau, County of San Mateo 2020 U.S. Census Bureau Profile

Hills, the town of Hillsborough and another unincorporated area to the west. The City’s land use is primarily residential with two major commercial areas and an auto row.

Burlingame operates under the Council-City Manager form of government. Until recently, the 5 Councilmembers were elected at large. On January 18, 2022, the City Council adopted an ordinance to transition to by-district elections. Councilmembers were elected to Districts 1, 3 and 5 in the November 2022 election, and Districts 2 and 4 will be on the ballot during the November 2024 election.

City Council meets every first and third Monday of the month at 7pm. The Council met virtually during the COVID-19 public health state of emergency and has resumed in-person meetings in the Burlingame Council Chambers while also making virtual attendance an option for members of the public and interested parties.

Unincorporated Burlingame Hills borders the City of Burlingame on the south and west side of the City and consists of approximately 432 households with annual household incomes similar to households in the City. Residents of Burlingame Hills are represented by the County of San Mateo Board of Supervisors.

Municipal Services

SERVICE	RESPONSIBLE AGENCY
<i>Public Safety</i>	
Police protection	City of Burlingame
Fire protection	Central County Fire Department (JPA)
Emergency Medical Service	Central County Fire Department/American Medical Response (JPA with Town of Hillsborough and JPA with the San Mateo County Pre-Hospital Emergency Services Group)
Traffic enforcement	City of Burlingame
Animal Control	Peninsula Humane Society & SPCA
<i>Utilities</i>	
Water distribution	City of Burlingame
Wastewater collection	City of Burlingame Burlingame Hills Sewer Maintenance District – County Governed District (unincorporated Burlingame Hills)
Wastewater treatment	City of Burlingame
Electricity	Pacific Gas & Electric (PG&E) Peninsula Clean Energy (PCE)
Natural Gas	PG&E
Solid Waste Collection & Disposal	Recology San Mateo
Solid Waste Disposal	Recology San Mateo
Stormwater drainage and flood control	City of Burlingame County Department of Public Works (unincorporated Burlingame Hills)

Street Maintenance	City of Burlingame County Department of Public Works (unincorporated Burlingame Hills)
Street Lighting	City of Burlingame San Mateo County (unincorporated Burlingame Hills)
Community Services	
Parks and recreation	City of Burlingame
Library	City of Burlingame
Mosquito abatement and vector control	San Mateo County Mosquito and Vector Control District
Public transportation	SamTrans Caltrain Free shuttles managed by Commute.org <ul style="list-style-type: none"> • Burlingame Bayside Area Shuttle • Burlingame Point • Millbrae • Burlingame Commuter Shuttle

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

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

1) Growth and Population

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

c) Will projected growth require a change in the agency’s service boundary?			X
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Discussion

- a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?

As of 2020 the population of Burlingame is 31,386, representing 4% of San Mateo County residents. Between 2000 and 2020, the population of Burlingame increased 12%, more than the 9% growth experienced by the County during that period. The housing stock also increased 12% to over 13,000 units over roughly that same period. Much of this housing development occurred between 2013 and 2021 with the approval of several large multifamily residential projects and the adoption of a General Plan.⁶

The Association of Bay Area Governments (ABAG), the agency responsible for forecasting population, housing and economic trends in the nine Bay Area counties, in coordination with the California Department of Housing and Community Development (HCD) estimates the housing need for the region and allocates a portion of projected need to every jurisdiction. In collaboration with Bay Area partner agencies, non-profit organizations and residents, ABAG developed Plan Bay Area 2050, a long-range regional plan that, among other activities, projects the population growth of each region throughout the Bay Area. Plan Bay Area 2050 anticipates that Central San Mateo County, which includes the City of Burlingame, will increase its population by 39% from 87,000 households in 2015 to 121,000 households in 2050.

To accommodate the projected growth, cities and counties throughout the State are updating their housing elements every eight years to accommodate the regional housing need assessment (RHNA) allocation for the upcoming cycle. The County and the cities in San Mateo County are currently in the process of updating their Housing Elements to be consistent with the RHNA allocations. The Housing Element is a required component of a city’s or county’s General Plan, and the RHNA allocations for each cycle may require an update to zoning ordinances to demonstrate how it plans to meet the housing needs in its community.

In its most recent RHNA cycle, ABAG allocated 3,257 units to the City of Burlingame. The City is required to identify appropriately zoned developable or re-developable land to accommodate 3,257 new housing units by 2031.

⁶ City of Burlingame, Second Draft 2023-2031 Housing Element – September 6, 2023, https://cms6.revize.com/revize/burlingamecity/document_center/Planning/Draft%202023-2031%20Housing%20Element%20-%20Draft%20-%2009-11-23.pdf

Distribution of RHNA allocation for Housing Element

Income Level	RHNA 2013-2022	RHNA 2023-2031	RHNA Housing Elements Site Inventory	Projects in the pipeline as of 1/31/23	Difference
Very Low Income (50% Average Median Income [AMI])	276	863	900	147	+184
Low Income (60% AMI)	144	497	386	188	+77
Moderate Income (80% AMI)	155	529	434	72	-23
Above Moderate Income (120% AMI)	288	1,368	1,065	2,005	+1,702
Total:	863	3,257	2,785	2,412	+1,940

Envision Burlingame, the City's 2019 General Plan update, accommodates a buildout of 36,600 residents (up from approximately 31,000 in 2020) that plans for 2,951 new housing units and 9,731 jobs. The City's RHNA allocation is 306 units more than identified in *Envision Burlingame*. Most of this growth is targeted in the North Burlingame area, North Rollins Road and downtown, providing opportunities for higher density housing close to transit (BART and Caltrain). Affordable housing for all income levels is planned for, and specifically included in the *Downtown Specific Plan*, the *North Rollins Specific Plan* and the Draft Housing Element.

Approximately 2,681 housing units are currently in the pipeline for development, and as part of the Housing Element update the City of Burlingame has identified an additional 2,834 sites for development. The combined planned development and potential sites would meet all of the RHNA housing goals.⁷

- b) Will the population changes have an impact on the subject agency's service needs and demands?

As of 2020, there are 13,170 housing units in the City of Burlingame. Burlingame's draft housing element proposes to add 3,257 housing units to the City's housing stock, which represents a 25% increase in housing production over the next decade. The City's RHNA projects 306 additional housing units beyond what is projected in *Envision Burlingame*. The City is preparing an addendum to the General Plan Environmental Impact Report (EIR) to evaluate whether the additional 306 units would create further environmental impacts. According to the City, their preliminary analysis does not reveal significant impacts and there is adequate capacity to accommodate the additional units. The addendum to the EIR is anticipated to be completed by November 2023.

- c) Will projected growth require a change in the agency's service boundary?

The City of Burlingame is largely developed, and per *Envision Burlingame*, residential development is expected to occur within the existing boundaries of the City and will be focused in three areas, including the Downtown, North Rollins Road and the north end of El Camino

⁷City of Burlingame, *Second Draft 2023-2031 Housing Element – September 6, 2023* 2

Real. Commercial growth is anticipated in the Bayfront, but residential development is not planned in that area. In addition, the *Envision Burlingame* plans for the efficient and sustainable delivery of municipal services to its residents as it grows. The City has identified deficiencies in its water, wastewater and storm drainage infrastructure and has prioritized and allocated funding for capital improvement projects, such as the replacement and rehabilitation of aging pipelines and storm drainage system, improvements to the wastewater treatment plant and emergency water storage tank expansion, to ensure viability of these services.⁸

Growth and Population MSR Determination

Currently, there are an estimated 13,170 housing units in the City of Burlingame. Burlingame’s draft housing element proposes to add 3,257 housing units to the City’s housing stock, which represents a 25% increase in housing production over the next decade. However, the City General Plan largely evaluated this potential future growth. The City has identified deficiencies in its water, wastewater and storm drainage infrastructure and has prioritized and allocated funding for capital improvement projects.

2) Disadvantaged Unincorporated Communities

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

⁸ City of Burlingame, *Envision Burlingame*, <https://www.envisionburlingame.org/>

Discussion:

- a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?

The City of Burlingame provides water services for unincorporated Burlingame Hills and an unincorporated area to the southwest of the City along Skyline Boulevard. Wastewater services are provided to these areas through the County operated Burlingame Hills Sewer Maintenance District and by on-site septic systems. In FY22-23, the annual sewer service fee for each residential unit equivalent is \$1,892 and will increase to \$1,982 in FY23-24.⁹ Fire protection within the City is provided by Central County Fire Department (CCFD), a Joint Powers Agreement between the City of Burlingame and the Town of Hillsborough. CCFD also provides contract service to the City of Millbrae.

Other municipal services in the unincorporated area such police, fire, emergency medical services, road maintenance and storm drain maintenance are provided by the County. The unincorporated area is within the boundaries of the City of Burlingame.

- b) Are there any inhabited unincorporated communities within or adjacent to the subject agency’s sphere of influence that are considered disadvantaged (80% or less of the statewide median household income)?

The inhabited unincorporated areas within Burlingame’s sphere of influence include Burlingame Hills, eight parcels west of Skyline Boulevard, and six parcels southwest of Skyline Boulevard. Based on available US Census data, these areas exceed the income threshold and do not qualify as disadvantaged unincorporated communities.

- c) If yes to both, is it feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community?

Not applicable.

Disadvantaged Unincorporated Communities MSR Determination

The City provides water service outside of its boundaries to unincorporated Burlingame Hills and to an unincorporated area to the southwest of the City along Skyline Boulevard. The County supports the unincorporated areas with sewer service and street and sidewalk maintenance. These two unincorporated areas within the Sphere of Influence of the City of Burlingame are not considered disadvantaged unincorporated communities.

⁹ County of San Mateo Public Works, Sewer Service Rate Information, <https://www.smcgov.org/publicworks/ssr>

3) Capacity and Adequacy of Public Facilities and Services

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

Discussion:Water

The City of Burlingame purchases all of its potable water from the San Francisco Public Utilities Commission (SFPUC) and provides water to residential, commercial, industrial and governmental customers within the incorporated city limits and unincorporated Burlingame. Water demand averaged 1,221 million gallons (MG) per year between 2016 and 2020, and in 2020, the City delivered 1,271 million gallons (MG) of water to 8,728 connections within its service area.¹⁰

¹⁰ City of Burlingame, *2020 Urban Water Management Plan*, https://cms6.revize.com/revize/burlingamecity/document_center/Water/CityofBurlingame_2020_UWMP.pdf

The City’s General Plan provides population projections through 2040. The City’s Urban Water Management Plan provides an estimate for the service area population through 2045 by extending the General Plan’s population estimate and assumed constant growth, as well as adding on the population of Burlingame Hills. All expected growth in the City is attributed to the future development of multi-family residences and accessory dwelling units. Taking into account historical water use and expected population increase, water demand within the City is projected to increase to 1,721 MG by 2045, a 35% increase to the water demand in 2020 (1,271 MG).¹¹ The City’s contractual allocation with SFPUC is for 5.23 million gallons per day (MGD), or approximately 1,909 MG per year, and is above the City’s projected water demand through 2045.

The Water Conservation Act of 2009 was enacted in November 2009 and requires the state of California to achieve a 20 percent reduction per capita water use by December 31, 2020. To achieve this, each urban retail water supplier was required to establish water use targets for 2015 and 2020 using methodologies established by the Department of Water Resource (DWR). Potable water usage has decreased since 2010 due to drought restrictions from 134 gallons per capita per day (GPCD) to 107 GPCD in 2020, and the City continues to adhere to its water use target of 135 gallons per capita per day (GPCD).

Burlingame, along with cities throughout the region and State, has taken steps to prepare for years of water shortage. Consistent with California Water Code section 10632, the City developed a Water Shortage Contingency Plan that includes six levels to address a range of shortage conditions, identifies demand mitigation measures for Burlingame to implement at each level, and identifies procedures for Burlingame to annually assess whether a water shortage is likely to occur in the coming year.

In addition, Burlingame has implemented multiple water demand management strategies over the past several decades. The City adopted a water rationing plan in 1992 that allows the city to enforce water waste reductions in dry weather years by prohibiting, mandating, and enforcing various actions and adopted a permanent water waste prevention ordinance in 2021 that prohibited specific wasteful potable water uses. Metering, conservation pricing, public education and outreach and other water demand management measures complete the suite of water conservation strategies employed by the City.¹²

In 2022, the City implemented capacity charges for new connections to the water and sanitary sewer system to recover costs associated with infrastructure improvements that benefit new or expanded development¹³. Water rates for City of Burlingame and Burlingame Hills customers were last increased on January 1, 2019.¹⁴

¹¹ City of Burlingame, 2020 Urban Water Management Plan

¹² City of Burlingame, 2020 Urban Water Management

¹³ City of Burlingame, Water & Sewer Capacity Charge Study, Draft 07/18/21

¹⁴ City of Burlingame, FY 2023-24 Master Fee Schedule, <https://cms6.revize.com/revize/burlingamecity/departments/Finance/2023-24%20Proposed%20Master%20Fee%20Schedule%20-%20Proposed.pdf>

Water Capacity Charges (Proposed for FY 23-24)

Service	Fee
Single-family	\$7,260 per dwelling unit
Multi-family (two or more bedrooms)	\$4,513 per dwelling unit
Multi-family (studio or one bedroom)	\$2,942 per dwelling unit
Detached ADU	\$3.03 per square foot
Non-residential, water meter size= ¾ inch	\$10,987 per connection
Non-residential, water meter size= 1 inch	\$18,326 per connection
Non-residential, water meter size= 1 ½ inch	\$36,613 per connection
Non-residential, water meter size= 2 inch	\$58,588 per connection
Non-residential, water meter size= 3 inch	\$109,877 per connection
Non-residential, water meter size= 4 inch	\$183,142 per connection

Single Family Residential Rates per 1,000 Gallons (FY 23-24)

Tier	Gallons	Monthly rate
Tier 1	0 – 4,000	\$9.79
Tier 2	4,001 – 8,000	\$10.98
Tier 3	8,001 – 16,000	\$12.18
Tier 4	16,001 – 24,000	\$13.38
Tier 5	24,001 and up	\$14.58
All other classifications (non-Single Family Residential Rate per 1,000 Gallons)		\$11.46

Fixed Monthly Water Charges (FY 23-24)

Meter Size	Monthly charge
5/8"	\$42.02
3/4"	\$42.02
1"	\$70.03
1.5"	\$140.05
2"	\$224.08
3"	\$420.15
4"	\$700.25
6"	\$1,400.50
8"	\$2,240.80

The City's 5-year Capital Improvement Program (CIP) includes improvements to the water distribution system, including pipeline rehabilitation, emergency storage tank expansion and transmission pipelines and pump station improvements. Currently, the projected CIP budget is \$110 million for water infrastructure improvements.¹⁵

¹⁵ City of Burlingame, FY 2023-24 Budget,

<https://cms6.revize.com/revize/burlingamecity/departments/Finance/FY2023-24%20Adopted%20Budget.pdf>

Sanitary Sewer

The City of Burlingame maintains the sanitary sewer system and provides wastewater services for City residents. The sewer system is comprised of approximately 95 miles of gravity sewer pipe that conveys wastewater to 7 pump stations before flowing to the City Wastewater Treatment Facility on Airport Boulevard.

The Wastewater Treatment Facility has the capacity to treat 5.5 MGD of wastewater up to 16 MGD during wet weather conditions. Since 1972, the City has contracted with Veolia Water North America to provide operations and maintenance services for the facility.

In August 2021, the Burlingame City Council approved a capacity charge for new connections and a sewer rate increase for residents, with a 9% increase to take place each year for the next three years, beginning in 2022 to pay for repairs and capital improvements to aging sewage infrastructure.¹⁶

Sewer Capacity Charges (Proposed for FY 23-24)

Service	Fee
Single-family	\$11,075 per dwelling unit
Multi-family (two or more bedrooms)	\$7,667 per dwelling unit
Multi-family (studio or one bedroom)	\$5,206 per dwelling unit
Detached ADU	\$4.62 per square foot
Non-residential, water meter size= ¾ inch	\$21,299 per connection
Non-residential, water meter size= 1 inch	\$35,499 per connection
Non-residential, water meter size= 1 ½ inch	\$70,997 per connection
Non-residential, water meter size= 2 inch	\$113,595 per connection
Non-residential, water meter size= 3 inch	\$212,991 per connection
Non-residential, water meter size= 4 inch	\$354,986 per connection

Bi-Monthly Sewer Rates for New Single Family Residential (Proposed for FY 23-24)

Residential type	Rate
1 bedroom or studio	\$59.64
2 bedrooms	\$89.46
3 bedrooms	\$119.28
4 bedrooms	\$149.10
5+ bedrooms	\$178.92

¹⁶ City of Burlingame, City Council Regular Meeting Agenda - August 16, 2021, https://burlingameca.legistar1.com/burlingameca/meetings/2021/8/1762_A_City_Council_21-08-16_Meeting_Agenda.pdf

Monthly Sewer Rates per 1,000 Gallons of Water Usage (Proposed for FY 23-24)

Facility type	Rate
Residential (Jan-April)	\$14.91
Multi-unit	\$14.65
Light Commercial	\$15.35
Moderate/Heavy Commercial	\$25.63
Food Related	\$35.69
Institutional/Schools/Churches	\$8.62
Minimum Bi-Monthly Charge	\$29.82
Monthly Equivalent	\$14.91

The City’s 5-year Capital Improvement Program includes improvements to the sanitary sewer system, including improvements to the aging collection system and Wastewater Treatment Plant. Currently, the CIP budget is \$197 million for improvements to the sanitary sewer system.¹⁷

Storm Drain

The City operates and maintains approximately 50 miles of storm drainage system including seven creeks/watershed areas with open and closed channel systems with over 2,000 catch basins. In May 2009, Burlingame residents approved an annual storm drain fee to fund a storm drain capital improvement program to replace and upgrade the City’s aging storm drainage facilities and ensure long-lasting flood protection. Currently, the projected CIP budget for storm drain improvements is approximately \$46M. The storm drainage fee was calculated at 4.192 cents per square foot of each property’s impervious surface area, and voters granted City Council authority to increase the fee by the annual consumer price index (CPI) up to 2% annually. The City expects to collect \$3.3M from storm drainage fees in FY 23-24.¹⁷

Streets & Sidewalks

Except for El Camino Real, which is a state highway that is maintained by Caltrans, the City of Burlingame operates and maintains the 84 miles of streets and 116 miles of sidewalks within City limits. The streets and sidewalks are maintained by a City computer program that uses historical data, traffic volume and the existing roadway section to estimate the life of the roadway. The Metropolitan Transportation Commission (MTC) rates the qualities of city roads in the Bay Area on a scale of 1 (very poor) to 100 (new) by evaluating several factors, including pavement age, climate and precipitation, traffic loads and funding. In 2020, MTC rated Burlingame City roads at a 78, which is considered “Good”.¹⁸

The \$424M CIP budget includes annual improvements to streets, bike lanes, sidewalks, curb, gutter and ADA improvements, as well as the Railroad Grade Separation Project at Broadway.¹⁹

Fire Protection

¹⁷ City of Burlingame, *FY 2023-24 Budget*

¹⁸ Metropolitan Transportation Commission, *Pavement Condition of Bay Area Jurisdictions 2021*

¹⁹ City of Burlingame, *FY 2023-24 Budget*

Since 2004, the Central County Fire Department (CCFD) has provided fire protection and emergency medical services to the City of Burlingame and the Town of Hillsborough through a Joint Powers Agreement (JPA) between the two cities by merging their fire departments. Central County Fire also provides fire protection and emergency medical services to the City of Millbrae through a service contract that expires in 2024. CCFD staffs six fire stations, two of which are in Burlingame, in addition to an administrative office in Burlingame and training facility in Millbrae. The two fire stations can reach most areas in Burlingame within a 4-minute travel time. Fire stations are open 24 hours a day, every day, and the administrative office is open Monday-Friday.

CCFD Facilities in Burlingame

Facility	Location	Year Built
Burlingame Fire Station 34	799 California Drive	1994
Fire Station 35	2823 Hillside Drive	1980
Administrative Station 36	1399 Rollins Road	1961

CCFD is comprised of 90 full-time employees, including 45 firefighters and paramedics, 22 Captains, 4 Battalion Chiefs, 7 fire prevention staff, 6 administrative staff and 3 executive staff. CCFD responds to approximately 7,000 calls for service every year with its 6 engines and 1 ladder truck. Legal counsel, human resources, and accounting services are contracted out to further streamline costs.²⁰ In addition, CCFD holds several agreements with various agencies for shared services, including search and rescue training, advanced life support services, dispatch, mechanic shop services and tactical emergency services.

The total service area is 15.51 square miles with a population of approximately 66,000. The value of property protected is over \$16B.

Governance

The Department is governed by a four-person Board of Directors comprised of two councilmembers from Burlingame and Hillsborough who determine the level of fire, emergency medical and disaster preparedness services to be provided by the Department. All major decisions by the Board require ratification by the respective Council. The Board appoints the City Managers of each city to serve as Chief Administrative Officer for alternating two-year terms. The Chief Administrative Officer appoints the Fire Chief who shall conduct the day-to-day operations of the Department. Currently the City Manager of Burlingame holds the Chief Administrative Officer position.

The Board typically meets quarterly on the second Wednesday of the month at 4pm. The Board met virtually during the COVID-19 public health state of emergency and has resumed in-person meetings alternating locations in the Burlingame Council Chambers and Hillsborough Town Council Chambers, while also making virtual attendance an option for members of the public and interested parties.

²⁰ Central County Fire Department, *FY 2023-24 Adopted Budget*

Budget

The Central County Fire Department JPA requires that the Department adopt a budget approved by member agencies for maintenance and operations costs and costs of special services prior to June 30th of each year.

CCFD operates under budget policies that guide the development and administration of their annual budget. Operating revenues must fully cover operating expenditures, including debt services. However, total expenditures can exceed revenues in a given year to fund CIP projects and other one-time expenditures if there are sufficient reserves to cover such expenditures. The Board of Directors may amend or supplement the budget after its adoption by a majority vote of the Board. Annual budgets are presented to and adopted by the Board for each fund, except for the Capital Projects Fund, which establishes budgetary control on a project-by-project basis.

The City of Millbrae is responsible for 30% of the operational budget and the remaining 70% is split in a 60/40 cost allocation formula between the City of Burlingame (60%) and the Town of Hillsborough (40%). Nearly 96% of the Department’s General Fund revenue comes from the three cities, and the remaining revenue comes from permits and licenses, program revenue, workers’ compensation premiums and other sources. Ninety percent of General Fund expenditures are for salaries and benefits.

CCFD adopted the FY 23-24 budget of \$34,499,746, a 5.6% increase from the revised adopted FY 21-22 budget. The key changes included the addition of 2 full-time employees (up from 88 employees in the prior fiscal year), higher cost-of-living adjustments due to none given in FY 22-23, allocation of \$1.3M to reserves for upcoming equipment expenditures and increases to CalPERS contributions and health insurance premiums. The Department’s FY 23-24 fund balance is projected to be \$771,885.²¹

Burlingame’s budget for CCFD services in FY 23-24 was \$14.4M, a 6.2% increase from the prior year, and includes an additional \$330,000 for retained workers’ compensation program costs and emergency preparedness activities.²²

Performance

On average, CCFD responds to over 7,000 calls for service annually, arrives on a structure fire scene within six minutes of dispatch over 80% of the time, and responds to priority 1 (emergency) calls in under five minutes and thirty seconds.

²¹ Central County Fire Department, *FY 2023-24 Adopted Budget*

²² City of Burlingame, *FY 2023-24 Budget*

CCFD Systemwide performance

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Est. FY 22-23*
Total calls for service	7,493	7,410	7,004	8,328	4,774
Medical responses	4,548	4,486	4,314	5,141	3,014
Fire suppression responses	144	116	156	153	96
Hazardous conditions responses	214	225	169	238	114
Training hours completed	7,168	18,122	20,491	12,294	4,017
% of time fire engine arrives on structure fire scene within 6 min of dispatch	100%	83%	86%	73%	76%
Avg. response time for all calls	6:59	5:17	5:43	5:32	5:29
Avg. response time for priority 1 calls (emergency)	6:59	5:02	5:30	5:18	5:21
Average response time for priority 3 calls (non-emergency)	6:59	6:21	6:37	6:38	6:08

* FY 22-23 YTD data collected as of March 9, 2023

In March 2023, CCFD published a Community Risk Assessment/Standards of Cover & Deployment Analysis that examined the department’s response performance, operations, facilities and apparatus, organizational structure, governance and mutual cooperation.²³ The Assessment made several recommendations to CCFD including:

- Developing capital facilities and apparatus replacement plans for fire stations, vehicles and apparatus that are in poor condition
- Constructing or relocating Administrative Facility to a more suitable location and replacing and relocating Station 36 (currently vacant and at the same location as the Administrative Headquarters) to a new location with new fire staff to address future growth
- Developing and analyzing performance metrics
- Increasing staffing to meet National Fire Protection Association standards
- Conducting a management staff analysis to understand if more operational management staff is needed
- Conducting studies to assess feasibility of developing cooperative services with neighboring agencies and turning the department into a fire district

Police

The Burlingame Police Department, located at 1111 Trousdale Drive, is a full-service department offering investigative, preventative, and community policing programs designed to

²³ Central County Fire Department, Community Risk Assessment/Standards of Cover & Deployment Analysis, March 2023, <https://ccfd.org/wp-content/uploads/2023/07/Central-County-FD-CRA-SOC-Study-FINAL-2023-0327-optimized.pdf>

protect and serve Burlingame’s residents and visitors. The Department is comprised of three divisions. The Operations Division includes uniformed patrol and the Traffic & Parking Bureau. The Investigation Division includes Inspectors, the School Resource Officer and the Community Response Team. The Support Services/Administrative Division includes the Records Bureau, the Communications Bureau (Dispatch), and Training.

The force currently consists of 40 full-time sworn police officers (1 Chief, 1 Captain, 2 Lieutenants, 6 Sergeants, and 30 Officers), 19 full-time non-sworn professional staff, and approximately 10 part-time non-sworn professional staff.

The police budget for police services, including communications and parking enforcement, in FY 23-24 was \$21,149,280, an 8% increase from the FY 22-23 budget, primarily due to an increase in personnel costs and insurance costs.

Burlingame Police Department Statistics

	2018	2019	2020	2021	2022
Calls for service	41,172	41,662	45,872	43,706	43,787
Crimes reported	1,994	2,388	2,434,	2,202	2,220
Total Arrests	696	638	601	624	532
Average calls per officer	1,029	1,042	1,147	1,093	1,095
Average calls per dispatcher	5,882	5,952	6,553	6,244	6,255
Traffic stops	4,620	5,981	3,413	4,548	3,567
Vehicle accidents	324	300	200	199	252

The County Sheriff’s office provides police services to the residents of unincorporated areas in San Mateo County, including Burlingame Hills.²⁴

San Mateo County Sherriff Calls to Burlingame Hills

Year	2016	2017	2018	2019	2020	2021
Incidents	376	330	338	337	300	329

Parks and Recreation^{25, 26}

The City of Burlingame’s park system includes 19 neighborhood parks, Mills Canyon Wildlife area, Skyline Park and land owned the California State Lands Commission and leased by private businesses (Robert E Wooley State Park and Fisherman’s Park). The City also owns four recreation facilities, including the recently opened Burlingame Community Center, Village Park

²⁴ Berkson Associates, Burlingame Hills Sewer Maintenance District Operational and Governance Options, Draft Report, November 1, 2022

²⁵ City of Burlingame, <https://www.burlingame.org/parksandrec/>

²⁶ City of Burlingame, *FY 2023-24 Budget*

Preschool, and a closed golf facility with a club house that remains operational and includes a restaurant, meeting spaces and a Police Substation.²⁷

The City owns and maintains over 16,000 trees growing in Burlingame and is a proud member of Tree City USA, a program of the Arbor Day Foundation. Each year the City plants approximately 400 new trees. In addition, the City maintains a comprehensive street tree inventory, which the City is in the process of making publicly accessible.

The Parks and Recreation Department offers a wide range of recreational programs for young children, teens, adults and seniors. The Parks & Recreation Foundation helps subsidize the scholarships required for children to attend the classes and programs offered by the Department. In addition, the Department hosts several events and event series throughout the year, including Kid’s Night Out, the Royal Ball, Music in the Park and Movies in the Park, Family Campout, Burlingame Muddy Mile and a Holiday tree lighting.

In 2020, the City adopted a Parks Master Plan to guide the Department’s policies, planning and development of the City’s parks and recreational programs. The Plan includes short, medium and long-term implementation plans for projects to enhance the City’s parks that align with the Plan’s goals to support healthy people and healthy places, promote active transportation, increase stewardship and expand partnerships and diversity of revenue sources.

The Burlingame Parks and Recreation Department is staffed by 34 FTE. The Department’s FY 23-24 budget is \$13,691,926, representing a 19.4% increase from the FY 22-23 budget due in large part to increased need and cost of tree maintenance services due to recent storms, capital expenditures and increase in insurance costs.

Library²⁸

The Burlingame Public Library began lending books in 1909 when authorized by an ordinance passed by the Board of Town Trustees. Today the City has two libraries – the Burlingame Main Library, which open seven days a week, and the Easton Branch, which is open Monday-Saturday. In addition to the library collection and online and digital resources, the libraries offer classes, programs and events for kids, teens and adults. The City of Burlingame is a member of the Peninsula Library System (PLS), a JPA of 35 public and community college libraries in San Mateo County that is available to all County residents. Founded in 1971, PLS is primarily funded by member libraries, but also receives funding from the County, State and Federal government.

Most PLS libraries have meeting rooms and adjacent outdoor areas that community groups use for activities and events, as well as computers, printers and copy machines for public use. PLS allows all residents of the County to obtain library services at any library in the County.

The Burlingame Public Library is governed by a five-person Board of Trustees who are appointed to 3-year terms and meet in person on the third Tuesday of the month.. Agendas, meeting minutes and video recordings of past meetings are posted on the Burlingame Public Library website.

²⁷ Communications with the City of Burlingame, 09/08/2023

²⁸ City of Burlingame, <https://www.burlingame.org/library/>

The Library is staffed by 23 full-time employees and approximately 40 hourly employees. It has an annual budget of \$4M in FY 23-24, an 8.2% increase from the prior fiscal year. The Library has a service population of approximately 37,000 residents annually, which includes all Burlingame residents and two-thirds of Hillsborough residents. There are over 27,000 registered borrowers.

Since 1995 the Burlingame Library Foundation has raised over \$3M to support the Library, including targeted capital projects. Donations go towards funding all library programs, the expansion of the printed materials and eBook collections, access to information technology and the preservation of the historic building and library furnishings.

Contract Services

Animal Control

Twenty cities in San Mateo County, including the City of Burlingame, contract with the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society & SPCA to enforce all animal control laws, shelter homeless animals and to provide a variety of other related services.

Garbage/solid waste/recycling/composting

The South Bayside Waste Management Authority (BWMA), also known as ReThinkWaste, is a joint powers authority between the County, 10 cities, including Burlingame, and the West Bay Sanitary district that provides oversight and management of solid waste service providers. Recology has been the recycling, compost and solid waste collection contracted service provider for the JPA service area since 2011. Solid waste fees were most recently updated on April 1, 2022.

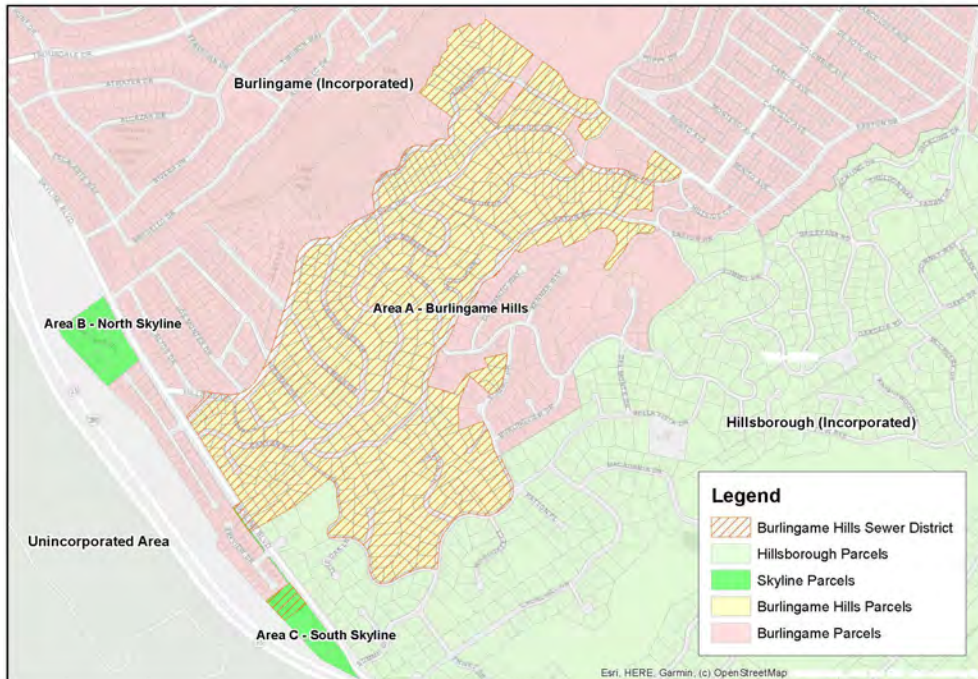
City of Burlingame Monthly Solid Waste Rates (Effective April 1, 2022)

Residential		Commercial	
20 Gallon Cart	\$16.13	32 Gallon Cart	\$29.83
32 Gallon Cart	\$29.83	64 Gallon Cart	\$59.66
64 Gallon Cart	\$59.66	96 Gallon Cart	\$88.54
96 Gallon Cart	\$88.54	1 Yard Bin	\$188.23
		2 Yard Bin	\$376.49
		3 Yard Bin	\$564.67

Burlingame Hills and Unincorporated Areas

Burlingame Hills was subdivided in the 1910s and 1920s and developed in the subsequent decades; approximately half the lots were developed by 1946, and the area was nearly fully developed by 1956. The possibility of annexation of Burlingame Hills to the City has been discussed multiple times over the years, partly responding to concerns that piecemeal annexations adversely affected the efficiency of public services and typically resulting in subdivided lots and increased density. The most recent inquiry by Burlingame Hills residents took place between 1991 and 1993.

There are three unincorporated areas within the Sphere of Influence of the City of Burlingame, Burlingame Hills (shown as Area A on the following map), North Skyline (Area B), and South Skyline (Area C).



Unincorporated Burlingame Hills & Burlingame Hills Sewer District



Water

The City of Burlingame provides the majority of water service in the Burlingame Hills area and surrounding unincorporated areas along Skyline Boulevard. The Town of Hillsborough also services a portion of these two unincorporated areas.

Sanitary Sewer

Wastewater collection services in Burlingame Hills are provided by the County governed and operated Burlingame Hills Sewer Maintenance District (BHSMD) to approximately 440 households.²⁹ BHSMD sewer pipes connect to the City of Burlingame’s collection system and flow to the City’s treatment plant. BHSMD also provides sanitary sewer services to two small, adjacent unincorporated areas in San Mateo County.

In past years portions of the Burlingame Hills Sewer Maintenance District’s (BHSMD) aging sewer system have failed due to multiple factors including grease, other non-flushable items, and tree roots, and these issues contributed to sanitary sewer overflows (SSOs). While the County has worked diligently to make needed repairs and replace the aging pipes, the District faces significant improvement costs that must be borne by a relatively small customer base. Although

²⁹ Berkson Associates, Burlingame Hills Sewer Maintenance District Operational and Governance Options, Draft Report, November 1, 2022

the County has endeavored to complete needed repairs and replacements, the District faces significant capital improvement costs estimated at over \$10M that will be borne by a small customer base. Property tax, excess ERAF and other revenue account for only 17% of the District's budget in FY 21-22, and the remainder comes from sewer rates paid by Burlingame Hills residents. Total revenue for FY 21-22 was a little over \$950,000. Since the other revenue streams are fairly stable and not likely to increase, the Study forecasts that sewer rates will need to be increased nearly 50% from \$1,982 in FY 23-24 to \$2,900 over the next 10 years to pay for the capital improvements. Whereas City sewer rates include both a fixed monthly rate and a variable monthly charge depending on water usage, residents of Burlingame Hills pay a flat sewer rate regardless of water consumption. The County increased BHSMD water rates in 2021, and the FY 23-24 annual rate is \$1,982, or \$165.16 per month.

In 2019, the County initiated a study entitled the Burlingame Hills Sewer Maintenance District Operation and Governance Options report to explore the provision of City sewer services to unincorporated Burlingame Hills and reviewed operational and governance options to improve services and facilities while keeping costs to customers relatively low. The Study examined two governance options, in addition to the option to maintain the status quo with phased capital improvements occurring over a 10-year period. The first option is for BHSMD to remain intact until completion of the capital improvements, followed by annexation to the City and the dissolution or merger of BHSMD with the City. The second option is for the City of Burlingame to annex Burlingame Hills and dissolve the district immediately with County participation in funding for capital funding improvements. The study proposed the benefits of annexation, including sewer system integration and potential rate stabilization, access to Central County Fire services, coordinated land use planning with the City, and City representation. As of the writing of this MSR, the final version of the Burlingame Hills Sewer Study has not been finalized and there have been no changes to the governance or services of BHSMD.

Storm Drains

The County Department of Public Works provides stormwater maintenance in Burlingame Hills.

Streets & Sidewalks

The County Department of Public Works is responsible for the maintenance of approximately 6.3 miles of centerline road miles in Burlingame Hills. Average PCI is 76 (Very good). There were no road improvements planned for FY 22-23. There are no sidewalks in Burlingame Hills.³⁰

³⁰ Berkson Associates, Burlingame Hills Sewer Maintenance District Operational and Governance Options, Draft Report, November 1, 2022

COUNTY-MAINTAINED ROADS IN BURLINGAME HILLS



Fire Protection

Fire service in Burlingame Hills is provided by CalFire via a contract with the San Mateo County Fire Department.³¹ CalFire Station #17 (San Mateo Highlands) is located approximately 8.7 miles from Burlingame Hills. The station is staffed with an engine, truck, and a battalion chief. In accordance with an auto-aid agreement, CCFD is the fire agency expected to respond to the Burlingame Hills area up to and including the sixth responding station because of the proximity of its stations to the Burlingame Hills area. CCFD responds to nearly all of the fire incidents in Burlingame Hills. According to the City of Burlingame, the cost for responding to fire calls for service in Burlingame Hills is absorbed by each agency in the CCFD JPA, of which the County is not a member.

³¹ Berkson Associates, Burlingame Hills Sewer Maintenance District Operational and Governance Options, Draft Report, November 1, 2022

Fire Incidents & Resources Dispatched to Burlingame Hills

Year	Incidents	CCFD	San Mateo Fire	CalFire	San Bruno Fire
2016	89	88	1	0	0
2017	82	93	0	4	3
2018	70	76	0	0	0
2019	75	85	0	3	0
2020	93	120	0	0	0
2021	83	103	1	1	1
<u>Total</u>	<u>492</u>	<u>565</u>	<u>2</u>	<u>8</u>	<u>4</u>

The County adopted budget for fire protection services for FY 22-23 was \$21,890,261 and is funded through a combination of property taxes, intergovernmental revenue, and other charges and revenue. This includes property tax collected from properties in the unincorporated Burlingame Hills area.

Percent of fire and emergency medical calls responded to within 7 minutes was 90% in FY 20-21.³² The current Insurance Services Office (ISO) rating for CCFD for Burlingame is 2. ISO ratings reflect how well equipped a fire department is to respond to fires in the community, with the highest score being a 1 and the lowest is a 10.

Police

The San Mateo County Sheriff’s Department has primary responsibility for serving unincorporated areas including Burlingame Hills. The California Highway Patrol is responsible for traffic enforcement in unincorporated areas.

Street Lighting

Burlingame Hills has no streetlights and is not within any of the County’s eleven lighting maintenance districts.

Solid Waste

Solid waste services are provided by the South Bayside Waste Management Authority (SBWMA), also known as RethinkWaste, a joint powers authority of twelve public agencies in San Mateo County. RethinkWaste owns and manages the Shoreway Environmental Center which receives all of the recyclables, organics, and garbage collected in its service area. RethinkWaste also provides strategic oversight, support and management of service providers that collect, process, recycle and dispose of materials for the 12 Member Agencies.

- a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?

Staff has not identified any deficiencies in Burlingame’s capacity to meet the service needs of existing development within its territory.

³² County of San Mateo, County Fire Performance, <https://performance.smcgov.org/reports/Fire>

- b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?

The City of Burlingame is planning for significant growth over the next decade and has demonstrated its capacity to plan for and meet the demands of reasonably foreseeable future growth within City limits. Should the City of Burlingame decide to provide sewer maintenance services to Burlingame Hills in the future, the County has begun examining operational and governance options, as well as the impact to the City’s existing system and operations.

The Community Risk Assessment for CCFD recommended significant investments in staffing, vehicle and equipment replacements and facility upgrades to ensure its ability to serve residents in its jurisdiction.

- c) Are there any concerns regarding the public services provided by the agency being considered adequate?

Staff does not have any concerns regarding the adequacy of the public services being delivered by the City of Burlingame.

- d) Are there any significant infrastructure needs or deficiencies to be addressed?

The City of Burlingame continues to implement capital improvements to the City’s storm drain system to increase capacity to prevent flooding during storms and is planning for improvements at the wastewater treatment plant to account for future sea level rise.

- e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?

The City is not aware of changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades.

- f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?

Not applicable. Please see response to 2a-c.

Capacity and Adequacy of Public Facilities and Services MSR Determination

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities.

Fire protection services are provided by the Central County Fire Department, a Joint Powers Agreement (JPA) between the City of Burlingame and Town of Hillsborough. In March 2023, CCFD published a Community Risk Assessment/Standards of Care & Deployment Analysis that made several recommendations, including the development of a capital improvement plan for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

As identified in the draft Burlingame Hills Sewer Maintenance District Operation and Governance Options report, the annexation of the Burlingame Hills area to the City is an option that could be explored by both the City and the County. Burlingame Hills is an unincorporated island, surrounded by the City of Burlingame and Town of Hillsborough and is largely developed. Similar to other unincorporated islands in the County, Burlingame Hills is governed and served by the County, inherently create public service inefficiencies. LAFCo support efforts to annex unincorporated islands to their neighboring cities as identified in their SOIs.

The annexation could benefit existing Burlingame Hills residents by allowing for potential economies of scales regarding sewer service and help minimize sewer rate increases. Annexation of Burlingame Hills (and two other unincorporated areas) could produce a fiscal “break-even” for the City’s budget. Depending on property tax share negotiations required for an annexation, which is a discretionary process between the City and the County, the tax sharing could create fiscal benefits to the City in excess of costs as well.

Recommendations:

1. In alignment with the Draft Burlingame Hills Sewer Maintenance District Operation and Governance Options Study, the City should continue to explore potential opportunities for shared services or governance changes related to the Burlingame Hills Sewer Maintenance District. This could include the operation of the District by the City or the eventual annexation of unincorporated Burlingame Hills into the City of Burlingame.
2. The City should partner with the Town of Hillsborough to review the recommendations in the CCFD Community Risk Assessment to prepare a capital improvement plan and CIP budget for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

4) Financial Ability

Financial ability of agencies to provide service	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			X
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?			X
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?			X

e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?			X
f) Is the organization’s debt at an unmanageable level?			X

Discussion:

a) Budgeting practices:

The City of Burlingame’s budgeting process includes a mid-year budget review with revenue projections and a five-year forecast which is produced each March. Any budget amendments that increase expenditures require majority approval by the City Council. The City Council also holds an annual goal setting session for the upcoming fiscal year that prioritizes programs and services for funding and determines future medium and long-term goals for the City. These, in addition to any outcomes from the mid-year budget review session, inform the budget planning process for the upcoming fiscal year so that expenditures reflect the community’s priorities and that there is revenue available to fund those programs and services. The City Council adopts an annual budget after a public hearing at a regularly scheduled Council meeting. The study sessions and City Council meetings are open to the public, and the City encourages participation and input.

The City produces a Comprehensive Annual Financial Report (CAFR)/Annual Comprehensive Financial Report (ACFR). The most recent audit report for the period ending on June 30, 2022 did not reveal any instances of noncompliance or any deficiencies in internal control that are considered to be material weaknesses.

The COVID-19 pandemic has greatly impacted the City’s revenue sources over the past 3 fiscal cycles. Although revenues are slowly recovering, they have not yet reached pre-pandemic levels. Furthermore, rising personnel costs and unfunded capital projects present a challenge in developing balanced budgets in the long term.

The California State Auditor maintains a Fiscal Health of California Cities dashboard³³ to identify local government agencies that are at risk for potential waste, fraud, abuse, or mismanagement, or have major economic challenges. The City of Burlingame received a score of 59.2 out of 100 points (higher is better), classified as moderate risk, in FY 20-21. Debt burden, revenue trends, future pension costs and OPEB funding were identified as the City’s most significant fiscal challenges.

³³ California State Auditor, Fiscal Health of California Cities Dashboard, City of Burlingame FY 2020-21, https://www.auditor.ca.gov/local_high_risk/dashboard-csa.html

California State Auditor fiscal Health Risk Indicator for FY 20-21

Risk Factor	Risk	Risk Factor	Risk
General Fund Reserves	Moderate	Pension Funding	Low
Debt Burden	High	Pension Costs	Moderate
Liquidity	Low	Future Pension Costs	High
Revenue Trends	High	OPEB Obligations	Low
Pension Obligations	Moderate	OPEB Funding	High

Indeed, Burlingame’s revenue was significantly impacted by the COVID-19 pandemic with the reduction of revenue from the City’s transient occupancy tax (TOT). Although general fund revenues are slowly recovering, the City’s TOT is expected to be at 61% of the pre-pandemic level.³⁴ However, the City’s total net position as of June 30, 2022 increased \$49.1M to \$364.4M.

City of Burlingame General Fund Budget FY 20-FY24

	FY 18-19 Actuals	FY 19-20 Actuals	FY 20-21 Actuals	FY 21-22 Actuals	FY 22-23 Budget	FY 23-24 Adopted Budget
Revenues						
Property Tax	\$21,955,937	\$23,304,404	\$24,223,779	\$27,722,881	\$29,452,500	\$31,644,580
Sales and Use Tax	\$17,819,970	\$14,803,366	\$15,665,703	\$17,577,474	\$17,468,000	\$17,458,222
Transient Occupancy Tax	\$29,384,461	\$20,416,543	\$5,738,558	\$12,378,959	\$15,725,000	\$17,919,000
Other Taxes	\$3,233,401	\$3,133,927	\$2,957,503	\$3,511,113	\$3,043,500	\$3,811,000
Other Revenue	\$12,143,573	\$10,499,619	\$13,536,494	\$8,804,112	\$9,803,225	\$9,676,900
Total Revenue	\$84,537,342	\$72,157,859	\$62,122,037	\$69,994,539	\$75,492,225	\$80,509,702
Expenditures						
Total Expenditures	\$55,763,099	\$58,205,465	\$58,443,624	\$62,719,502	\$71,178,930	\$74,518,635
<i>Surplus (deficit)</i>	\$28,774,243	\$13,952,394	\$3,678,413	\$7,275,037	\$4,313,295	\$5,991,067

The City’s adopted budget for the fiscal year 2023-24 is \$149.2M, of which 50% is allocated to General Fund Expenditures, 21% to Capital Improvements, 20% to water and sewer and 9% to other expenditures.

Excess Educational Revenue Augmentation Fund (ERAF) revenue, which represents less than 10% of the City’s revenue, is considered by the County Controller’s office to be an insecure source of revenue and cautions agencies from relying on it to fund critical services. The City disagrees with this assessment and does not view the loss of excess ERAF as an immediate threat to the City’s finances. However, the City will continue to monitor discussions related to excess ERAF³⁵.

³⁴ City of Burlingame, *FY 2023-24 Budget*

³⁵ *Communications with the City of Burlingame, 09/21/2023*

Pensions & Pension liability

Over the course of FY 21-22, the City of Burlingame was able to significantly reduce its net pension liability by \$28.4M to \$47.9M by end of June 30, 2022. To address growing pension liabilities, the City implemented a plan in FY 17-18 to annually set aside additional funding in a pension trust fund. The \$6,403,876 towards unfunded pension liability in FY 22-23.³⁶ The normal cost portion of the pension payment is estimated to be \$3 million for FY 23-24.

Other Post-Employment Benefits (OPEB)

The City's net OPEB liability decreased \$9M to \$14.2M during FY 21-22. The City established an OPEB Internal Service Fund for accumulated retiree medical benefits. The City makes periodic contributions to the California Employers' Retiree Benefits Trust Fund (CERBT) based on a percentage of payroll. Once pay-as-you-go demands exceed the internal charges to departments (estimated in FY 25-26), the trust fund will be drawn upon to cover the excess premium payments. The balance in the trust is anticipated to be approximately \$28.1 million as of June 30, 2023; the liability is anticipated to be fully funded in 2037.³⁷

b) Reserves:

The City adopted a General Fund reserve policy in FY 14-15 to shield against future economic downturns and disasters. The policy establishes a target amount to be held in reserve, including 24% of budgeted revenues to protect against drops in General Fund revenue, \$2M to respond to natural disasters and catastrophes, and \$500,000 for contingencies. The projected fund balance for the General Fund at the end of FY 23-24 is \$41M, representing over 55% of the City's annual general fund operating expenditures. However, per City staff, FY 23-24 will mark the third year that there has been a need to draw down on the economic stability reserves due to the economic downturn since the COVID-19 pandemic. The Catastrophic and Contingency reserves have been able to maintain the established targets of \$2M and \$500,000, respectively.³⁸

c) Rate and fee schedules:

The City evaluates its Master Fee Schedule annually and conducts comprehensive rate studies every three to five years. Water and sewer rates were last studied in 2021 and resulted in the implementation of capacity charges for new connections to the water and sanitary sewer systems to recover costs associated with infrastructure improvements that benefit new or expanded development. The City is planning a comprehensive rate study for FY 23-24.

d) Is the agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?

Although revenue is slowly recovering and the City has been able to draw on its reserves and municipal service fees and charges to fund infrastructure maintenance, replacement and

³⁶ Communications with the City of Burlingame, 07/18/2023

³⁷ Communications with the City of Burlingame, 07/18/2023

³⁸City of Burlingame, FY 2023-24 Adopted Budget

expansion projects, the City views increasing personnel costs and unfunded capital projects as a challenge to maintain balanced budgets in the long-term.

- e) Is the agency lacking financial policies that ensure its continued financial accountability and stability?

The City of Burlingame has adopted several policies to ensure its continued financial accountability and stability, including policies regarding capital investments, cost recovery, debt, the general fund reserve, interfund loans, investments and purchasing.

- f) Is the agency’s debt at an unmanageable level?

The City has an AAA credit rating for its outstanding pension obligation bonds, and an AA+ on the City’s outstanding lease revenue bonds and water and wastewater revenue refunding bonds. The rating on the City’s storm drainage revenue bonds is AA.

As of June 30, 2022, the City had 12 outstanding bonds or loans, including a taxable bond issue for pension obligations, two loans from the State of California Water Resources Control Board for improvements to the Burlingame Wastewater Treatment Plant, and a storm drain revenue bond issued under the Internal Revenue Service’s Build America Bond program.

The City’s general obligation debt limit was \$516 million, which represents 3.75% of total assessed valuation based on assessments at 100% of full market value as of June 30, 2022. With only the 2006 Pension Obligation Bonds (\$6.8 million outstanding) considered to be general obligation debt, the City’s legal debt margin was \$509 million.³⁹ The debt service for outstanding bonds or loans is budgeted on an annual basis. The majority of this debt is due in the late 2030s and early 2040s. Debt service in FY 23-24 was budgeted at \$2.8 million for general fund debt and approximately \$7 million for water, sewer, stormwater, and parking service, for a total of \$9.8 million in debt services.

Financial Ability MSR Determination

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of Burlingame has a score of 59.2 out of 100 points (higher is better) and on a rating scale of “low”, “moderate”, and “high” risk, the City of Burlingame is classified as “moderate” as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

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

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

³⁹ City of Burlingame, *CAFR FY 2021-22*

5) Shared Service and Facilities

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

a) Is the agency currently sharing services or facilities with other organizations?

Public Works: For over a decade, the City of Burlingame shared fleet services with the Town of Hillsborough, but the Town now receives fleet maintenance service from another provider.

CCFD: In addition to the CCFP JPA with the Town of Hillsborough for fire protection and emergency services and a contract with the City of Millbrae, CCFD holds several agreements to share services with other organizations:

- Agreement with the City of San Bruno for Joint Training Program
- Agreement with the San Mateo County Pre-Hospital Emergency Medical Service Group to be a designated Paramedic First Response Service Provider. This includes Fire 911 Dispatch
- Agreement with the College of San Mateo to provide maintenance and repair services for fire apparatus and fleet vehicles
- Agreement with the Colma Fire District to provide maintenance and repair services for apparatus and fleet vehicles
- Agreement with the South San Francisco Fire Department to provide maintenance and repair services for fire apparatus and fleet vehicles

Parks and Recreation: The City has joint user agreements with the Burlingame School District (BSD) for after-school enrichment and sports, crossing guards, use of two synthetic turf fields and cost sharing for future returfing and with the San Mateo Union High School District (SMUHSD) for use of the Burlingame High School pools.

Police Department: In 2013, the Burlingame Police Department partnered with the San Bruno Police Department (SBPD) to establish a Virtual Dispatch Center to reduce redundancy for the

communications centers in both agencies. The configuration of a shared Computer Aided Dispatch (CAD), phone system, and police radio gives BPD and SBPD the ability to continue operations during an emergency, with no interruption in service. This allows the cities to dispatch for the other city from their own respective dispatch center.

Shared Services MSR Determination

The City of Burlingame partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the Central County Fire District. Central County Fire District is also the first responder for emergency fire and medical calls in the unincorporated neighborhood of Burlingame Hills. LAFCo is not aware of any other opportunities that are not being utilized.

6) Accountability, Structure, and Efficiencies

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

Discussion:

Burlingame is a General Law City that operates under the City Council-Manager governance structure. Under this structure, power is concentrated in the elected City Council, which is

responsible for hiring the City Manager to implement its policies. The City Council is responsible for setting policy and is ultimately accountable to the citizens for the management of City services. The City Manager is directly responsible for the management of City departments and has the responsibility for preparing the budget, directing day-to-day operations, hiring and firing personnel, and serving as the Council's chief policy advisor.

Burlingame's City Council consists of 5 councilmembers who, until recently, were elected at large. On January 18, 2022, the City Council adopted an ordinance to transition to by-district elections. Councilmembers were elected to Districts 1, 3 and 5 in the November 2022 election, and Districts 2 and 4 will be on the ballot during the November 2024 election.

- a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?

The Burlingame City Council meets every first and third Monday of the month at 7pm. The City posts the schedule for regularly scheduled City Council meetings and study sessions on their website. The calendar clearly lists the dates of each regularly scheduled Council meeting in the current calendar year, noting when there are cancelled meetings or meetings scheduled on a Tuesday instead of a Monday when it falls on a holiday.

The City Council met virtually during the COVID-19 public health state of emergency and has resumed in-person meetings in the Burlingame Council Chambers while also making virtual attendance an option for members of the public and interested parties. Instructions for how to access regular meetings by phone or via Zoom on a computer are posted on the Council meeting page along with the agenda for the upcoming City Council meeting. The meeting page also includes instructions on how to provide public comment to the Council.

Agendas are posted online and contain links to meeting minutes from the prior meeting, staff reports and, if applicable, attachments. Prior meeting information can be found online through 2008 and includes the agenda, meeting minutes, and a video recording of the meeting, when available.

LAFCo staff is not aware of any failures to comply with disclosure laws of the Brown Act within the last five years.

- b) Are there issues with staff turnover or operational efficiencies?

Since FY 18-19 the City of Burlingame has either maintained staffing levels or increased staffing compared to the prior year. LAFCo staff does not have any concerns about staff turnover or operational deficiencies in the City.

- c) Is there a lack of regular audits, adopted budgets, and public access to these documents?

City Council holds a mid-year budget study session for the current fiscal year in March and a study session to discuss the proposed budget for the upcoming fiscal year in May. Both study sessions are documented in the Meeting Calendar for the current fiscal year, and a public hearing for the proposed budget for the upcoming fiscal year is held at a regular City Council meeting prior to adoption.

The City of Burlingame prepares Comprehensive Annual Financial Reports (CAFR)/Annual Comprehensive Financial Reports (ACFR) that are audited by an independent accounting firm annually. The City has received the Government Finance Officers Association Awards for Excellence in Comprehensive Annual Financial Reporting for 12 consecutive years. Audits for FYs 2009-22 are available on the City’s website, with the most recent one completed for FY 21-22. These reports are reviewed by the City Council.

Adopted budgets, CAFRs/ACFRs, Continuing Disclosure Annual Reports, Mid-Year Financial Summaries, Five Year Budget Forecasts and the City’s Master Fee Schedules are available for public review on the City’s website.

Per the City’s FY 21-22 ACRF: Budget amendments that increase a fund’s appropriations require majority approval by the City Council. Certain budgetary re-allocations within departments require approval by the Finance Director and department heads. Budget amendments between departments are approved by the Finance Director and City Manager. A mid-year budget status report and a long-term financial forecast for the next five years are presented to the City Council as part of an ongoing assessment and evaluation of budgetary performance, with special attention to the General Fund and certain other major funds.

d-f) Changes in governance structure:

LAFCo staff is in support of ongoing conversations between the City of Burlingame and the County regarding governance and service options for the County governed Burlingame Hills Sanitary Maintenance District, which currently delivers sanitary sewer services to unincorporated Burlingame Hills. The County initiated a study in 2019 to examine governance options with the goal of improving services and facilities while keeping costs to customers in Burlingame Hills relatively low. As of this MSR, the final version of the Burlingame Hills Sewer Maintenance District Operation and Governance Options report has not yet been published. [See response to Capacity and Adequacy of Public Services regarding the annexation of the Burlingame Hills Area.](#)

Accountability, Structure, and Efficiencies MSR Determination

There are no recommended changes to the organization’s governmental structure or operations that will increase accountability and efficiency. In 2022, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment policy, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

7) Other

Any other matter related to effective or efficient service delivery, as required by commission policy.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any other service delivery issues that can be			X

resolved by the MSR/SOI process?			
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?	X		
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a) Other service delivery issues that can be resolved by the MSR/SOI process.

LAFCo staff has not identified other service delivery issues that could be resolved through the MSR/SOI process.

b) Water Resiliency and Climate Change

The Community Development Department has established the “Bayfront Commercial” zoning district with requirements to mitigate sea level rise. **The City is also a participant in One Shoreline, formally known as the San Mateo County Flood and Sea Level Rise Resiliency District On October 10, One Shoreline released a statement regarding a proposed a multi-jurisdictional project to protect built and natural areas along the San Francisco Bay Shoreline south of San Francisco International Airport near and within the cities of Millbrae and Burlingame from coastal flooding and sea level rise⁴⁰.**

In the City’s 2020 Urban Water Management Plan, Burlingame identified several activities and demand management measures related to future droughts and the maintenance of water usage goals and such as enforcement of prohibited water use restrictions, public education and outreach, metering, and conservation pricing. In addition, the City also administers rebate programs for the purchase of high efficiency toilets and washing machines and offers discounted pricing for a smart irrigation controller and a water saving fixture giveaway, among other incentivizing programs.

⁴⁰ <https://oneshoreline.org/projects/millbrae-burlingame/>

c) Natural Hazards and Mitigation Planning

The City has removed vegetation in Mills Canyon to reduce the threat of wildfires there. The City has also been working to remove or reduce trees that became destabilized in the recent storms. The City continues to implement capital improvement projects to upgrade the City’s storm drain systems to increase capacity to prevent flooding during storms. The City is planning new improvements at the wastewater treatment plant to account for future sea level rise.

In addition, the City participates in the multi-jurisdictional Hazard Mitigation Plan for San Mateo County.

Other Issues MSR Determination

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

Recommendation:

1. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and to continue to coordinate with partner agencies **on ongoing and future projects, such as the One Shoreline Millbrae and Burlingame Shoreline Area Protection and Enhancement Project.**

Section 5. Sphere of Influence Review and Update

Determinations

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

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

Burlingame’s sphere of influence spans approximately 5.8 square miles, of which 4.4 miles consist of developable land and the remaining 1.4 include Mills Canyon Preserve and the San Francisco Bay. The City is bordered by Millbrae to the north; San Francisco Bay to the east; San Mateo, Hillsborough, and unincorporated Burlingame Hills to the south; and a portion of Burlingame Hills and another unincorporated area to the west. The City’s land use is primarily residential with two major commercial areas and an auto row. There is no agricultural land within Burlingame’s SOI.

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

The City’s facilities and services meet the current need of the area, and the City anticipates that it will be able to adequately provide facilities and services for the projected growth that may occur within its boundaries.

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

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

There are no social or economic communities of interest within the City of Burlingame’s SOI.

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

No change to the Sphere of Influence of the City of Burlingame is proposed at this time.

On the basis of the Municipal Service Review:

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

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



BURLINGAME SPHERE OF INFLUENCE

Appendix A. City of Burlingame Fact Sheet

City Manager: Lisa K. Goldman

Address: 501 Primrose Road, Burlingame, CA 94010

Email Address: lgoldman@burlingame.org

Phone Number: 650-558-7204

Date of Incorporation: June 6, 1908

City Councilmembers:

Councilmember	Term Expiration Date
Michael Brownrigg, Mayor	November 2026
Donna Colson, Vice Mayor	November 2024
Emily Beach	November 2024
Ricardo Ortiz	November 2026
Peter Stevenson	November 2026

Compensation: Councilmembers receive an annual salary of \$7,080.48. Appointed board and commission members do not receive compensation. Health, dental and vision benefits are offered to City Councilmembers.

Public Meetings: Every first and third Monday of the month at 7pm

Services Provided: Police protection, water, wastewater, storm drain and flood control, street maintenance, street lighting, parks and recreation, library, public transportation

Area Served: City of Burlingame

Population: 31,386

Sphere of Influence: Boundaries of Burlingame and unincorporated Burlingame Hills

FY 2023-24 Budget: \$149.24 million

Appendix B. References

- A. California State Auditor, Local Government High Risk Dashboard, [https://
www.auditor.ca.gov/local_high_risk/lhr-main-landing](https://www.auditor.ca.gov/local_high_risk/lhr-main-landing)
- B. City of Burlingame MSR response letters

Capacity and Adequacy of Public Facilities and Services

1. Burlingame's housing element plans for a 25% increase in housing units. How is the City preparing for the impact on this potential growth on municipal services?

The Housing Element reflects the direction of the Burlingame General Plan, which was adopted in 2019. The General Plan was evaluated through an Environmental Impact Report (EIR). The EIR concluded that no immediate changes to the system would be needed to meet the demands of growth, as the water and wastewater master plans already anticipated growth consistent with the General Plan. The growth projections of the General Plan were consistent with earlier projections from the Association of Bay Area Governments (ABAG), from which the water and wastewater master plans referenced. The EIR concluded that the collective, cumulative mitigating benefits of the General Plan policies included in the Infrastructure Element of the General Plan (Chapter 7) will result in a less-than-significant impact related to the identified significance criterion and the corresponding utility.

In order to meet the obligations of the Regional Housing Needs Allocation (RHNA) assigned to Burlingame for the sixth housing element cycle, the Draft 2023-2040 Housing Element projects 306 additional housing units beyond the 2,951 units projected in the 2019 General Plan. An addendum to the General Plan EIR is being prepared to evaluate additional environmental impacts, if any, from the additional 306 units. Preliminary analysis has indicated that any additional impacts would be less-than-significant, and that adequate capacity exists to accommodate the additional units. The addendum to the EIR is anticipated to be completed in August 2023.

2. Please provide the year that each existing police and fire station was constructed.

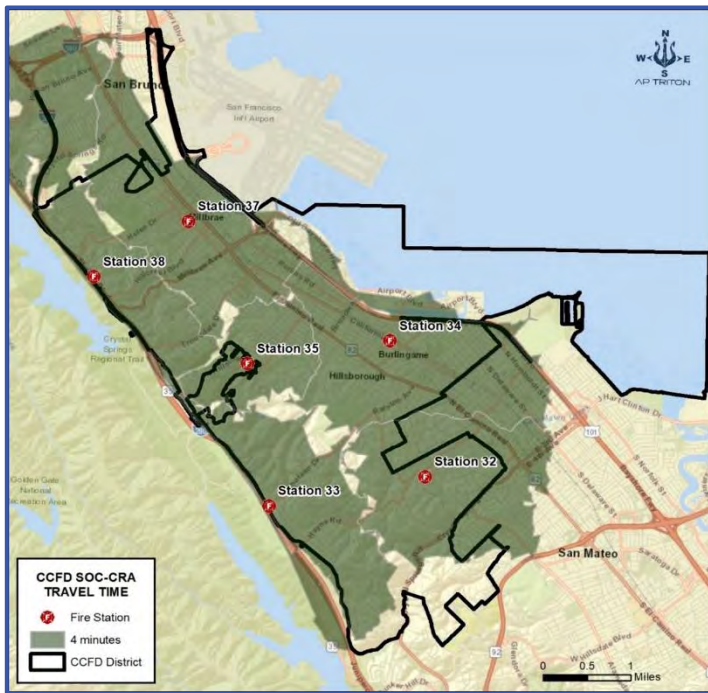
- Burlingame Fire Station 34, 799 California Drive, built 1994
- Burlingame Fire Station 35, 2823 Hillside Drive, built 1950
- Burlingame Administration Station 36, 1399 Rollins Road, built 1961
- Police Station, 1111 Trousdale Drive, built in 1983

3. Please provide beat/service maps for police and fire services.

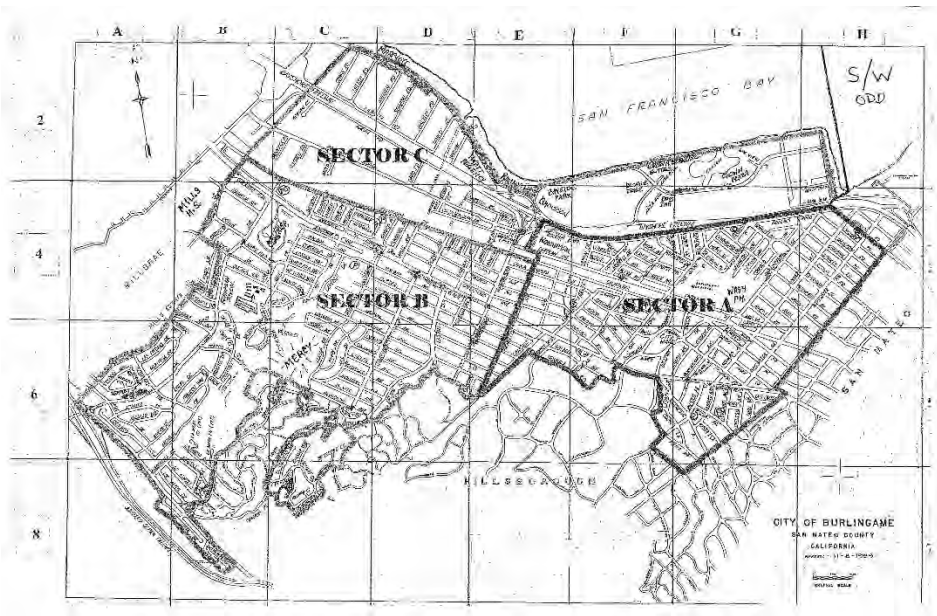
Central County Fire Department: Jurisdictional Boundary



Projected CCFD 4-Minute Travel Times from Stations



Police Department Beat Map



4. Does the City anticipate any changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?

The City does not anticipate any changes in state regulations that will require significant facility and/or infrastructure upgrades at this time.

5. Is there adequate staffing and facilities to meet demand for the park and rec programs?

Parks and Recreation staffing is lean but can accommodate the community's current needs. As additional bioretention areas and new parks are added to the scope of work for the Parks Division, additional staffing may be needed. The anticipated growth in population may strain the already heavily used park system. The City opened a new Community Center in 2022; that facility should be able to meet the community's needs for many years. The City does not have an indoor gymnasium but is able to partner with the local K-8 district to use theirs.

6. Please characterize the existing relationship with the Central County Fire Department. Does the City anticipate any changes to the structure of the JPA or to services provided to the City by the JPA in the near term?

The Central County Fire Department (CCFD) was established through a Joint Powers Agreement (JPA) between the City of Burlingame and the Town of Hillsborough, with essential support services, such as finance and human resources, provided by the two cities. This partnership and JPA structure promotes more efficient administration and effective delivery of services without the additional overhead of a completely independent JPA agency. In December 2014, the Department entered into an agreement with the City of Millbrae to provide fire protection and emergency medical services.

The Department is governed by a Board of Directors ("Board"), consisting of two Councilmembers from each city, representing the cities in determining the level of fire, emergency medical, and disaster preparedness services to be provided. All major decisions by the Board require ratification by the respective City Councils. The City Managers of Burlingame and Hillsborough alternate serving as the Chief Administrative Officer of the Department for a two-year period. This model, together with the joint budget, provides an effective tool in maximizing the delivery of fire services, controlling costs, and maintaining local control in determining service levels.

The City of Burlingame does not anticipate any changes to the structure of the JPA or to the service provided to the City of Burlingame by the JPA in the near future.

7. What is the current ISO rating for the Central County Fire Department for Burlingame?

The current ISO rating for the Central County Fire Department for Burlingame is 2.

8. Please provide the current status of discussions with the County of San Mateo regarding the unincorporated area of Burlingame Hills. Does the City anticipate any changes service delivery or government structure for Burlingame Hills in the near term?

There are no ongoing discussions regarding any changes to service delivery for the unincorporated area of Burlingame Hills. In 2019, the City responded to a San Mateo County study regarding providing services to the unincorporated area of Burlingame Hills. In April and May 2022, the County’s consultant asked the City for additional information in order to update the study. The City has not received a final version of the study, and no further action has been taken. The City does not anticipate any changes to service delivery or government structure in the near term.

9. How are costs allocated for fire calls for service that originate from unincorporated area of Burlingame Hills that are responded to by Central County Fire Department?

All San Mateo County fire agencies operate under automatic aid agreements, which cover services for Burlingame Hills. Cost are absorbed by each agency.

Financial Ability

1. Has the City experienced any challenges in raising rates or fees? How often are rates evaluated?

The Burlingame community has been very supportive of municipal services and in November 2022, Burlingame voters approved a business license tax, Measure X, with 75% voting yes. (The voters also approved a quarter-cent sales tax increase in 2017.)

The City of Burlingame evaluates its Master Fee Schedule annually, and a comprehensive study is planned for fiscal year 2023-24.

It is always challenging to raise water, sewer, and garbage rates. These rates are evaluated every three to five years.

2. Please provide copies of any adopted financial policies.

Please see the following policies, attached:

- Capital Investment Reserve Policy
- Cost Recovery Policy
- Debt Policy
- General Fund Reserve Policy
- Interfund Loan Policy
- Investment Policy
- Purchasing Policy

3. What are the City’s current payments to CalPERS? What is the employee’s portion of the CalPERS liability?

The City made a payment of \$6,403,876 for the fiscal year 2022-23 Unfunded Pension Liability amount. The normal cost portion of the pension payment is estimated to be \$3 million for the current fiscal year. Employees pay the following:

- a) Miscellaneous – Classic member – 8% + 1.5% of employer’s portion
- b) Miscellaneous – PEPRA – 7.25%
- c) Safety - Classic member – 9% +4% of employer's portion
- d) Safety – PEPRA – 13.75%

4. How has the City addressed unfunded pension liability costs now and in the near future?

In October 2017, the City first participated in the Public Agency Retirement Services’ (PARS) Public Agencies Post-Employment Benefits Trust, a § 115 Trust established for the exclusive purpose of funding pension obligations, with an initial contribution of \$3.7 million. The plan is designed to protect the City’s fiscal health in future years by setting aside funds for use when the City’s required CalPERS contribution rates rise above pre-established threshold rates. As of June 30, 2023, the anticipated balance in the account is approximately \$20.4 million.

5. How has the City addressed OPEB costs to date and what is planned for the near future?

The OPEB (Other Post-Employment Benefits) Internal Service Fund was established in fiscal year 2013-14 to account for the funding of accumulated retiree medical benefits. The City makes periodic contributions to the California Employers’ Retiree Benefits Trust Fund (CERBT), an irrevocable trust fund established specifically for this purpose, based on a percentage of payroll. Funds deposited in the CERBT account, established for Burlingame’s OPEB obligations, are invested with like funds in order to accelerate the pay-off of the City’s liability. Once pay-as-you-go demands exceed the internal charges to departments (estimated in fiscal year 2025-26), the trust fund will be drawn upon to cover the excess premium payments. The balance in the trust is anticipated to be approximately \$28.1 million as of June 30, 2023; the liability is anticipated to be fully funded in 2037.

6. What has been the staffing level over the last 5 years for the City?

<i>Fiscal Year</i>	<i>FTE #</i>
<i>FY2018-19</i>	<i>214.15</i>
<i>FY2019-20</i>	<i>214.27</i>
<i>FY2020-21</i>	<i>222.02</i>
<i>FY2021-22</i>	<i>222.02</i>
<i>FY2022-23</i>	<i>225.02</i>

7. Does the City anticipate any budget challenges in the foreseeable future?

The COVID-19 pandemic has greatly impacted the City’s revenue sources. Although revenues are slowly recovering, they have not yet reached pre-pandemic levels. Increasing personnel costs and unfunded capital projects continue to present a challenge in developing a budget that is sustainable for the long term.

Shared Services and Facilities

1. Has the City pursued other shared services or considered consolidation with other providers (i.e. 911 dispatch, training facilities, fleet maintenance, use of Burlingame School District or San Mateo Union High School District facilities)?

Public Works:

For more than a decade, the City of Burlingame provided shared fleet services to the Town of Hillsborough. Approximately two years ago, however, the Town of Hillsborough elected to obtain fleet maintenance services from other providers.

CCFD:

1. Joint Powers Agreement with Burlingame and Hillsborough
2. Agreement between Central County Fire Department and the City of Millbrae for Fire and Emergency Service.
3. Agreement for Joint Training Program between the Central County Fire Department and the City of San Bruno.
4. Agreement with the San Mateo County Pre-Hospital Emergency Medical Service Group to be a designated Paramedic First Response Service Provider. This includes Fire 911 Dispatch.
5. Agreement between the Central County Fire Department and the College of San Mateo for provisions of maintenance and repair services for fire apparatus and fleet vehicles.
6. Agreement between the Central County Fire Department and the Colma Fire District for provision of maintenance and repair services for apparatus and fleet vehicles.
7. Agreement between the Central County Fire Department and the South San Francisco Fire Department for provision of maintenance and repair services for fire apparatus and fleet vehicles. (This was set up as a back-up to the SSFFD maintenance shop)

Parks and Recreation:

The City has joint use agreements with both the Burlingame School District (BSD) and the San Mateo Union High School District (SMUHSD). The SMUHSD agreement is for joint use of the Burlingame High School pools. The Burlingame School District agreement includes after-school enrichment and sports, crossing guards, use of the two District synthetic turf fields, and cost-sharing for future returfing.

Police Department:

In 2013, the Burlingame Police Department established a Virtual Dispatch Center partnership with the San Bruno Police Department. The virtual dispatch center created redundancy for the communications centers in both agencies. The configuration of a shared Computer Aided Dispatch (CAD), phone system, and police radio gives BPD and SBPD the ability to continue operations during an emergency, with no interruption in service. In essence, either city can dispatch for the other city from their own respective dispatch center.

Accountability, Structure, and Efficiencies

1. Have there been any failures to comply with disclosure laws and the Brown Act within the last five years?

The City is not aware of any failures to comply with disclosure laws or the Brown Act within the last five years.

2. Are there any issues with staff turnover or operational efficiencies?

Similar to many of the cities on the Peninsula, the City has experienced staff turnover, particularly in the Public Works and Parks maintenance areas. The high cost of living in the area has also resulted in smaller applicant pools. Despite the turnover, the City has been able to maintain its service levels.

Other

1. What actions has the City taken regarding potential sea level rise and climate change? Has the city constructed any stormwater systems to help address runoff?

The Community Development Department has established the “Bayfront Commercial” zoning district with requirements to mitigate sea level rise. The City is working with the OneShoreline District to implement a Sea Level Rise Shoreline Protection Project to mitigate flooding. The project is currently in the planning phase, and the study area includes both Burlingame and Millbrae.

2. What actions has the City taken regarding the impacts of natural hazards in the City?

- The City has removed vegetation in Mills Canyon to reduce the threat of wildfires there. The City has also been working to remove or reduce trees that became destabilized in the recent storms.
- The City continues to implement capital improvement projects to upgrade the City’s storm drain systems to increase capacity to prevent flooding during storms.
- The City is planning new improvements at the wastewater treatment plant to account for future sea level rise.

From: [FIN-Helen Yu-Scott](#)
To: [MGR-Lisa Goldman](#); [Sofia Recalde](#)
Cc: [MGR-Jeremy Kirshner](#); [Rob Bartoli](#)
Subject: RE: LAFCo mtg & Burlingame MSR
Date: Thursday, September 21, 2023 4:27:53 PM

Hello Sofia,

The state has attempted to take away the excess ERAF from us for the last 20 years. However, I do not believe the revenue source will go away anytime soon. The City has budgeted \$3.2 million for the excess ERAF revenue in its FY2023-24 General Fund budget for general operations. The City considers the freeze or take away of the excess ERAF as a threat that will take away our ability to deliver services to our community. We will monitor it carefully and review it on an annual basis.

Thank you!

Helen Yu-Scott

Finance Director
501 Primrose Road | Burlingame, CA 94010
Tel. (650) 558-7222 | hyscott@burlingame.org
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From: MGR-Lisa Goldman <lgoldman@burlingame.org>
Sent: Thursday, September 21, 2023 12:09 PM
To: Sofia Recalde <srecalde@smcgov.org>
Cc: MGR-Jeremy Kirshner <jkirshner@burlingame.org>; Rob Bartoli <RBartoli@smcgov.org>; FIN-Helen Yu-Scott <hyscott@burlingame.org>
Subject: RE: LAFCo mtg & Burlingame MSR

Thank you Sofia. We will take one last look at the MSR to see if we recommend any changes.

I'm copying our Finance Director Helen Yu-Scott on this message. Helen, can you respond to the excess ERAF questions highlighted below?

Thanks.

Lisa

Lisa K. Goldman

City Manager
501 Primrose Road | Burlingame, CA 94010
Tel. (650) 558-7204 | lgoldman@burlingame.org
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From: Sofia Recalde <srecalde@smcgov.org>
Sent: Thursday, September 21, 2023 11:51 AM
To: MGR-Lisa Goldman <lgoldman@burlingame.org>
Cc: MGR-Jeremy Kirshner <jkirshner@burlingame.org>; Rob Bartoli <RBartoli@smcgov.org>
Subject: RE: LAFCo mtg & Burlingame MSR

Hi Lisa,

The Commission approved the circulation draft of the MSR for the City of Burlingame at yesterday's LAFCo meeting, and the final MSR will be scheduled for a special LAFCo meeting on October 25 at 2:30pm. The comment period for the circulation draft MSR is open, and you may submit any additional comments to us by Friday, October 13. In addition, LAFCo staff will be holding a virtual public workshop the first week of October, and you and City staff are welcome to attend. We will let you know as soon as the date and time have been confirmed.

During yesterday's meeting, the Commission had a question regarding the excess ERAF that the city receives. As you know, there have been recent attempts to freeze the amount of excess ERAF that agencies receive or even eliminate the funds all together. Has the City evaluated the potential reduction or loss of excess ERAF and impacts to the City's budget? How are excess ERAF funds allocated in the General Fund (ie, are the funds programed for operations, reserve funds, debt service, or other)?

Please let us know if you have any questions.

Thank you,

Sofia

From: Sofia Recalde
Sent: Thursday, September 14, 2023 3:34 PM
To: MGR-Lisa Goldman <lgoldman@burlingame.org>
Cc: MGR-Jeremy Kirshner <jkirshner@burlingame.org>; Rob Bartoli <RBartoli@smcgov.org>
Subject: RE: LAFCo mtg & Burlingame MSR

Hi Lisa,

That is ok. We will follow up with you after the meeting with any comments from the Commission and to review next steps.

Thank you,

Sofia

RESOLUTION NO. 1311

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

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

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

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

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the City of Burlingame;

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

WHEREAS, the Executive Officer set a public hearing date for October 25, 2023, for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on October 25, 2023; and

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

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

WHEREAS, the Commission is required pursuant to Government Code Section 56425 and local Commission policy to make statement of written determinations with regards to the following factors:

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

Burlingame's sphere of influence spans approximately 5.8 square miles, of which 4.4 miles consist of developable land and the remaining 1.4 include Mills Canyon Preserve and the San Francisco Bay. The City is bordered by Millbrae to the north; San Francisco Bay to the east; San Mateo, Hillsborough, and unincorporated Burlingame Hills to the south; and a portion of Burlingame Hills and another unincorporated area to the west. The City's land use is primarily residential with two major commercial areas and an auto row. There is no agricultural land within Burlingame's SOI.

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

The City's facilities and services meet the current need of the area, and the City anticipates that it will be able to adequately provide facilities and services for the projected growth that may occur within its boundaries.

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

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

There are no social or economic communities of interest within the City of Burlingame's SOI.

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

No change to the Sphere of Influence of the City of Burlingame is proposed at this time.

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

WHEREAS, the Municipal Service Review is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The Municipal Service Review collects data for the purpose of evaluating municipal services provided by an agency. There are

no land use changes or environmental impacts created by this study.

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

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

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated October 25, 2023, Final Municipal Service for the City of Burlingame, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

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

Regularly passed and adopted this __ day of _____.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioners Absent and/or Abstentions:

Commissioners:

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

ATTEST:

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 B

Municipal Service Review (MSR) Areas of Determination and Recommendations for the City of Burlingame

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

Currently, there are an estimated 13,170 housing units in the City of Burlingame. Burlingame's draft housing element proposes to add 3,257 housing units to the City's housing stock, which represents a 25% increase in housing production over the next decade. However, the City General Plan largely evaluated this potential future growth. The City has identified deficiencies in its water, wastewater and storm drainage infrastructure and has prioritized and allocated funding for capital improvement projects.

Recommendation

- None

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

Determination

The City provides water service outside of its boundaries to unincorporated Burlingame Hills and to an unincorporated area to the southwest of the City along Skyline Boulevard. The County supports the unincorporated areas with sewer service and street and sidewalk maintenance. These two unincorporated areas within the Sphere of Influence of the City of Burlingame are not considered disadvantaged unincorporated communities.

Recommendation

- None

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.

Determination

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The City is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The City routinely adopts a Capital Improvement Plan (CIP) for City owned infrastructure and facilities.

Fire protection services are provided by the Central County Fire Department, a Joint Powers Agreement (JPA) between the City of Burlingame and Town of Hillsborough. In March 2023, CCFD published a Community Risk Assessment/Standards of Care & Deployment Analysis that

made several recommendations, including the development of a capital improvement plan for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

As identified in the draft Burlingame Hills Sewer Maintenance District Operation and Governance Options report, the annexation of the Burlingame Hills area to the City is an option that could be explored by both the City and the County. Burlingame Hills is an unincorporated island, surrounded by the City of Burlingame and Town of Hillsborough and is largely developed. Similar to other unincorporated islands in the County, Burlingame Hills is governed and served by the County, inherently create public service inefficiencies. LAFCo support efforts to annex unincorporated islands to their neighboring cities as identified in their SOIs.

The annexation could benefit existing Burlingame Hills residents by allowing for potential economies of scales regarding sewer service and help minimize sewer rate increases. Annexation of Burlingame Hills (and two other unincorporated areas) could produce a fiscal “break-even” for the City’s budget. Depending on property tax share negotiations required for an annexation, which is a discretionary process between the City and the County, the tax sharing could create fiscal benefits to the City in excess of costs as well.

Recommendations

- In alignment with the Draft Burlingame Hills Sewer Maintenance District Operation and Governance Options Study, the City should continue to explore potential opportunities for shared services or governance changes related to the Burlingame Hills Sewer Maintenance District. This could include the operation of the District by the City or the eventual annexation of unincorporated Burlingame Hills into the City of Burlingame.
- The City should partner with the Town of Hillsborough to review the recommendations in the CCFD Community Risk Assessment to prepare a capital improvement plan and CIP budget for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

Financial ability of agencies to provide services.

Determination

The California State Auditor has a risk indicator for the fiscal health of California cities. The City of Burlingame has a score of 59.2 out of 100 points (higher is better) and on a rating scale of “low”, “moderate”, and “high” risk, the City of Burlingame is classified as “moderate” as illustrated by the key indicators below. Pension and OPEB funding, and future costs, are the key City finance issues.

Like many public agencies, the City continues to address maintaining current levels of services as costs continue to rise. To address pension costs, the City established a CalPERS Stabilization Reserve to address changes to the CalPERS pension requirements and any reduction in CalPERS

investment returns. The City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

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

Recommendations

- None

Status of, and opportunities for, shared facilities.

Determination

The City of Burlingame partners with other organizations to share project costs and services with other governments. It shares services through being a member of numerous joint powers agencies/authorities, including with the Central County Fire District. Central County Fire District is also the first responder for emergency fire and medical calls in the unincorporated neighborhood of Burlingame Hills. LAFCo is not aware of any other opportunities that are not being utilized.

Recommendation

- None

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

Determination

There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency. In 2022, the City Council representation established districts instead of being elected at large. The City has ample staff with subject matter capacity. The City has comprehensive policies regarding investment policy, debt management, credit card usage, purchasing, project accounting, and budget transfer requests. The City also has personnel, general and administrative policies, City Council member and meetings policies. The City performs annual independent audits and audits are reviewed at a City Council meeting.

Recommendations

- None

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

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

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

Recommendation

- LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and to continue to coordinate with partner agencies on ongoing and future projects, such as the OneShoreline Millbrae and Burlingame Shoreline Area Protection and Enhancement Project.

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

October 18, 2023

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: Consideration of Final Municipal Service Review for the Town of Hillsborough

Summary and Background

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

The Town of Hillsborough was incorporated on May 5, 1910. As of 2020, the population of Hillsborough is 11,387. Hillsborough has an area of 6.23 miles and is bordered by Burlingame and Burlingame Hills to the north, Burlingame and San Mateo to the east, Highway 280 to the west, and San Mateo and unincorporated Highlands-Baywood Park to the south. The Town has three public parks and owns 259 acres of open space. Its SOI is coterminous with the boundaries of the Town, and there are no recommended changes to the SOI designation.

The Town provides the following municipal services: law enforcement, parks and recreation, library, street maintenance, lighting, water, wastewater collection and storm drainage and flood control. Fire protection and emergency medical service is provided by the Central County Fire Department (CCFD) through a Joint Powers Agreement with the City of Burlingame.

Similar to other cities in San Mateo County, Hillsborough's revenue was impacted by the COVID-19 pandemic. However, the Town has been able to prepare balanced budgets and draw from the Town's health reserve when needed. The Town also has implemented several

COMMISSIONERS: ANN DRAPER, CHAIR, PUBLIC ▪ KATI MARTIN, VICE CHAIR, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ RAY MUELLER, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

strategies in recent years to mitigate long-term costs of pensions and other post-employment benefits (OPEB).

Updates to the Final Circulation MSR

At the September 20, 2023 LAFCo meeting, Chair Draper requested that staff inquire with the Town how a potential loss of excess Educational Revenue Augmentation Fund (ERAF) revenue would impact the Town's budget. The Town's response, which has been incorporated into the final MSR in red text, was that excess ERAF is used to fund the Town's ongoing operations and that reduction or loss of this revenue source would impact operations. The Town is actively engaged with the County and state legislators to maintain excess ERAF.

LAFCo staff held a virtual community workshop on October 3rd to review and receive feedback on the draft circulation. Staff did not receive any comments during the workshop that impacted the recommendations in the final MSR, not any public comment during the public comment period that ended on October 13.

Current Key Issues

Key issues identified in compiling information on the Town of Hillsborough include the following:

- The Central County Fire Department (which provides service to Hillsborough, Burlingame, and Millbrae) recently published a Community Risk Assessment/Standards of Cover & Deployment Analysis that examined the department's response performance, operations, facilities and apparatus, organizational structure, governance and mutual cooperation. The Analysis made several recommendations to plan for future facility construction and capital facility and apparatus improvements that will require significant funding.
- Although the Town is financially healthy and is anticipated to be able to meet service demands of foreseeable growth with planned infrastructure improvements, capital funding for storm drain improvements are currently coming out of the general fund revenue.
- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The Town is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Proposed MSR Recommendations

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

1. Growth and population projections for the affected area.

2. The location and characteristics of any disadvantaged unincorporated communities¹ within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

For the Circulation Draft, LAFCo has the following determinations and recommendations:

1. Growth and Population Determination

As of 2020 the population of Hillsborough was 11,387 and had 4,091 housing units. The Regional Housing Needs Assessment (RHNA) allocation, prepared by the Association of Bay Area Governments (ABAG), for 2023-2031 requires the Town to plan for the development of at least 554 new housing units by 2031. The Town will amend its General Plan, last adopted in 2005 and updated in 2014 to accommodate the 2014-2022 Housing Element, to ensure that its goals, policies and programs are consistent with the Housing Element once it is approved by the Housing and Community Development Agency.

2. Disadvantaged Unincorporated Communities Determination

While the Town does provide water, sewer, and structural fire protection, there are several properties in the unincorporated Burlingame Hills area that receive water service from the Town. However, the Town's SOI is coterminous with its boundaries and, therefore, does not have any disadvantaged unincorporated communities within or contiguous to the SOI.

3. Capacity and Adequacy of Public Facilities and Services Determination and Recommendations

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The Town is anticipated to be able to meet most service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

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

Although the Town's guaranteed water supply of 4,858 acre-feet (AF) per year during normal water years through 2045 exceeds its projected water demands in the 2021 urban water management plan, the projected water demands assumes minimal population growth. LAFCo staff recommends that the Town update its urban water management plan (UMWP) to align with planned growth as directed by the recent housing element and the RHNA allocation.

The Town acknowledges that its infrastructure is aging. The Town's annual 5-year Capital Improvement Plan includes the critical capital improvements, replacements and repairs to ensure the Town's infrastructure and facilities are adequate to meet future needs of its residents. Capital improvements to the water and sewer systems are funded through the respective enterprise funds. Storm drain improvements are funded by general fund capital transfers.

Fire protection services are provided by the Central County Fire Department, a Joint Powers Agreement (JPA) between the Town of Hillsborough and City of Burlingame. In March 2023, CCFD published a Community Risk Assessment/Standards of Care & Deployment Analysis that made several recommendations, including the development of a capital improvement plan for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

Recommendation -

1. The Town should partner with the City of Burlingame to review the recommendations in the CCFD Community Risk Assessment to prepare a capital improvement plan and CIP budget for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.
2. Hillsborough's UMWP was last updated in 2021. The Town should align the growth projections in the UMWP with the RHNA growth projections and the 2023-2031 Housing Element in its next UMWP update.
3. Hillsborough has identified the need for over \$50M of storm drain improvements. However, there is no dedicated source of funding for storm drain improvements. LAFCo staff supports the Town's plan to conduct an analysis to determine if a storm drainage fee or other dedicated source of funding could alleviate reliance on the general fund for these improvements.

4. Financial Ability Determination and Recommendations

The California State Auditor has a risk indicator for the fiscal health of California cities. In FY 20-21, the Town of Hillsborough had a score of 85.7 out of 100 points (higher is better) and on a rating scale of "low", "moderate", and "high" risk, the Town of Hillsborough is classified as "low risk". OPEB funding was the Town's key financial issue.

The Town adopts an annual budget and contracts with an independent certified public accountant to prepare the Town's annual audit. In its most recent audit for the year ending on June 30, 2022, the audit noted that the Town's total net position increased 11% to \$97M and its general fund balance also increased to \$31.8M, inclusive of \$15.7M for reserves. Although long-term liabilities increased \$3M from the prior year, it decreased its net pension liability by \$12.2M that same year.

The Town's Finance Department updates its Master Fee schedule annually and conducts rate studies every few years. The Town has not experienced challenges in raising sewer rates and fees, but it has faced two legal challenges in the past decade when attempting to raise water rates and fees. This included a lawsuit regarding water rates, Prop. 218 rate setting, and drought penalties for water customers that exceeded a certain amount of water use. The Town and ratepayers agreed to a negotiated settlement that included customer refunds for those that paid drought water use penalties. The Town recently adopted a new water rate structure that is currently being reviewed by the courts to establish the rates and validate this action.

For the fiscal year ending June 30, 2022, the Town had total long-term debt outstanding of \$52.4 million, excluding compensated absences, pension and OPEB liabilities. In addition, the Town contributed \$3,848,454 to CalPERS plans and employees contributed \$1,002,738.

The Town has implemented several strategies over the years to mitigate the long-term cost of pensions including paying off \$9.9 million of side funded liabilities; requiring employees to pay a share of the employer's contribution; implementing an additional tier with a lower pension formula for miscellaneous plan employees; replacing employees who have retired with employees who are on the PEPR plan where applicable; and adopting and funding a \$115 pension trust.

Recommendation –

1. Hillsborough has identified the need for over \$50M of storm drain improvements. However, there is no dedicated source of funding for storm drain improvements. LAFCo staff supports the Town's plan to conduct an analysis to determine if a storm drainage fee or other dedicated source of funding could alleviate reliance on the general fund for these improvements.

5. Shared Service and Facilities Determination and Recommendations

The Town of Hillsborough partners with other organizations to share project costs and services with other governments. It shares services through being a member of several JPAs, including with the Central County Fire Department and South Bayside Waste Management Authorities. LAFCo has not identified additional opportunities for the Town to share services or facilities with neighboring overlapping organizations.

6. Accountability, Structure, and Efficiencies Determination

The Town of Hillsborough complies with disclosure laws and the Brown Act and ensures that public meetings are accessible and well publicized. Adopted budgets and annual budgets are available on the Town Website. The Town did not report any issues with staff turnover or operational efficiencies. There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency.

7. Other Issues Determinations and Recommendations

Although not a service delivery issue, there are several parcels in the El Cerrito Avenue, Ranelagh Road, and Melrose Court that are split by the Town of Hillsborough – City of San Mateo city boundary line. In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows parcel

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

Recommendations -

1. In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows the above-mentioned parcel boundaries that are currently split by the Hillsborough-San Mateo boundary line.
2. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.

Sphere of Influence Determination

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

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

Hillsborough's current SOI is coterminous with the Town's boundaries. There are 259 acres of open space lands and no agricultural lands in the study area.

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

The Town's facilities and services meet the current need of the area, and the Town anticipates that it will be able to adequately provide facilities and services for the projected growth that may occur within its boundaries.

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

The Town is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The Town routinely adopts a CIP for its infrastructure and 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 Town's boundaries are coterminous with its SOI, and there are no social or economic communities of interest in the area.

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

No change to the Sphere of Influence for the Town of Hillsborough is being proposed at this time.

Public/Agency Involvement

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budget, reports, policies, etc. On August 30, 2023 a Notice of

Public Hearing for the Draft MSR was released by LAFCo and published in the San Mateo County Times. In addition, notices were sent to every “affected agency”, meaning all other agencies and school districts with overlapping service areas.

The public comment period to receive written comments from the public and stakeholders commenced on September 20, 2023 after Commission approval of the circulation draft MSR and ended on October 13, 2023. No written comments were received from the public or stakeholders. In addition, notices were sent to every “affected agency”, meaning all other agencies and school districts with overlapping service areas. Finally, LAFCo staff held a virtual workshop for the public during the comment period for both City of Burlingame and Town of Hillsborough MSRs on October 3, 2023.

Environmental Review/CEQA

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

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

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

Recommendation

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

Attachment

- A. Final Municipal Service Review for the Town of Hillsborough
- B. Resolution No. 1310 for the Town of Hillsborough Municipal Service Review and Sphere of Influence



Municipal Service Review and Sphere of Influence Review for the Town of Hillsborough

Final Draft

Released October 18, 2023

Municipal Service Review and Sphere of Influence Review for the Town of Hillsborough

SUBJECT AGENCY:

Town of Hillsborough

1600 Floribunda Ave.

Hillsborough, CA 94010

Contact: Doug Davis, City Manager

CONDUCTED BY:

San Mateo Local Agency Formation Commission

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**LAFCo Municipal Service Review
and Sphere of Influence Update
Town of Hillsborough**

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EXECUTIVE SUMMARY

Section 1: MSR Overview

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) update for the Town of Hillsborough (Town). California Government Code Section 56430 requires that the Local Agency Formation Commissions (LAFCo) complete MSRs and SOI updates on all cities and special districts. LAFCo is an independent entity with jurisdiction over the boundaries of cities and special districts. An SOI is a plan for the boundaries of a city or special district. The MSR and SOI update do not represent a proposal¹ for reorganization of agencies, but rather a State-mandated study of service provisions of an agency.

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

San Mateo Local Agency Formation Commission

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

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

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

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County, 20 cities, 22 independent special districts, five subsidiary districts governed by city councils, and 33 County-governed special districts. It merits emphasis that the County plays a dual role that differs from cities or districts. Districts provide a limited set of services based on enabling legislation, while cities generally provide basic services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the State, provides a vast array of services for all residents, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. Along with independent water, sewer, and fire districts, the County also provides basic municipal services for residents who live in unincorporated areas. According to Census 2020 data, 63,205 of the County’s total 765,417 residents live in unincorporated areas.

Purpose of a Municipal Service Review/Sphere of Influence Update

This MSR/SOI Update examines the Town of Hillsborough.

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

Per Section 56430, the areas of MSR determination include:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities² within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.

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

- a. Water Resiliency and Climate Change
- b. Impact of Natural Hazards and Mitigation Planning

Sphere of Influence Determinations:

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

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOIMSR determination #35 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. The Town of Hillsborough does not have any disadvantaged unincorporated communities within its SOI, as the adopted SOI is coterminous with the Town’s boundaries.

Section 2. Summary of Key Issues

- The Central County Fire Department (which provides service to Hillsborough, Burlingame, and Millbrae) recently published a Community Risk Assessment/Standards of Cover & Deployment Analysis that examined the department’s response performance, operations, facilities and apparatus, organizational structure, governance and mutual cooperation. The Analysis made several recommendations to plan for future facility construction and capital facility and apparatus improvements that will require significant funding.
- Although the Town is financially healthy and is anticipated to be able to meet service demands of foreseeable growth with planned infrastructure improvements, capital funding for storm drain improvements are currently coming out of the general fund revenue.

- LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The Town is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Section 3: Affected Agencies

County and Cities: San Mateo County and Town of Hillsborough

School District: Hillsborough City School District, San Mateo Union High School, and San Mateo Community College District

Independent Special Districts: San Mateo County Harbor District, San Mateo County Mosquito & Vector Control District, and Peninsula Healthcare District

Section 4. Town of Hillsborough

Background & Overview

The Town of Hillsborough (Town or Hillsborough) was incorporated on May 5, 1910 in response to the prospect of being annexed by the nearby cities of Burlingame and San Mateo. In an effort to preserve its rural nature, the Town adopted zoning laws, such as banning sidewalks, grid-like roads and commercial and business land uses. With the exception of the Public Facilities and Services designation, which allows for facilities to operate basic municipal services to meet the community’s needs (i.e., Town Hall, fire and police stations, public schools), Hillsborough remains entirely residential with single family homes today. The Town has been able to retain its low-density nature by keeping the minimum lot size at half an acre.

Hillsborough grew from a population of 750 in 1910 to 10,667 in 1990 but has only increased 6.7% to 11,387 residents in the past 30 years.³ The median household income in Hillsborough is \$250,000+, well above the County median of \$131,796.⁴ Similarly, home values in the Town are higher than other cities in San Mateo County or the region, with an average home selling price of \$4.6M in 2020.⁵

Hillsborough has an area of 6.23 miles and is bordered by Burlingame and Burlingame Hills to the north, Burlingame and San Mateo to the east, Highway 280 to the west, and San Mateo and unincorporated Highlands-Baywood Park to the south. The Town has 3 public parks and owns 259 acres of open space.

The Town operates under the Council-City Manager form of government in which the City Council is the legislative and policy making body. The City Manager, hired by the Council, is responsible for carrying out Council’s policies and overseeing daily Town operations. City Council members are elected at-large to overlapping 4-year terms on even numbered year, and

³ U.S. Census, Town of Hillsborough 2020 Census Bureau Profile

⁴ U.S. Census, County of San Mateo 2020 Census Bureau Profile

⁵ Town of Hillsborough, *2023-2031 Housing Element*, March 2, 2023, Draft for HCD Review, https://www.hillsborough.net/DocumentCenter/View/5363/Hillsborough-Housing-Element_for-HCD-Resubmittal?bidId=

the Mayor and Vice-Mayor are selected by Council members every year for a maximum of two one-year terms. Hillsborough City Council typically meets on the second Monday of each month and have resumed in-person meetings in the Council Chambers with the option for residents to participate in-person or via Zoom video conference.

Municipal Services

SERVICE	RESPONSIBLE AGENCY
<i>Public Safety</i>	
Police protection	Town of Hillsborough
Fire protection	Central County Fire Department (JPA)
Emergency Medical Service	Central County Fire Department/ American Medical Response (JPA with Town of Hillsborough and JPA with the San Mateo County Pre-Hospital Emergency Services Group)
Traffic enforcement	Town of Hillsborough
Animal Control	Peninsula Humane Society & SPCA
Water distribution	Town of Hillsborough
Wastewater collection	Town of Hillsborough
Wastewater treatment	Cities of Burlingame and San Mateo
Electricity	PG&E
Natural Gas	PG&E
Solid Waste Collection	Recology San Mateo
Solid Waste Disposal	Recology San Mateo
Stormwater drainage and flood control	Town of Hillsborough
Street Maintenance	Town of Hillsborough
Street Lighting	Town of Hillsborough PG&E
Parks and Recreation	Town of Hillsborough Public Works (Parks) Town of Hillsborough Recreation (Recreation)
Library	Cities of Burlingame and San Mateo
Mosquito abatement and vector control	San Mateo County Mosquito and Vector Control District
Resource conservation	San Mateo Resource Conservation District
Public transportation	SamTrans

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

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

1) Growth and Population

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

Discussion:

- a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?

Hillsborough’s population was 11,387 in 2020 and accounts for 1.5% of the population in San Mateo County. Between 2000 and 2020 the County grew 9%, whereas Hillsborough’s population only increased 5.5% during that period.⁶ In 2019, there were 3,633 housing units in Hillsborough. Housing production in Hillsborough has increased 7.5% over the past two decades, from 3,804 units in 2000 to 4,091 units in 2020. Of the 4,091 units, 3,936 (96%) are single family detached units. The remaining units are single family detached homes (127) and multi-family housing with 2-4 units (28).⁷ The percentage of owner-occupied housing stock has been consistent over the past twenty years at around 95%. Between 2015-2019, renter-occupied households have more persons per household than owner-occupied households with 68% of renter-owner households having three or more people per household compared to 51% of owner-occupied households.⁷ Although income gaps between homeowners and renters in the Bay Area are significant, the largest proportion of renters in Hillsborough (74%) are in the greater than 100% Area Median income.

⁶ U.S. Census, P1 Race Tables 2000, 2010 and 2020 for Town of Hillsborough

⁷ Town of Hillsborough, *2023-2031 Housing Element*, March 2, 2023, Draft for HCD Review

The Association of Bay Area Governments (ABAG), the agency responsible for forecasting population, housing and economic trends in the Bay Area, in coordination with the California Department of Housing and Community Development (HCD) estimates the housing need for the region and allocates a portion of projected need to every jurisdiction. In collaboration with Bay Area partner agencies, non-profit organizations and residents, ABAG developed Plan Bay Area 2050, a long-range regional plan that, among other activities, projects the population growth of each region throughout the Bay Area. Plan Bay Area 2050 anticipates that Central San Mateo County, which includes the Town of Hillsborough, will increase its population 39% from 87,000 households in 2015 to 121,000 households in 2050.⁸

To accommodate the projected growth, cities and counties throughout the State must update their housing elements every eight years to accommodate the Regional Housing Need Assessment (RHNA) allocation for the upcoming cycle. The County and the Cities in San Mateo County are currently in the process of updating their Housing Element to be consistent with the RHNA allocations in Plan Bay Area 2050. The Housing Element is a required component of a City's or County's General Plan, and the RHNA allocations for each cycle may require and update to zoning ordinances to demonstrate how it plans to meet the housing needs in its community.

In its most recent RHNA cycle, ABAG tasked Hillsborough with identifying appropriately zoned developable or re-developable land to accommodate 554 new housing units by 2031. The Town will amend its General Plan, last adopted in 2005 and updated in 2014 to accommodate the 2014-2022 Housing Element, to ensure that its goals, policies and programs are consistent with the Housing Element once it is approved by HCD.

Distribution of RHNA allocation for Housing Element

Income Level	RHNA 2014-2022	Built	RHNA 2023-2031	2023-2031 Site Inventory
Very Low Income (50% Average Median Income [AMI])	32	76	153	171
Low Income (60% AMI)	17	44	88	89
Moderate Income (80% AMI)	21	42	87	97
Above Moderate Income (120% AMI)	21	30	223	248
Total:	91	192	554	605

Hillsborough's approach to meeting the RHNA requirement relies primarily on the development of accessory dwelling units (ADUs) and includes planning for the construction of 50 ADUs per year for a total of 400 ADUs in this RHNA cycle that will serve each income level. The Town currently has 12 projects in the pipeline for development and identified 23 vacant sites and 1 opportunity site for the development of up to 66 above moderate-income single-family housing

⁸ Association of Bay Area Governments, *Plan Bay Area 2050: The Final Blueprint Growth Pattern*, https://www.planbayarea.org/sites/default/files/FinalBlueprintRelease_December2020_GrowthPattern_Jan2021Uptime.pdf

units. The Town also identified a few opportunities to develop over 120 multi-family housing units for all income levels.

- b) Will population changes have an impact on the subject agency’s service needs and demands?

If the development, that is planned for as part of the Town’s Housing Element, is realized there would be a potential increase of 605 new housing units. There could be an increase in demand for the Town’s public services, including water and sewer, if these new housing units are developed.

- c) Will projected growth require a change in the agency’s service boundary?

The Town’s sphere of influence is coterminous with the Town’s boundaries. Any additional growth will occur within the Town’s existing boundaries.

Growth and Population MSR Determination:

As of 2020 the population of Hillsborough was 11,387 and had 4,091 housing units. The Regional Housing Needs Assessment (RHNA) allocation, prepared by the Association of Bay Area Governments (ABAG), for 2023-2031 requires the Town to plan for the development of 554 new housing units by 2031. The Town will amend its General Plan, last adopted in 2005 and updated in 2014 to accommodate the 2014-2022 Housing Element, to ensure that its goals, policies and programs are consistent with the Housing Element once it is approved by the Housing and Community Development Agency.

2) Disadvantaged Unincorporated Communities

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

Discussion:

a-c) Disadvantaged Unincorporated Communities:

While the Town does provide water, sewer, and structural fire protection, there are several properties in the unincorporated Burlingame Hills area that receive water service from the Town. However, the Town of Hillsborough’s sphere of influence is coterminous with its boundaries and, therefore, does not have any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Disadvantaged Unincorporated Communities MSR Determination:

While the Town does provide water, sewer, and structural fire protection, there are several properties in the unincorporated Burlingame Hills area that receive water service from the Town. However, the Town of Hillsborough’s sphere of influence is coterminous with its boundaries and, therefore, does not have any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

3) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X
d) Are there any significant infrastructure needs or deficiencies to be addressed?		X	
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X

f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?			X
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Discussion:

a-b) Capacity to serve customers:

Water^{9,12}

Hillsborough operates and maintains a water distribution system to serve its residents. The system navigates varying terrain and contains 108 miles of water mains, 10 water storage sites consisting of 18 water tanks, 14 water pump stations and over 7,500 water meters, fire hydrants and valves. The Town purchases all of its water from the San Francisco Public Utilities Commission.

Hillsborough updated its urban water management plan in 2021 and found that residents have reduced water demand and usage significantly over the past decade. Hillsborough’s water demand in 2020 was 2,982-acre feet (AF) per year, down from 4,296 AF at its highest demand in 2007. Water demand is projected to rise to 3,738 AF per year by 2030 to accommodate modest population growth. The Town predicts demand will fall to 3,669 AF in 2045 because of water conservation efforts and improvements to plumbing code, as well minimal projected population growth between 2031 and 2045.

The Town of Hillsborough has complied with the requirements of the Water Conservation Act of 2009, which required urban retail water suppliers to reduce water usage by 20% by 2020. The Town exceeded its conservation target of 267 gallons per capita per day (GPCD), with actual usage in 2020 at 234 GCPD.

The Town has a sufficient water supply guarantee of 4,858 AF per year during normal water years to meet Hillsborough’s maximum projected water demand through 2045. Consistent with the California Water Code section 10632, Hillsborough developed a Water Shortage Contingency Plan in 2021 to prepare for and respond to future water shortages. The Plan outlines the Town’s phased response to water shortages that progresses depending on severity from voluntary rationing to mandatory rationing and penalties to limiting water use to public, health and safety purposes only. Movement between each phase is preceded by a City Council public hearing.

⁹ Town of Hillsborough, *2020 Urban Water Management Plan*, <https://www.hillsborough.net/DocumentCenter/View/4673/2020-UWMP-Final-8-18-2021>

¹² Town of Hillsborough, *2020 Water Shortage Contingency Plan*, <https://www.hillsborough.net/DocumentCenter/View/4672/2020-Water-Shortage-Contingency-Plan-Final-8-18-2021>

Water rates were updated effective July 1, 2023. An average 6% increase in both the volumetric and fixed rates is budgeted for FY 23-24. The rate will go into effect January 1, 2024 to cover increased capital spending and the SFPUC rate increase.

Rates for Bi-Monthly Water Service Charge (\$/Meter Size) (Effective July 1, 2023)

Meter Size	Charge
¾"	\$144.82
1"	\$171.34
1.5"	\$231.01
2"	\$310.58
3"	\$522.76
6"	\$1,424.52
8"	\$2,220.18

Rates for Bi-Monthly Volume (\$/Meter Size)

Customer Category	Tier Size	Charge
Residential	Hundred Cubic Feet (HCF)	\$/HCF
Tier 1	1-22	\$6.39
Tier 2	23-44	\$8.47
Tier 3	45-78	\$13.61
Tier 4	Over 78	\$18.40
Non-Residential (Per HCF)		\$8.99

The FY 23-24 budget for the Public Works Water Distribution division is \$14,517,411 up 5% from the FY 22-23 revised budget.¹⁰ The key initiatives for FY 23-24 include the implementation of a unidirectional flushing program to ensure water quality, procurement of a water main break and emergency response trailer to improve the Division’s emergency response and to initiate a request for proposal (RFP) for an emergency response generator replacement program.

The Town’s 5-year Capital Improvement Plan (CIP) includes \$18.9M for annual water main replacements, the demolition and clean-up of tanks and structures on Forest View and Major Hayes Tank site, a highline water connection to SFPUC’s Harry Tracy Water Treatment Plant, replacement of Darrel Tank and installation of a new emergency back-up generator at existing pump stations.

Sanitary Sewer

The Town’s sewer collection system is operated and maintained by the Hillsborough Public Works Department and is comprised of 98 miles of mainlines, approximately 2,500 manholes, 247 cleanouts, 4 sewer pumps and 2 sewer ejectors. The pump stations were constructed between 1976 and 2019, and nearly 2/3 of the Town’s collection system was built prior to 1940. Sewage is treated by contract with the City of San Mateo Wastewater Treatment Plant.

¹⁰ Town of Hillsborough, *FY 2023-24 Budget* (operating and debt service costs; excludes capital improvement cost)

Hillsborough has approximately 3,907 sewer accounts that are subject to annual sewer services fees. The Town last updated its sewer rate schedule effective July 1, 2023 to fund sewer system improvements and capital projects in alignment with the Town’s Sanitary Sewer Master Plan (SMMP) adopted in 2021, as well as costs associated with upgrades to the San Mateo wastewater treatment plant.

Sewer Rate Schedule (Annual Fee) (Effective July 1, 2023)¹¹

Fee Type	Rate
Annual service charge	\$3,985
Hillsborough Racquet Club	\$2,203
Cal Trans Racquet Club	\$21,122
Crystal Springs Upland School	\$17,535
Burlingame Country Club	\$78,909
Crystal Spring Golf Club	\$21,521
Hillsborough School District	\$40,251
Nueva School	\$3,985
One-time Development fee for a new residential connection	\$17,891

The FY 23-24 budget for sewer service operations and maintenance is \$12,154,359, an 11% decrease from the prior fiscal year. FY 22-23 cost includes a one-time \$2,415,000 principal payment on the new San Mateo Clean Water agreement. Excluding this one-time charge in FY 22-23, the year-over-year growth in FY 23-24 would be 7.9%. Key initiatives for FY 23-24 include replacing an aging sewer cleaning vehicle truck with a more water efficient vehicle for cleaning sewer lines, completing preventative maintenance and updating the SMMP regarding recently adopted water discharge requirements from the State Water Resource Control Board. The cost for these upgrades to the SMMP will be paid for by all agencies that use the treatment plant.

The Town’s 5-year CIP includes \$20.3M for the replacement and repair of sewer drainage basin main lines and manholes, smoke testing and video inspections of priority basins, flow metering and modeling, list station repairs, closed circuit television (CCTV) inspection and root removal and sewer system replacements.

Streets & Storm Drains

The Town maintains approximately 83 miles of paved streets, as well as storm drain pipelines, traffic islands, parks and open spaces. As of 2021, the Town maintains an average PCI of 80 (Good).¹² Revenue for street funding includes Measure A and W funds, Road Maintenance and Repair (RMRA) funds, gas taxes, vehicle impact fees, grants and the general fund. In 1994, Hillsborough residents approved an annual \$7.34 storm drainage fee for storm drain maintenance and repairs.

Storm drain capital improvements are primarily funded by the General Fund. The FY 23-24 budget noted that the Town has identified the need for over \$50M of storm drain

¹¹ Town of Hillsborough, Water & Sewer Rates, <https://www.hillsborough.net/188/Water-Sewer-Rates>

¹² Metropolitan Transportation Commission, Pavement Condition Index 2021, https://mtc.ca.gov/sites/default/files/documents/2022-11/PCI_table-2021_data.pdf

improvements for infrastructure that is approaching the end of its useful life. However, there is currently no dedicated source of funding for storm drain improvements, and the Town is considering implementing a stormwater fee to fund these improvements.

The FY 23-24 budget for streets and stormwater operations is \$3.3M.¹³ Key initiatives for FY 23-24 include the development of future recreational pathways, the street sign replacement program, stormwater system capital improvements and infrastructure replacements for the aging stormwater system.

The Streets 5-year CIP includes \$11.4 for street resurfacing, ADA improvements, the development of a bicycle and pedestrian pathway master plan, a bridge assessment program and the creation of a recreational trail and the Eucalyptus Pedestrian Pathway Project. The CIP for storm drain improvements is \$10.7M to support critical storm drain repairs and replacements and the development and implementation of a Green Infrastructure plan.

Structural Fire Protection

Since 2004, the Central County Fire Department has provided fire protection and emergency medical services to the City of Burlingame and the Town of Hillsborough through a Joint Powers Agreement (JPA) between the two cities by merging their fire departments. Central County Fire also provides fire protection services to the City of Millbrae through a service contract that expires in 2024. CCFD staffs six fire stations, two of which are in Hillsborough, in addition to an administrative office and training facility in Burlingame. The two fire stations in Hillsborough can reach most areas of the Town within a 4-minute travel time, with the exception of the southwestern portion of the Town bordering the City of San Mateo and unincorporated San Mateo Highlands. Fire stations are opened 24 hours a day, every day, and the administrative office is open Monday-Friday.

CCFD Facilities in Hillsborough

Facility	Location	Year Built
Fire Station 32	330 Ascot Road	1982
Fire Station 33	835 Chateau Drive	1952

CCFD is comprised of 90 full-time employees, including 45 firefighters and paramedics, 22 Captains, 4 Battalion Chiefs, 7 fire prevention staff, 6 administrative staff and 3 executive staff. CCFD responds to approximately 7,000 calls for service every year with its 6 engines and 1 ladder truck. Legal counsel, human resources, and some accounting services are contracted out to further streamline costs.¹⁴ In addition, CCFD holds several agreements with various agencies for shared services, including search and rescue training, advanced life support services, dispatch, mechanic shop services and tactical emergency services.

The total service area is 15.51 square miles with a population of approximately 66,000. The value of property protected is over \$16B.

¹³ Town of Hillsborough, *FY 2023-24 Budget*

¹⁴ Central County Fire Department (CCFD), *FY 2023-24 Budget*

Governance

The Department is governed by a four-person Board of Directors comprised of two councilmembers from Burlingame and Hillsborough who determine the level of fire, emergency medical and disaster preparedness services to be provided by the Department. All major decisions by the Board require ratification by the respective Council. The Board appoints the City Managers of each city to serve as Chief Administrative Officer for alternating two-year terms. The Chief Administrative Officer appoints the Fire Chief who shall conduct the day-to-day operations of the Department.

The Board typically meets quarterly on the second Wednesday of the month at 4pm and were held via Zoom during the COVID-19 State of Emergency. The Board met virtually during the COVID-19 public health state of emergency and has resumed in-person meetings alternating locations in the Burlingame Council Chambers and Hillsborough Town Council Chambers, while also making virtual attendance an option for members of the public and interested parties.

Budget

The Central County Fire Department JPA requires that the Department adopt a budget approved by member agencies for maintenance and operations costs and costs of special services prior to June 30th of each year.

CCFD operates under budget policies that guide the development and administration of their annual budget. Operating revenues must fully cover operating expenditures, including debt services. However, total expenditures can exceed revenues in a given year to fund capital improvement plan projects and other one-time expenditures if there are sufficient reserves to cover such expenditures. The Board of Directors may amend or supplement the budget after its adoption by a majority vote of the Board. Annual budgets are presented to and adopted by the Board for each fund, except for the Capital Projects Fund, which establishes budgetary control on a project-by-project basis.

The City of Millbrae is responsible for 30% of the operational budget and the remaining 70% is split in a 60/40 cost allocation formula between the City of Burlingame (60%) and the Town of Hillsborough (40%). Nearly 96% of the Department's General Fund revenue comes from the three cities, and the remaining revenue comes from permits and licenses, program revenue, workers compensation premiums and other sources. Ninety percent of General Fund expenditures are for salaries and benefits.

CCFD adopted the FY 23-24 budget of \$34,499,746, a 5.6% increase from the revised adopted FY 21-22 budget. The allocation for the Town of Hillsborough is \$9,581,385 in FY 23-24. The key changes included the addition of 2 full-time employees (up from 88 employee in the prior fiscal year), higher cost-of-living adjustments due to none given in FY 22-23, allocation of \$1.3M to reserves for upcoming equipment expenditures and increases to CalPERS contributions and health insurance premiums. The Department's FY 23-24 General Fund projected fund balance is \$771,885.¹⁵

¹⁵ CCFD, *FY 2023-24 Budget*

Hillsborough’s budget for CCFD services in FY 23-24 was \$9.8M, a 6% increase from the prior year due to contractual increases for cost of living and CalPERS pension contributions.¹⁶

Performance

On average, CCFD responds to over 7,000 calls for service annually, arrives on a structure fire scene within six minutes of dispatch over 80% of the time, and responds to priority 1 (emergency) calls in under five minutes and thirty seconds. In FY 20-21 CCFD responded to fire and emergency medical calls within 7 minutes 90% of the time.¹⁷

CCFD performance (systemwide)¹⁸

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	YTD FY 22-23*
Total calls for service	7,493	7,410	7,004	8,328	4,774
Medical responses	4,548	4,486	4,314	5,141	3,014
Fire suppression responses	144	116	156	153	96
Hazardous conditions responses	214	225	169	238	114
Training hours completed	7,168	18,122	20,491	12,294	4,017
% of time fire engine arrives on structure fire scene within 6 min of dispatch	100%	83%	86%	73%	76%
Avg. response time for all calls	6:59	5:17	5:43	5:32	5:29
Avg. response time for priority 1 calls (emergency)	6:59	5:02	5:30	5:18	5:21
Average response time for priority 3 calls (non-emergency)	6:59	6:21	6:37	6:38	6:08

* FY 22-23 YTD data collected as of March 9, 2023

In March 2023, CCFD published a Community Risk Assessment/Standards of Cover & Deployment Analysis that examined the department’s response performance, operations, facilities and apparatus, organizational structure, governance and mutual cooperation¹⁹. The Assessment made several recommendations to CCFD including:

- Developing capital facilities and apparatus replacement plans for fire stations, vehicles and apparatus that are in poor condition.
- Constructing or relocating Administrative Facility to a more suitable location and replacing and relocating Station 36 to a new location with new fire staff to address future growth.
- Developing and analyzing performance metrics.
- Increasing staffing to meet National Fire Protection Association standards.

¹⁶ Town of Hillsborough, FY 2023-24 Budget

¹⁷ CCFD, *FY 2023-24 Budget*

¹⁸ CCFD, CCFD website, <https://ccfd.org/about-ccfd/>

¹⁹ CCFD, *CCFD Community Risk Assessment/Standards of Cover & Deployment Analysis*, March 2023, <https://ccfd.org/about-ccfd/standards-of-cover/>

- Conducting a management staff analysis to understand if more operational management staff is needed.
- Conducting studies to assess feasibility of developing cooperative services with neighboring agencies and turning the department into a fire district.

The Current Insurance Services Office (ISO) rating for CCFD for the Town of Hillsborough is 2. ISO ratings reflect how well equipped a fire department is to respond to fires in the community, with the highest score being a 1 and the lowest is a 10.

Police

The Town of Hillsborough provides law enforcement and dispatch services within the Town limits. The Department provides patrol services, investigations, traffic enforcement, a K-9 unit, a Special Weapons & Tactics (SWAT) team, evidence technicians, defensive tactics and field training officers. The Hillsborough Police Department has 28 sworn officers and 10 non-sworn officers. The Hillsborough Police Department facility was built in 1992 and is located at 1600 Floribunda Avenue. Law enforcement in Hillsborough is primarily funded by the Town’s general fund, with approximately 10% of revenue coming from public safety special tax that was approved by voters in 1998, police grants, permits, fees and fines. The adopted budget for FY 23-24 was \$12,478,651, a 5% increase from the prior fiscal year. Key initiatives for FY 23-24 include updating the vehicle fleet, performing security checks of homes and providing crime prevention strategies, facility upgrades, hiring a property officer and updating the computer network server to meet Department of Justice security requirements.

The Hillsborough Police Department received 8,806 calls for service in FY 21-22. During this time the average response time to all calls was under six minutes and two minutes and twelve seconds for Priority 1 emergency calls²⁰. The Town has maintained the lowest crime record for cities greater than 10,000 population for more than 15 years²¹.

Hillsborough Police Department Performance

	FY 19-20	FY 20-21	FY 21-22	YTD FY 22-23
Total incidents	29,772	31,530	29,339	19,330
Calls for Service	10,937	10,429	8,806	5,485
Felony Arrets	6	15	14	7
Misdemeanor Arrests	64	46	46	26
Average response to all calls	6:23	6:08	5:54	5:52
Priority Emergency Response time (minutes)	3:11	2:45	2:12	3:08

²⁰ Town of Hillsborough, *FY 2023-24 Budget*

²¹ Communication with the Town of Hillsborough, 07/07/2023

Parks and Recreation

Hillsborough has 259 acres of open space and three public parks within the Town limits – Vista Park, Centennial Park and Crossroads Park. The parks and open space are maintained by the Public Works Department.

The Hillsborough Recreation Department, a joint powers authority comprised of the Town and Hillsborough City School District, delivers a variety of recreational activities to Town residents, including summer programs, after school sports and facility rentals. The Hillsborough Recreation Department leadership team is composed of its Executive Director, the Superintendent of the Hillsborough City School District, and the Recreation Director. The 5-member Hillsborough Recreation Commission consists of two City Councilmembers, two School Board Trustees, and one community at-large commissioner and provides oversight of the Department’s programming and financials.

The Town’s FY 23-24 budgeted contribution to Hillsborough Recreation is \$182,000.

Other Shared Services

Library services: Library services are provided to Hillsborough residents via an agreement with the Cities of Burlingame and San Mateo. The FY 23-24 budget for library services is \$1.1.M, accounting for less than 3% of General Fund expenditures.

Animal Control: Twenty cities in San Mateo County, including the Town of Hillsborough, contracts with the County to operate a countywide animal control program. The County contracts with the Peninsula Humane Society & SPCA to enforce all animal control laws, shelter homeless animals and to provide a variety of other related services.

Garbage/solid waste/recycling: South Bayside Waste Management Authority (BWMA), also known as ReThink Waste, is a joint powers authority between the County, 10 cities, including the Town of Hillsborough, and the West Bay Sanitary District that provides oversight and management of solid waste service providers. Recology has been the recycling, compost and solid waste collection contracted service provider for the JPA service area since 2011. Solid waste fees were most recently updated on January 1, 2023.

Town of Hillsborough Monthly Solid Waste Rates (Effective January 1, 2023)

Residential		Commercial	
Flat fee per parcel address	\$28.88	1 cubic yard solid waste	\$131.96
20 Gallon Cart	\$29.25	1 cubic yard organics	\$65.98
32 Gallon Cart	\$35.72		
64 Gallon Cart	\$55.50		
96 Gallon Cart	\$80.98		
Additional organics cart (beyond 1 st cart)	\$24.77		

- c) Are there any concerns regarding public services provided by the agency being considered adequate?

LAFCo staff has not identified any concerns regarding the adequacy of the public services being delivered by the Town of Hillsborough. However, if the development that is being planned for as part of the Town’s Housing Element is actualized, there could be increases in demand for public services, including water and sewer services.

- d) Are there any significant infrastructure needs or deficiencies to be addressed?

The Town of Hillsborough continues to implement capital improvements to the Town’s sewer and water system, with allocations to capital improvement funds for projects. However, while there are planned improvements for the Town’s stormwater system, there is no dedicated funding for these projects. Instead, stormwater capital improvements are currently funded through the Town’s General Fund.

- e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?

The Town is not aware of any new state regulations and legislation that will require significant facility and/or infrastructure upgrades.

- f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?

Capacity and Adequacy of Public Facilities and Services MSR Determination:

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The Town is anticipated to be able to meet most service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Although the Town’s guaranteed water supply of 4,858 acre-feet (AF) per year during normal water years through 2045 exceeds its projected water demands in the 2021 urban water management plan, the projected water demands assumes minimal population growth. LAFCo staff recommends that the Town update its urban water management plan (UMWP) to align with planned growth as directed by the recent housing element and the RHNA allocation.

The Town acknowledges that its infrastructure is aging. The Town’s annual 5-year Capital Improvement Plan includes the critical capital improvements, replacements and repairs to ensure the Town’s infrastructure and facilities are adequate to meet future needs of its residents. Capital improvements to the water and sewer systems are funded through the respective enterprise funds. Storm drain improvements are funded by general fund capital transfers.

Fire protection services are provided by the Central County Fire Department, a Joint Powers Agreement (JPA) between the City of Hillsborough and Town of Hillsborough. In March 2023, CCFD published a Community Risk Assessment/Standards of Care & Deployment Analysis that made several recommendations, including the development of a capital improvement plan for

fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

Recommendations:

1. The Town should partner with the City of Burlingame to review the recommendations in the CCFD Community Risk Assessment to prepare a capital improvement plan and CIP budget for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.
2. Hillsborough’s UMWP was last updated in 2021. The Town should align the growth projections in the UMWP with the RHNA growth projections and the 2023-2031 Housing Element in its next UMWP update.
3. Hillsborough has identified the need for over \$50M of storm drain improvements. However, there is no dedicated source of funding for storm drain improvements, and Town is considering implementing a stormwater fee to fund these improvements. LAFCo staff encourages the Town to conduct this analysis to determine if a storm drainage fee or other dedicated source of funding could alleviate reliance on the general fund for these improvements.

4) Financial Ability

Financial ability of agencies to provide service	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			X
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?			X
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?			X
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?			X
f) Is the organization’s debt at an unmanageable level?			X

Discussion:

a) Budget and audit processes

The Town of Hillsborough adopts a budget on a yearly basis that includes preliminary budgets for the next two fiscal years. The City Manager and Finance Director lead the budget preparation process in coordination with Town department heads. Department goals and initial budgets are presented to City Council at a Study Session. From this discussion, a detailed budget is prepared and issued by the City Manager for public comment. The Financial Advisory Committee and City Council review the proposed budget documents at public hearings, and the budget is adopted by the City Council by June 30th of every year. The City Council conducts a mid-year budget review and adjusts appropriations, as needed. Interim financial reports and major project status reports are presented to Council on a periodic basis.

Hillsborough contracts with a qualified independent certified public accountant to prepare the Town's annual audit and will issue the audited financial statements within 180 days after year-end. City Council accepts the annual audit at a noticed public meeting. The most recent annual audited financial statements for the year ending on June 30, 2022 noted that the Town's total net position increased 11% to \$97M in FY 21-22, of which \$44.6M is unrestricted and can be used to meet the Town's ongoing obligations. The General Fund balance also increased by \$1.8M to \$31.8M by the end of the fiscal year and includes \$15.7M for reserves, 30-50% of budgeted operating expenditures, as required by the Town's General Fund reserve policy. Long term liabilities totaled \$82.2M, a \$3M increase from the prior year. The Town decreased its net pension liability by \$12.2M, primarily due to a significant CalPERS investment return of 21/3% in FY 20-21.

The Town has received the Government Finance Officers Association (GFOA) of the United States and Canada Excellence in Budgeting and the Certificate of Achievement for nineteen years. In addition, the Town recently received an AAA rating from Standard and Poor's with the issuance of the Revenue Refunding Bonds Series 2023 in the Enterprise Funds. The long-range projection in the FY 23-24 Adopted Budget indicates that the General Fund reserves will be within policy levels.²²

The California State Auditor maintains a Fiscal Health of California Cities dashboard²³ to identify local government agencies that are risk for potential waste, fraud, abuse, or mismanagement, or have major economic challenges. The Town of Hillsborough received a score of 85.27 out of 100 points (higher is better), classified as low risk, in FY 20-21. Other post-employment benefit funding was identified as the most significant fiscal challenge for the Town of Hillsborough.

²² Communication with the Town of Hillsborough, 07/07/2023

²³ California State Auditor, Fiscal Health of California Cities Dashboard, Town of Hillsborough FY 2020-21, https://www.auditor.ca.gov/local_high_risk/dashboard-csa.html

California State Auditor fiscal Health Risk Indicator for the Town of Hillsborough, FY 20-21

Risk Factor	Risk	Risk Factor	Risk
General Fund Reserves	Low	Pension Funding	Low
Debt Burden	Moderate	Pension Costs	Low
Liquidity	Low	Future Pension Costs	Moderate
Revenue Trends	Moderate	OPEB Obligations	Low
Pension Obligations	Low	OPEB Funding	High

Although Hillsborough’s revenue stream was impacted by the COVID-19 pandemic like many communities, the Town has been able to prepare balanced budgets and draw from the Town’s healthy reserve when needed. For FY 23-24, the Town budgeted \$35M in General Fund expenditures, with 64% allocated to Public Safety, 11% to Planning & Building, 9% to Streets, 7% to capital transfers, 5% to general governmental activities, and the remaining 4% to library, recreation and community services.

Town of Hillsborough General Fund Budget, FY 18-19 through FY 23-24*

	FY 18-19 Actuals	FY 19-20 Actuals	FY 20-21 Actuals	FY 21-22 Actuals	FY 22-23 Budget	FY 23-24 Budget
REVENUE						
Property Tax	\$16,680,762	\$17,413,680	\$18,455,541	\$19,324,411	\$21,252,715	\$22,211,874
Public Safety Tax	\$2,235,229	\$2,235,485	\$2,237,548	\$2,238,231	\$2,239,271	\$2,238,835
Excess ERAF	\$2,209,536	\$2,300,581	\$2,381,601	\$3,153,308	\$2,800,000	\$2,900,000
Permits	\$1,562,782	\$1,117,218	\$1,798,365	\$1,683,174	\$1,532,900	\$1,532,900
Service Charges	\$1,218,912	\$1,176,300	\$961,695	\$1,454,288	\$2,008,730	\$2,232,221
Other Taxes	\$3,370,509	\$3,296,957	\$3,463,444	\$4,009,970	\$1,850,000	\$2,100,000
Other Revenue	\$2,120,919	\$1,848,476	\$1,989,632	\$2,010,015	\$1,218,102	\$1,310,258
Total Revenue	\$29,398,649	\$29,388,697	\$31,287,826	\$33,873,397	\$32,901,718	\$34,526,088
EXPENDITURES						
Total Expenditures	\$25,603,931	\$26,851,813	\$30,145,650	\$32,029,703	\$32,191,597	\$35,016,172
Use of Reserves	\$0	\$0	\$0	\$0	\$0	\$490,085
<i>Surplus (deficit)</i>	<i>\$3,794,718</i>	<i>\$2,536,884</i>	<i>\$1,142,176</i>	<i>\$1,843,694</i>	<i>\$710,121</i>	<i>\$1</i>

*Actual Budget revenue and expenditures for FYs 18-19, 19-20, 20-21 and 21-22 were pulled from the Town ACFRs for those corresponding years. Revenue and Expenditure for FYs 22-23 and 23-24 were pulled from the Town’s adopted budgets for those corresponding years.

Excess ERAF revenue is approximately 8.5% of General Fund revenues and is used to fund the Town’s critical, ongoing operations. Significant reductions to or loss of excess ERAF would impact operations and projects for key services. According to the Town, revenue projections reflect an erosion of Excess ERAF revenue of approximately 5%-6% per year over the next several years. The Town has actively worked with legislators, the County of San Mateo, and the Town’s lobbyist to keep these revenues intact for the Town.²⁴

²⁴ Communication with Town of Hillsborough, 10/16/2023

Pension Liability & Other Employment Benefits (OPEB)

The California State Auditor found that, as of June 30, 2021, the Town’s risk for meeting current and future pension commitments as well as OPEB obligations was low to medium but high risk for OPEB funding. However, in FY 18-19 and FY 19-20, the Hillsborough City Council approved funding of \$4.8 million into a pension trust fund to minimize the impact of future increased pension contributions on the budget.

The Town’s net pension liability as of June 30, 2022 was \$18.5M, representing a \$12.2M decrease compared to the prior year, due to a significant CalPERS investment return of 21.3% for FY 20-21. According to the Town’s FY 21-22 Annual Comprehensive Financial Report (ACFR), the reduction will be offset negative investment return from FY 21-22²⁵.

Although the California State Auditor determined that the Town was at high risk in OPEB funding the Town increased its OPEB funded ratio from 40% at the end of FY 20-21 to 60% by end of FY 21-22. During FY 21-22, the Town funded the annual required contribution of \$1.3 million for OPEB and ended the fiscal year with a net OPEB liability of \$8.4M.

- b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?

The General Fund reserve policy requires a minimum of 30% of operating expenditures, with a goal of 50% of operating expenditures. The reserve policy exists to protect the Town from revenue volatility, economic recessions, natural disaster or other financial impact. At the end of the fiscal year ending on June 30, 2022, the Town’s General Fund balance was \$31.8M, inclusive of \$15.7M for reserves, which meets the Town’s General Fund Policy requirements.

- c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?

The Finance Department conducts rate studies and public hearings to set rates for utilities and the Master Fee schedule. City Council reviews proposed updates to the master fee schedule annually during a Study Session and adopts the master fee schedule for the upcoming fiscal year, along with the budget, at a noticed public hearing.

The Town operates water and sewer enterprises, and the revenue collected from user rate charges from each enterprise fund the operations, capital improvements and debt service for both water and sewer. The Town increased water and sewer rates effective July 1, 2023 and has budgeted an average 6% increase to water rates in January 1, 2024.

Although the Town has not experienced challenges in raising sewer rates and fees, it has faced two legal challenges over the past decade when trying to raise water rates. This included a lawsuit regarding water rates, Prop. 218 rate setting, and drought penalties for water customers that exceeded a certain amount of water use. The Town and ratepayers agreed to a negotiated settlement that included plaintiff’s attorney fees and customer refunds for water customers who paid Tier 3, 4 or 5 rates for water between June 28, 2015 through April 30, 2017 (“the Refund Period”), based upon the difference between the rate paid for Tiers 3, 4 and 5 and

²⁵ Town of Hillsborough, *FY 2021-22 Annual Comprehensive Financial Report*

\$11.09 per hundred cubic feet during the Rate Stabilization Period (February 10, 2016 through November 16, 2016) and \$9.06 during the rest of the Refund Period. The claims related to the Drought Penalties were dismissed with prejudice²⁶.

The Town recently adopted a new water rate structure that is currently being reviewed by the courts to establish the rates and validate this action.

- d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?

Staff has determined that the Town is able to fund most of the necessary infrastructure, maintenance, replacement and/or needed expansion. As described above, the Town is aware of the need to fund capital improvements to the aging storm drain system that is approaching the end of its useful life. Although there is currently no dedicated source of funding for storm drain improvements, Town is considering implementing a stormwater fee to fund these improvements.

- e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?

The Town of Hillsborough has adopted several financial policies to help guide financial planning and promote long-term fiscal health, including Budget and Fiscal Policies, a Purchasing Policy and Investment Policy. The Budget and Fiscal Policies cover a range of areas such as, financial reporting, budget administration, reviewing and updating enterprise fund fees and rates, investments, capital improvement management, debt management, fund balance and reserves, and contracting. The Town's Budget and Fiscal Policies were last updated in 2011.

- f) Is the organization's debt at an unmanageable level?

For the fiscal year ending June 30, 2022, the Town had total long-term debt outstanding of \$52.4 million, excluding compensated absences, pension and OPEB liabilities. In addition, the Town contributed \$3,848,454 to CalPERS plans and employees contributed \$1,002,738.

The Town has implemented several strategies over the years to mitigate the long-term cost of pensions including paying off \$9.9 million of side funded liabilities; requiring employees to pay a share of the employer's contribution; implementing an additional tier with a lower pension formula for miscellaneous plan employees; replacing employees who have retired with employees who are on the PEPR plan where applicable; and adopting and funding a \$115 pension trust. The Town stated that it prefunds the actuarial liability with its funding policy to contribute contributions sufficient to pay the current year's retiree premiums and plan expenses, with an additional amount to pre-fund benefits as determined by the Town's actuary on a biennial basis²⁷.

²⁶ Communication with the Town of Hillsborough, 09/08/2023

²⁷ Communication with the Town of Hillsborough, 07/07/2023

Financial Ability MSR Determination:

The California State Auditor has a risk indicator for the fiscal health of California cities. In FY 20-21, the Town of Hillsborough had a score of 85.7 out of 100 points (higher is better) and on a rating scale of “low”, “moderate”, and “high” risk, the City of Hillsborough is classified as “low risk”. OPEB funding was the Town’s key financial issue.

The Town adopts an annual budget and contracts with an independent certified public accountant to prepare the Town’s annual audit. In its most recent audit for the year ending on June 30, 2022, the audit noted that the Town’s total net position increased 11% to \$97M and its general fund balance also increased to \$31.8M, inclusive of \$15.7M for reserves. Although long-term liabilities increased \$3M from the prior year, it decreased its net pension liability by \$12.2M that same year.

The Town’s Finance Department updates its Master Fee schedule annually and conducts rate studies every few years. The Town has not experienced challenges in raising sewer rates and fees, but it has faced two legal challenges in the past decade when attempting to raise water rates and fees. This included a lawsuit regarding water rates, Prop. 218 rate setting, and drought penalties for water customers that exceeded a certain amount of water use. The Town and ratepayers agreed to a negotiated settlement that included customer refunds for those that paid drought water use penalties. The Town recently adopted a new water rate structure that is currently being reviewed by the courts to establish the rates and validate this action.

For the fiscal year ending June 30, 2022, the Town had total long-term debt outstanding of \$52.4 million, excluding compensated absences, pension and OPEB liabilities. In addition, the Town contributed \$3,848,454 to CalPERS plans and employees contributed \$1,002,738.

The Town has implemented several strategies over the years to mitigate the long-term cost of pensions including paying off \$9.9 million of side funded liabilities; requiring employees to pay a share of the employer’s contribution; implementing an additional tier with a lower pension formula for miscellaneous plan employees; replacing employees who have retired with employees who are on the PEPR plan where applicable; and adopting and funding a \$115 pension trust.

Recommendations:

1. Hillsborough has identified the need for over \$50M of storm drain improvements. However, there is no dedicated source of funding for storm drain improvements. LAFCo staff recommends conducting an analysis to determine if a storm drainage fee or other dedicated source of funding could alleviate reliance on the general fund for these improvements.

5) Shared Service and Facilities

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

Discussion:

- a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.

The Town is engaged in the following service shared agreements, which are discussed in greater detail in the *Capacity and Adequacy of Public Facilities and Services* section:

- The Hillsborough Police Department contributes staff and receives services from the San Mateo County Gang Task Force, the County Vehicle Theft Task Force, the County Saturated Traffic Enforcement Program (STEP), and the Northern San Mateo County Regional SWAT team. Training facilities are shared with the College of San Mateo, the Hillsborough School District, City of Burlingame, CCFD and other Town departments.
 - The Town’s Fleet maintenance is contracted out to a private provider, which has resulted in cost savings and a reduction in staff time dedicated to fleet needs.
 - Library services are provided to Hillsborough residents via an agreement with the Cities of Burlingame and San Mateo.
 - Animal control is provided by Peninsula Humane Society via a contract administered by the County.
 - Solid waste services are provided by South Bayside Waste Management Authority (SBWMA), also known as ReThink Waste, a JPA with the County and 10 Cities. Recology is the recycling, compost and solid waste collected contracted service provider.
 - Fire and emergency medical services are provided by CCFD, a JPA that merged the fire departments of the Town of Hillsborough and City of Burlingame.
- b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?

Staff has not identified additional opportunities for the Town of Hillsborough to share services or facilities with neighboring or overlapping organizations.

- c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?

Staff has not identified any governance options that would allow for additional facility or resource sharing, make excess capacity available to others, or avoid duplication of resources.

Shared Services MSR Determination:

The Town of Hillsborough partners with other organizations to share project costs and services with other governments. It shares services through being a member of several JPAs, including with the Central County Fire Department and South Bayside Waste Management Authorities. LAFCo has not identified additional opportunities for the Town to share services or facilities with neighboring over overlapping organizations.

6) Accountability, Structure and Efficiencies

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

Discussion

- a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?

The Town of Hillsborough website includes information about the City Council and its Boards and Committees, including composition and term length, meeting schedule, public hearing notices, agendas and meeting minutes. The City Council page also includes a *Guide to City Council Meetings* that outlines information about the City Council and various Boards and Committees and includes a vocabulary list of common terms residents can expect to hear in a public meeting. LAFCo is not aware of any Town failures to comply with disclosure laws or the Brown Act.

The Town is not aware of any failures to comply with disclosure laws and the Brown Act within the past five years but acknowledged that there were allegations regarding the Brown Act and disclosure under conflict-of-interest laws during discussions about a wireless project that garnered opposition from a resident group²⁸. The resident group filed two lawsuits against the Town, one of which was voluntarily dismissed by the resident group in 2020. The second lawsuit was also voluntarily dismissed after a negotiated settlement.

- b) Are there any issues with staff turnover or operational efficiencies?

The Town's staffing levels have either increased or stayed the same over the past five years. There are currently 97 employees at the Town of Hillsborough. The Town has been able to maintain operations with a stable workforce due to investments in leadership, training, technology and an annual goal setting exercise to set the priorities for the coming year.

- c) Is there a lack of regular audits, adopted budgets and public access to these documents?

The Hillsborough City Council regularly adopts an annual budget and accepts an Annual Comprehensive Financial Reports at noticed public hearings. Both documents are available on the Town website. In addition, the Town has received the GFOA Excellence in Budgeting and the Certificate of Achievement for Excellence in Financial Reporting for the past 19 years²⁹.

- d) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?

LAFCo has not identified any changes to Town's governance structure that will increase accountability or efficiency.

- e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?

LAFCo has not identified any changes to Town's governance structure that will enhance services or eliminate deficiencies.

²⁸ Communication with the Town of Hillsborough, 07/07/2023

²⁹ Communication with the Town of Hillsborough, 07/07/2023

- f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?

The Town of Hillsborough’s sphere of influence is coterminous of the Town Boundaries of 1985 and does not overlap with any special districts or other service providers. LAFCo has not identified any opportunities to eliminate overlapping boundaries.

Accountability, Structure, and Efficiencies MSR Determination:

The Town of Hillsborough complies with disclosure laws and the Brown Act and ensures that public meetings are accessible and well publicized. Adopted budgets and annual budgets are available on the Town Website. The Town did not report any issues with staff turnover or operational efficiencies. There are no recommended changes to the organization’s governmental structure or operations that will increase accountability and efficiency.

7) Other

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

Discussion:

- a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?

While not a service delivery issue, there are several parcels in the El Cerrito Avenue and Ranelagh Road area that are split by the Town of Hillsborough – City of San Mateo city boundary line (Attachment B). In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows parcel boundaries.

There are no other issues that LAFCo has identified through the MSR/SOI process.

- b) Water Resiliency and Climate Change

The Town of Hillsborough has taken action to ensure a robust water supply and engages in multi-agency collaborations to address risks associated with sea level rise and climate change.

The Town joined the International Council for Local Environmental Initiatives (ICLEI) Cities for Climate Protection to work collaboratively to reduce greenhouse gas (GHG) emissions. Through this collaboration, the town completed a greenhouse gas inventory which provides an analysis of the transportation, residential, municipal, and solid waste sectors and their GHG emissions. The Sustainable Hillsborough Task Force identified GHG emission reducing program and policies, which were then included in the Town’s Climate Action Plan.

In 2010, the Town of Hillsborough adopted a Climate Action Plan to assist the Town in achieving its emission reduction and sustainability goals in an effort to meet the requirements of Assembly Bill 32. The Plan includes 4 strategies to guide program and policy recommendations in the areas of energy efficiency, water conservation and green building; education and promotion; waste reduction and recycling; and municipal operations through 2020. As part of its General Plan Update process, the Town will update its Climate Action Plan in the next two years. The Hillsborough City Council has the authority to declare a water shortage and establish corresponding conservation measures.

As discussed in the *Capacity and Adequacy of Public Facilities and Services* section, the Town of Hillsborough is in compliance with the Water and Conservation Act of 2009 and has developed a Water Shortage Contingency Plan in 2021 to prepare for and respond to future water shortages³⁰. The Plan outlines the Town’s phased response to water shortages that progresses depending on severity from voluntary rationing to mandatory rationing and penalties to limiting water use to public, health and safety purposes only. Movement between each phase is preceded by a City Council public hearing.

In addition, the Town participates in the Bay Area Water Supply and Conservation Agency (BAWSCA) and cooperates in regional efforts to reduce water usage during drought years.

- c) Natural Hazards and Mitigation Planning

³⁰ Town of Hillsborough, *2020 Water Shortage Contingency Plan*

Approximately 70% of the Town is within the Wildland Urban Interface (WUI) zone and is at a greater risk for wildfire. The Town encourages best practice actions for all properties, including defensible space parameters for residences and other buildings, and a comprehensive periodic wildfire abatement inspection program has been instituted for properties within the WUI zone. The Town also partners with Firewise, a community-based fire prevention and education organization that works with residents on fuel reduction projects and ensures that the community maintains the necessary activities to maintain “Firewise” certification³¹.

In addition, the Town participates in the multi-jurisdictional Hazard Mitigation Plan for San Mateo County **and is a member of One Shoreline, previously known as the San Mateo County Flood and Sea Level Rise Resiliency District.**

Other MSR Determination:

Although not a service delivery issue, there are several parcels in the El Cerrito Avenue and Ranelagh Road that are split by the Town of Hillsborough – City of San Mateo city boundary line. In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows parcel boundaries. The Town is engaged in activities to address natural hazard mitigation and sea level rise for residents, businesses, and infrastructure.

Recommendations:

1. In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows the above-mentioned parcel boundaries that are currently split by the Hillsborough-San Mateo boundary line.
2. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.

Section 5. Sphere of Influence Review and Update

Determinations

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

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

Hillsborough’s current SOI is coterminous with the Town’s boundaries. There are 259 acres of open space lands and no agricultural lands in the study area.

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

³¹ Communication with the Town of Hillsborough, 07/07/2023

The Town’s facilities and services meet the current need of the area, and the Town anticipates that it will be able to adequately provide facilities and services for the projected growth that may occur within its boundaries.

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

The Town is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The Town routinely adopts a CIP for its infrastructure and 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 Town’s boundaries are coterminous with its SOI, and there are no social or economic communities of interest in the area.

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

No change to the Sphere of Influence for the Town of Hillsborough is being proposed at this time.

On the basis of the Municipal Service Review:

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

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



HILLSBOROUGH SPHERE OF INFLUENCE



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1693 • PHONE (650) 363-4324 • FAX (650) 363-4848

LAFCo meeting packet



Appendix A. Town of Hillsborough Fact Sheet

City Manager: Doug Davis

Address: 1600 Floribunda Ave., Hillsborough, CA 94010

Email Address: DDavis@hillsborough.et

Phone Number: 650-375-7753

Date of Incorporation: May 5, 1910

City Councilmembers:

Councilmember	Term Expiration Date
Christine Krolik, Mayor	December 2024
Sophie Cole, Vice Mayor	December 2024
Marie Chuang	December 2026
Leslie Marden Ragsdale	December 2026
Alvin L. Royse	December 2024

Councilmember Compensation: Councilmembers do not receive direct compensation for serving on Council but are eligible to receive health insurance coverage while serving on the Council. Actual benefit coverage is dependent upon participation in the benefits program, which is voluntary and has been declined by many of the City Council members, as well as the level of enrollment (member only, member +1, member + family). The maximum potential benefit for medical insurance is the Blue Shield family rate – rates shown below are the highest current benefits being paid for participating Council members³².

Available Benefits (2023)	Amount
Medical	\$2,661.44
Dental	\$109.00
Vision	\$15.00

Public Meetings: The City Council meets regularly on the second Monday of each month at 6pm in the Council Chambers at Town Hall, 1600 Floribunda Avenue.

Services Provided: Water, sewer, police, streets & storm drains, street lighting. Fire protection, emergency medical services, animal control, electricity, natural gas, solid waste collection and disposals, some street lighting, library services and recreation are provided via service agreements or JPAs.

Population: 11,418 (2020)

Number of Personnel: 97 FTE

³² <https://www.hillsborough.net/144/City-Council>

MSR– Town of Hillsborough

Sphere of Influence: Coterminous with Town Boundaries of 1985

Budget: \$76.6 Million (FY 2023-24 Adopted Budget)

Appendix B. References

1. California State Auditor, Local Government High Risk Dashboard,
https://www.auditor.ca.gov/local_high_risk/lhr-main-landing
2. Town of Hillsborough MSR response letters



TOWN OF HILLSBOROUGH
California

July 7, 2023

Sofia Recalde
Management Analyst
San Mateo LAFCo
455 County Center, 2nd Floor
Redwood City, CA 94063

Via email to srecalde@smcgov.org

Subject: Request for Information for the Town of Hillsborough Municipal Service Review and Sphere of Influence Update

Attached please find the Town of Hillsborough's response to LAFCo's Request for Information for the Town of Hillsborough Municipal Service Review and Sphere of Influence.

Sincerely,

A handwritten signature in blue ink, appearing to read "DD", is written over a horizontal line.

Doug Davis
Interim City Manager

Attachment

Capacity and Adequacy of Public Facilities and Services

1. Please provide the year that each existing police and fire station was constructed.

Police:

- Hillsborough Police Department, 1600 Floribunda Avenue, built 1992

Fire:

- Hillsborough Fire Station 32, 330 Ascot Road, built 1982
- Hillsborough Fire Station 33, 835 Chateau Drive, built 1952

2. Please provide beat/service maps for police and fire services.

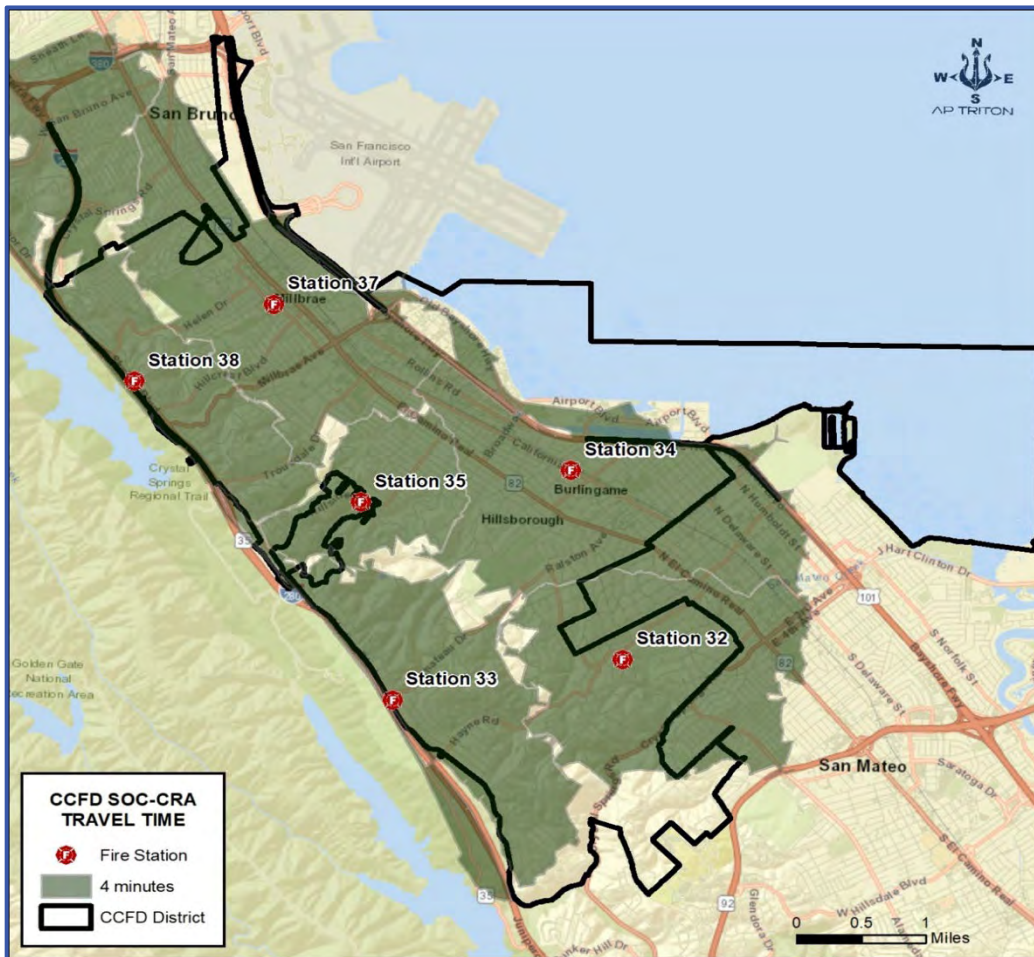
Police: See Attachment 1.

Fire:

Central County Fire Department: Jurisdictional Boundary



Projected CCFD 4-Minute Travel Times from Stations



3. Housing element projects 15% housing increase. How is the Town preparing for the impact on this potential growth on municipal services? 

The Town has started the process for upgrading the permit software program to help with application and project tracking. This will help staff provide the needed reporting to the State for the Cycle 6 Housing Element. The Building and Planning Department is adding three new full-time employees to assist with the anticipated increase in applications.

4. Does the Town anticipate any changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?

The Town is always tracking legislation from the State to anticipate potential impact to residents, staff, and Town-wide operations.

5. Is there adequate staffing and facilities to meet demand for park and rec programs?

The Hillsborough Recreation Department is a Joint Powers Agreement between Hillsborough City School District (HCSD) and the Town of Hillsborough. Originally founded in 1979, Hillsborough Recreation serves the Hillsborough community in multiple facets including middle school sports, preschool, afterschool, summer, and adult programming, as well as facility management.

Hillsborough Recreation’s leadership structure includes its executive director, the Superintendent of the Hillsborough City School District, and the Recreation Director. The Hillsborough Recreation Commission consisting of five-members: two town council representatives, two school board trustees, and one community at-large commissioner, provides policy oversight.

6. Please characterize the existing relationship with the Central County Fire Department. Does the Town anticipate any changes to the structure of the JPA or to services provided to the Town by the JPA in the near term?

The Central County Fire Department (CCFD) was established through a Joint Powers Agreement (JPA) between the City of Burlingame and the Town of Hillsborough with essential support services provided by the two cities. This partnership and JPA structure promotes more efficient administration and effective delivery of services without the additional overhead of a completely independent JPA agency.

The Department is governed by a Board of Directors (“Board”) consisting of two representatives from each city, representing the cities in determining the level of fire, emergency medical and disaster preparedness services to be provided by the Department. All major decisions by the Board require ratification by the respective city councils. The model, together with the joint budget provides an effective tool in maximizing the delivery of fire services, controlling costs, and maintaining local control in determining service levels.

The Town of Hillsborough does not anticipate any changes to the structure of the JPA or to the service provided to the Town of Hillsborough by the JPA in the near future. The JPA provides contract fire services to the City of Millbrae.

7. What is the current ISO rating for the Central County Fire Department for Hillsborough?

The current ISO rating for the Central County Fire Department for the Town of Hillsborough is 2.

Financial Ability

1. Has the Town experienced any challenges in raising rates or fees?

The Town has had no challenges in raising sewer rates and fees and charges. The Town has had challenges on its water rates.

Class Action. On November 8, 2016, water customers, individually and on behalf of all other water customers in the Town, filed a Class Action Complaint and Petition for Writ of Mandate against the Town in the Superior Court of California for the County of San Mateo (the “Court”) as Case No. 18C1V02284 (the “Action”). In the Action, Petitioners challenged Ordinance No. 725, which was adopted by the Town and went into effect on June 9, 2015, and established a scheme of water rationing for water customers in the Town (the “Drought Penalty Ordinance”), and Ordinance No. 731, which was adopted by the Town and went into effect on February 1, 2016, and, in part, established new water rates for residential water users (the “Rate Ordinance”). Petitioners contended the following: (a) the Drought Penalty Ordinance violated the procedural and substantive requirements of Proposition 218; (b) the Rate Ordinance did not comply with Proposition 218; and (c) the water rates in effect prior to the adoption of Ordinance No. 731 also did not comply Proposition 218 (collectively, the “Claims”).

The Court approved a Ratepayer Class made up of “all residential water service customers of the Town of Hillsborough who have paid in excess of Tier 2 in a billing cycle during the time period from June 28, 2015 through April 30, 2017” and a Drought Penalty Class made up of “all residential water service customers of the Town of Hillsborough, who were assessed and paid penalties pursuant to Town of Hillsborough Ordinance No. 725, and exhausted their administrative remedies.” Thereafter, the parties participated in mediation and negotiated a settlement which had to be approved by the Court.

Under the terms of a Settlement Agreement (the “Settlement Agreement”), the Town agreed to establish a Settlement Fund in the amount of \$1,229,329 which includes \$779,329 designated for customer refunds (the “Refund”) to water customers in the Town who paid for water at Tier 3, 4, and 5 rates during the nearly two years spanning June 28, 2015 through April 30, 2017 (the “Refund Period”); and an additional \$450,000 for Plaintiffs’ attorneys’ fees, costs, and Class Representative Service awards. The Class represented 3,083 class members. Water customers who paid domestic water rates during the Refund Period had the right to opt out of the settlement class. Ultimately, 17 persons opted out of the settlement, which represented \$7,942.62 of the total Refund. These funds, as well as any unclaimed refund checks, will go to the established cy pres fund.

In exchange for the settlement benefits, the Class Members released all rights, claims, and actions they and any of the Class Members now have, or may have in the future, against the Town arising out of, or relating to, the facts and circumstances giving rise to the Action or Claims, or arising out of, or relating to, those water rates, drought penalties, and fines imposed pursuant to Ordinance No. 725 and 731. Both the tiered rate claims and drought penalty claims have been dismissed, and the Court approved the Settlement Agreement on April 5, 2023.

Validation Action. On November 14, 2022, the Town adopted Resolution No. 22-83, which established a new rate structure for water service charges. Resolution No. 22-83 took effect immediately but provides that the adopted maximum rates will not be implemented until at least July 1, 2023. Pursuant to Government Code Section 53759, on March 7, 2023, the Town filed an

action in the Superior Court of California, County of San Mateo to determine the validity of Resolution No. 22-83 under California's validation statutes. Consistent with the validation statutes, the complaint names all interested persons as the defendants, and service thereon was affected by publication of the summons in the San Mateo Daily Journal on March 29, 2023, April 5, 2023, and April 12, 2023. Under the validation statutes, any interested person had until May 1, 2023, to appear in the action and contest the validity of the Resolution. On May 1, 2023, an answer was submitted to the Town's complaint contesting the validity of the water rates adopted on November 14, 2022, generally claiming the Town cannot satisfy its burden of showing compliance with Proposition 218. A case management conference has been scheduled for July 13, 2023, at which time the Court is expected to set a hearing/trial date on the validation complaint. Under the validation statutes, the lawsuit is entitled to preference over all other civil actions for purposes of setting the hearing/trial date. Until such determination, the Town's current water rate structure will remain in place.

A final judgment in the action will be forever binding and conclusive as to the validity of Resolution No. 22-83. The Town cannot predict the effect any such hearing/trial may have on the water rate structure under Resolution No. 22-83, nor can it predict the outcome of any such hearing/trial.

2. Please provide copies of any adopted financial policies.

The policies are available on the Town website as follows:

Purchasing Policy <https://www.hillsborough.net/DocumentCenter/View/3284/408---Purchasing-PDF>

Budget and Fiscal Policies <https://www.hillsborough.net/DocumentCenter/View/3286/409---Fiscal-PDF>

Investment Policy <https://www.hillsborough.net/DocumentCenter/View/3287/410---Investments-PDF>

All Town policies are available at <https://www.hillsborough.net/216/Personnel-Policies>

3. What are the Town's current payments to CalPERS? What is the employee's portion of the CalPERS liability?

For Fiscal Year End June 30, 2022 audited financial statements, the Town contribution to CalPERS plans was \$3,848,454 and the employee's contribution was \$1,002,738.

4. How has the Town addressed unfunded pension liability costs now and in the near future?

The Town has implemented several strategies over the years to mitigate the long-term cost of pensions including 1) Paying off \$9.9 million of side fund liabilities, 2) Collaborating with employees to pay a share of the employer's contribution, 3) Implementing an additional tier with a lower pension formula for miscellaneous plan employees, 4) Replacing employees who have retired with employees who are on the PEPPA plan where applicable, and 5) Adopted and funded a Section 115 pension trust. The trust balance (now approximately \$5 million) and the earnings thereon are used to pay for the future rising pension costs.

5. How has the Town addressed OPEB costs to date and what is planned for the near future?

The Town prefunds the actuarial liability with its funding policy to contribute contributions sufficient to pay the current year's retiree premiums and plan expenses, with an additional amount to pre-fund benefits as determined by the Town's actuary on a biennial basis.

6. What has been the staffing level over the last 5 years for the Town?

FY 2022-23 = 94, FY 2021-22 = 91, FY 2020-21= 91, FY 2019-20= 89, FY 2018-19= 88.

7. What is the compensation for Town Council and appointed board members? Do they receive any benefits?

There is no compensation for City Council and appointed board members. Health, dental and vision benefits are offered to City Councilmembers.

8. Does the Town anticipate any budget challenges in the foreseeable future?

The Town recently received an AAA rating from Standard and Poor's with the issuance of the Revenue Refunding Bonds Series 2023 in the Enterprise Funds. The long-range projection in the FY 2023-24 Adopted Budget indicates that the General Fund reserves will be within policy levels, based on a current set of assumptions and conditions. Details can be found in the budget document on page 43 of the Budget-In-Brief and page 133 of the Extended Financial Projection at hillsborough.net/ArchiveCenter/ViewFile/Item/1629

Shared Services and Facilities

1. Has the Town pursued other shared services or considered consolidation with other providers (i.e. 911 dispatch, training facilities, fleet maintenance, use of Hillsborough School District facilities)?

The Hillsborough Police Department actively engages in shared services, shared equipment, and regional partnerships with allied agencies in San Mateo County. We contribute staff and receive services from the San Mateo County Gang Task Force, The San Mateo County Vehicle Theft Task Force, San Mateo County STEP (saturated traffic enforcement program), and the Northern San Mateo County Regional SWAT Team. We also contribute staff to the United States Secret Service Cybercrimes Task Force and the Internet Crimes Against Children (ICAC) Regional Task Force. Our contributions with the federal task force groups have resulted in the acquisition of state-of-the-art digital forensic technology and specialized training at no cost to the Town of Hillsborough.

We have the capability and have shared dispatch services virtually and in-person when needed for emergencies or in the event of any IT failure or maintenance operations. We utilize shared training facilities with the College of San Mateo (Police Academy), our School District, City of

Burlingame (EOC Operations), Central County Fire Department (as noted below), as well as other Town departments.

The Town's Fleet Maintenance is contracted out to a private provider that is the leader in public safety fleet maintenance in the bay area (Priority One – San Carlos). The result of contracting out our fleet maintenance operations has been a financial savings as well as a substantial reduction in staff time attributed to fleet needs.

Central County Fire Department (CCFD)/Hillsborough shared service agreements:

- Joint Powers Agreement with Burlingame and Hillsborough
- Agreement between Central County Fire Department and the City of Millbrae for Fire and Emergency Service.
- Agreement with the San Mateo County Pre-Hospital Emergency Medical Service Group to be a designated Paramedic First Response Service Provider. This includes Fire 911 Dispatch.

Accountability, Structure, and Efficiencies

1. Are there any issues with staff turnover or operational efficiencies?

The Town has maintained operations with a relatively stable workforce. Key positions being recruited for are the Building & Planning Director position and the Human Resources Manager position.

The Town maintains strong operational efficiencies due to its investment in training, leadership, technology and a robust annual goal-setting process to set the priorities for the year. Examples of operational excellence include the Town maintaining the lowest crime record for cities greater than 10,000 population for more than 15 years and receiving the GFOA Excellence in Budgeting and the Certificate of Achievement for Excellence in Financial Reporting for 19 years.

2. Have there been any failures to comply with disclosure laws and the Brown Act within the last five years?

The Town of Hillsborough does not believe there has been any failure to comply with disclosure laws and the Brown Act within the last five years. There have been various allegations made against the Town in 2020 and 2021 regarding the Brown Act and disclosure under conflict of interest laws as it relates to a wireless project within the community that garnered widespread opposition from a resident group in Town. The resident group filed two lawsuits against the Town on these issues. To date, one lawsuit filed in 2020 was voluntarily dismissed by the resident group, and a second lawsuit filed in 2021 was also voluntarily dismissed after negotiated settlement. The Town successfully reduced the number of claims alleged by the resident group through litigation which likely lead to the dismissal of the various lawsuits filed by the resident group.

Other

1. What actions has the Town taken regarding potential sea level rise and climate change? Has the Town constructed any stormwater systems to help address runoff?

Sea Level Rise. The Town is not directly in a zone that would be impacted by sea level rise within city limits. However, neighboring cities would be impacted if the San Francisco Bay rises. The Town is contributing to the San Mateo Sea Level Rise project to support efforts in the County.

Stormwater System. In addition, the Town has a comprehensive Storm Drain Master Plan for improving the stormwater systems. It is a multi-year plan with \$55 million in projects. Projects are ranked by severity and the Town has completed all high priority and some medium priority projects to date. As part of our Stormwater Plan and in coordination with the San Mateo County Storm Water Program and The Municipal Regional Permit (MRP), all new homes that are constructed must be built according to the guidelines of the MRP. This would include detaining stormwater on site in underground systems, and reducing the net runoff from project sites.

Drought. The City Council has the authority to declare a water shortage and establish corresponding mandatory conservation measures. The Town classifies the severity of the water shortage using stages, designated 1 to 4, each of which corresponds to the relative degree to which the Town water supply is likely to be reduced. The Town implemented automated smart irrigation meters and utilizes the WaterSmart portal for customers and staff to be alerted about water leaks, and to aid in monitoring and managing water usage.

2. What actions has the Town taken regarding the impacts of natural hazards in the Town?

The Town, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Seismic activity represents a potential risk for damage to buildings, roads, bridges, and property within the Town. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

Approximately 70% of the Town is within the Wildland Urban Interface (WUI) zone. Communities like the Town are at a greater risk for wildfire and have taken preventative measures to eliminate hazard and reduce risks. The Town encourages best practice actions for all properties, including defensible space parameters for residences and other buildings, and a comprehensive periodic wildfire abatement inspection program has been instituted for properties within the WUI zone. The Town also partners with Firewise, a community-based fire prevention and education organization that works with residents on fuel reduction projects and ensures that the community maintains the necessary activities to maintain “Firewise” certification.

HPD Beats

Updated: **January 7, 2009**

The Hillsborough Police Department maintains two patrol beat configurations. These configurations provide a built-in flexibility to address the need for services based on available units.

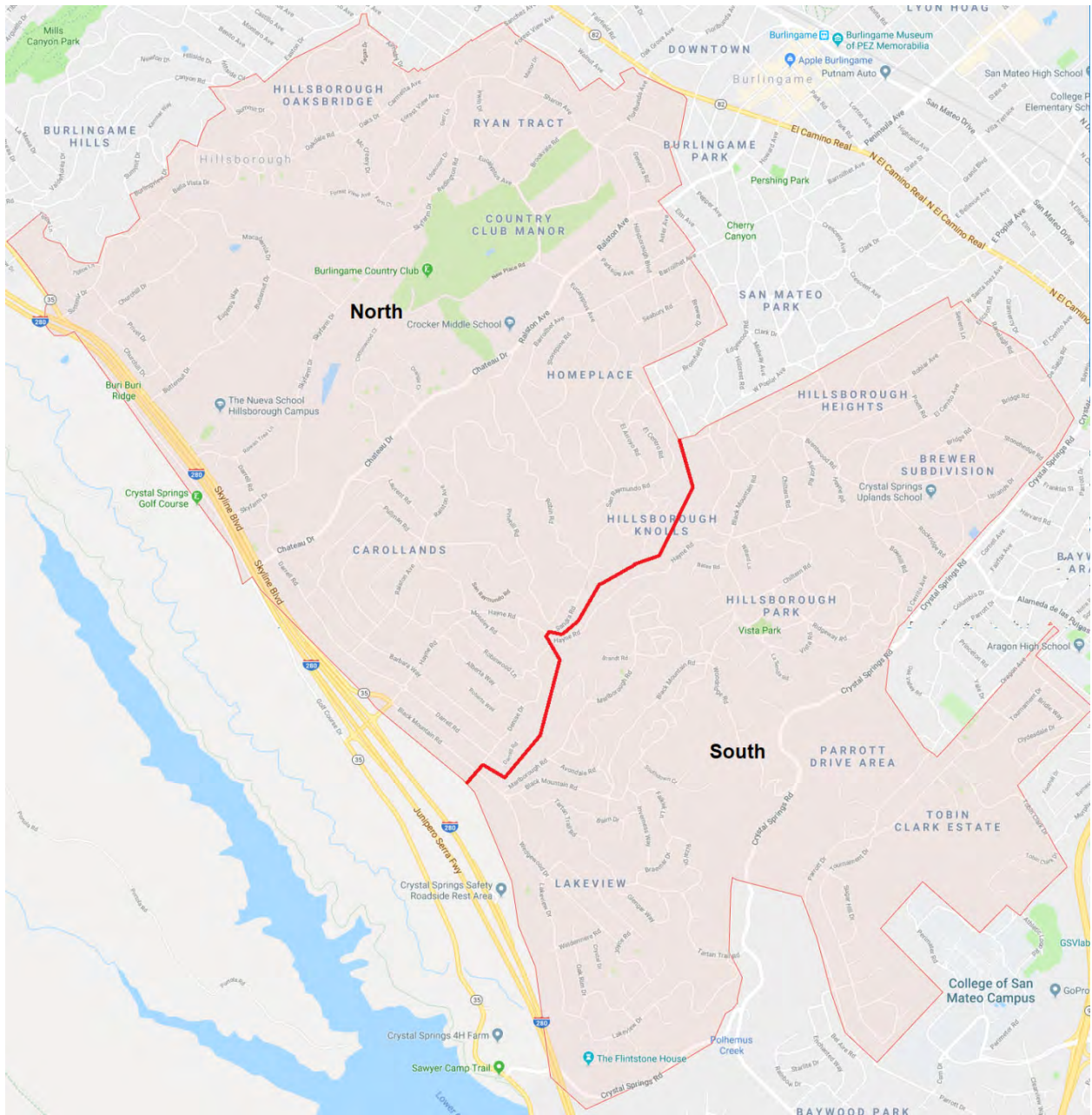
Beat configurations begin with a two beat system. This is used where a shift consists of two patrol officers, a sergeant, and/or a corporal. This allows the town to be geographically split in half, approximately 3.46 square miles for the north beat and approximately 3.16 square miles for the south beat. Depending on the Sergeant's assignments during the shift, the corporal may be assigned a beat resulting in the dispatcher utilizing the three beat system. The three beat system is primarily used when a shift consists of three patrol officers, a sergeant, and/or a corporal. This allows the town to be geographically split into thirds, approximately 2.57 square miles for the north beat, approximately 2.06 square miles for the south beat, and approximately 1.99 square miles for the west beat.

Since some homes within Hillsborough fall within different beats based on the varying beat configurations, each premise within RIMS is configured to display both beat designators. The first beat designator is used when operating with the two beat system and the second beat designator is used when operating with the three beat system.

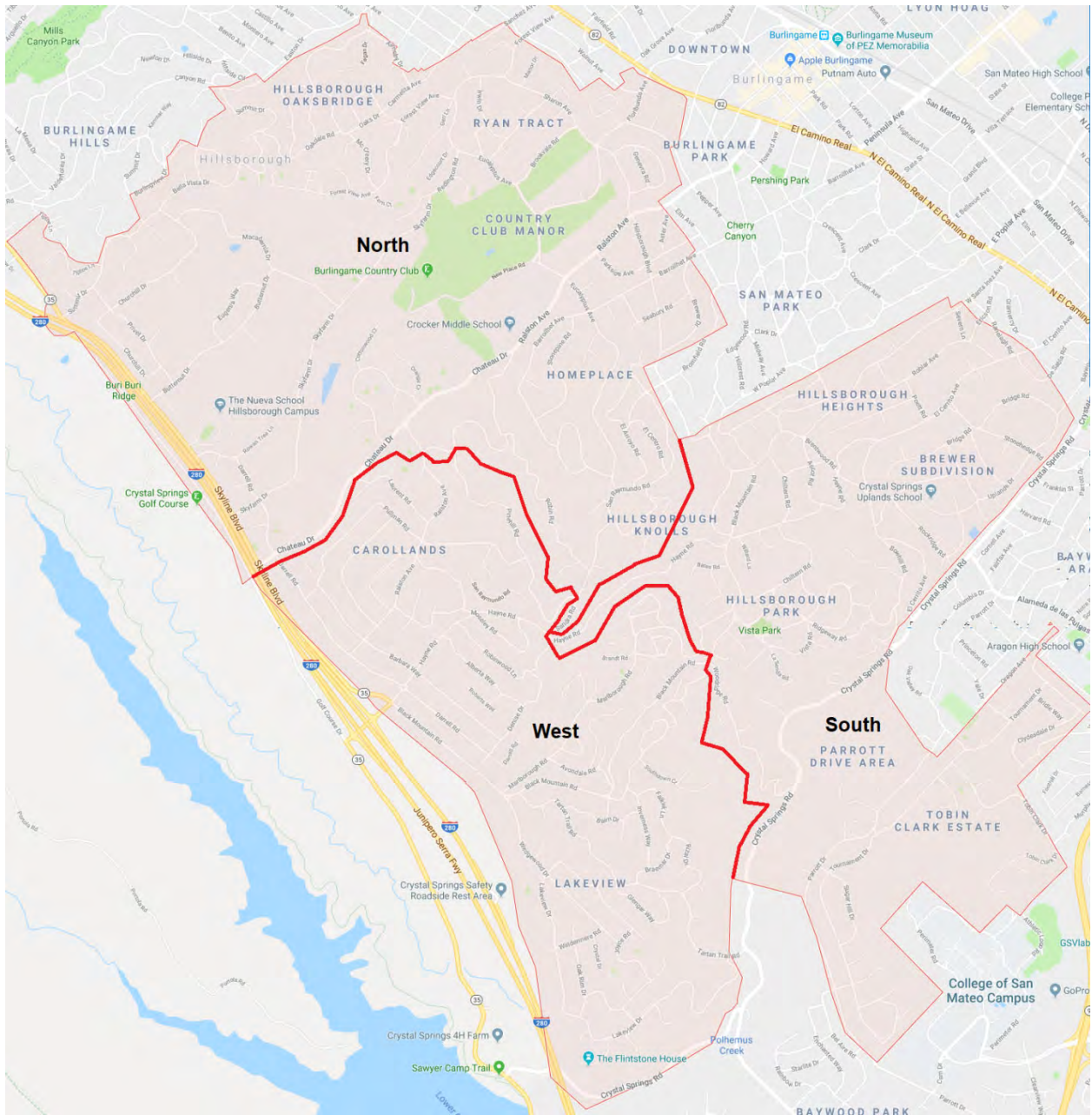
N – W

Two Beat System Three Beat System

Beat	Two Beat System	Three Beat System
N - N	North	North
S - S	South	South
N - W	North	West
S - W	South	West
XTRA	Rove	Rove
WC	Watch Commander	Watch Commander
OOH	Outside of Hillsborough	Outside of Hillsborough



2 Beat



3 Beats

From: [Lisa Natusch](#)
To: [Sofia Recalde](#)
Cc: [Rob Bartoli](#)
Subject: RE: LAFCo mtg & Hillsborough MSR
Date: Monday, October 16, 2023 1:30:03 PM

CAUTION: This email originated from outside of San Mateo County. Unless you recognize the sender's email address and know the content is safe, do not click links, open attachments or reply.

Hi Sofia,

I apologize for the delayed reply to your inquiry. Please see the response below:

Excess ERAF revenue is approximately 8.5% of General Fund revenues and is used to fund the Town's critical, ongoing operations in the General Fund. If this revenue source were to reduce significantly, it would impact operations and projects for key services. The Town's revenue projection reflects an erosion of Excess ERAF revenue of approximately 5 to 6% per year over the next several years. The Town has actively worked with legislators, the County of San Mateo, and the Town's lobbyist to keep these revenues intact for the Town.

Thank you,

Lisa Natusch, MMC
City Clerk
Town of Hillsborough
1600 Floribunda Avenue
Hillsborough, CA 94010
(650) 375-7421

From: Sofia Recalde <srecalde@smcgov.org>
Sent: Monday, October 16, 2023 1:23 PM
To: Doug Davis <DDavis@HILLSBOROUGH.NET>; Lisa Natusch <lnatusch@HILLSBOROUGH.NET>
Cc: Rob Bartoli <RBartoli@smcgov.org>
Subject: RE: LAFCo mtg & Hillsborough MSR

Hi City Manager Davis and Lisa,

I am following up to see if you could respond to the Commission's question regarding the excess ERAF that Hillsborough receives (see highlight below). We would like to incorporate your response into the meeting packet that goes out this Wednesday, so if possible, we would appreciate it if we could get a response before the end of day tomorrow.

Thank you,

Sofia

From: Sofia Recalde

Sent: Thursday, September 21, 2023 11:54 AM

To: DDavis@hillsborough.net

Cc: Lisa Natusch <lnatusch@HILLSBOROUGH.NET>; Rob Bartoli <RBartoli@smcgov.org>

Subject: RE: LAFCo mtg & Hillsborough MSR

Hi City Manager Davis,

The Commission approved the circulation draft of the MSR for the Town of Hillsborough at yesterday's LAFCo meeting, and the final MSR will be scheduled for a special LAFCo meeting on October 25 at 2:30pm. The comment period for the circulation draft MSR is open, and you may submit any additional comments to us by Friday, October 13. In addition, LAFCo staff will be holding a virtual public workshop the first week of October, and you and Town staff are welcome to attend. We will let you know as soon as the date and time have been confirmed.

During yesterday's meeting, the Commission had a question regarding the excess ERAF that Hillsborough receives. As you know, there have been recent attempts to freeze the amount of excess ERAF that agencies receive or even eliminate the funds all together. Has the Town evaluated the potential reduction or loss of excess ERAF and impacts to the Hillsborough's budget? How are excess ERAF funds allocated in the General Fund (ie, are the funds programed for operations, reserve funds, debt service, or other)?

Please let us know if you have any questions.

Thank you,

Sofia

Sofia Recalde
Management Analyst
San Mateo LAFCo
(650) 363-1853
srecalde@smcgov.org

From: Sofia Recalde

Sent: Thursday, September 14, 2023 10:29 AM

To: DDavis@hillsborough.net

Cc: Lisa Natusch <lnatusch@HILLSBOROUGH.NET>; Rob Bartoli <RBartoli@smcgov.org>

Subject: LAFCo mtg & Hillsborough MSR

Dear City Manager Davis,

LAFCo staff will be presenting the circulation draft of the Hillsborough MSR to the Commission at the upcoming LAFCo meeting on September 20th. I have attached the agenda and draft MSR for your review. You are welcome to attend the meeting in person or via Zoom. Meeting details are in the agenda and below.

LAFCo Meeting

September 20, 2023 at 2:30pm

Board of Supervisors' Chambers

Hall of Justice and Records

400 County Center

Redwood City, CA 94063

Zoom: <https://smcgov.zoom.us/j/93703834059>

Pending direction from the Commission, LAFCo staff intends to hold a virtual public workshop on the draft MSR for Hillsborough during the first week of October and will bring the final version back to the Commission for adoption at a Special LAFCo meeting on Wednesday, October 25 at 2:30pm. We will let you know the date of the virtual meeting, and you will have another opportunity to provide edits and feedback on the report before it is finalized.

Please let us know if you have any questions at this time. Thank you.

Best,

Sofia

Sofia Recalde

Management Analyst

San Mateo LAFCo

(650) 363-1853

srecalde@smcgov.org

RESOLUTION NO. 1310

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

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

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

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

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the Town of Hillsborough;

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

WHEREAS, the Executive Officer set a public hearing date for October 25, 2023, for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on October 25, 2023; and

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

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

WHEREAS, the Commission is required pursuant to Government Code Section 56425 and local Commission policy to make statement of written determinations with regards to the following factors:

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

Hillsborough's current SOI is coterminous with the Town's boundaries. There are 259 acres of open space lands and no agricultural lands in the study area.

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

The Town's facilities and services meet the current need of the area, and the Town anticipates that it will be able to adequately provide facilities and services for the projected growth that may occur within its boundaries.

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

The Town is anticipated to be able to meet service demands of foreseeable growth with project infrastructure improvements and other mitigation measures. The Town routinely adopts a CIP for its infrastructure and 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 Town's boundaries are coterminous with its SOI, and there are no social or economic communities of interest in the area.

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

No change to the Sphere of Influence of the Town of Hillsborough is proposed at this time.

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

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

The Municipal Service Review also is exempt from CEQA under the section 15061(b)(3), the common-sense provision, which states that CEQA applies only to projects which have the potential for

causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA; and

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

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated October 25, 2023, Final Municipal Service for the Town of Hillsborough, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

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

Regularly passed and adopted this ___ day of ___.

Ayes and in favor of said resolution:

Commissioners:

Noes and against said resolution:

Commissioners Absent and/or Abstentions:

Commissioners:

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

ATTEST:

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 B

Municipal Service Review (MSR) Areas of Determination and Recommendations for
the Town of Hillsborough

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

As of 2020 the population of Hillsborough was 11,387 and had 4,091 housing units. The Regional Housing Needs Assessment (RHNA) allocation, prepared by the Association of Bay Area Governments (ABAG), for 2023-2031 requires the Town to plan for the development of 554 new housing units by 2031. The Town will amend its General Plan, last adopted in 2005 and updated in 2014 to accommodate the 2014-2022 Housing Element, to ensure that its goals, policies and programs are consistent with the Housing Element once it is approved by the Housing and Community Development Agency.

Recommendation

- None

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

Determination

While the Town does provide water, sewer, and structural fire protection, there are several properties in the unincorporated Burlingame Hills area that receive water service from the Town. However, the Town of Hillsborough's sphere of influence is coterminous with its boundaries and, therefore, does not have any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Recommendation

- None

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.

Determination

LAFCo is not aware of any deficiencies in agency capacity to meet existing service needs for which the agency does not have a plan in place to resolve. The Town is anticipated to be able to

meet most service demands of foreseeable growth with project infrastructure improvements and other mitigation measures.

Although the Town's guaranteed water supply of 4,858 acre-feet (AF) per year during normal water years through 2045 exceeds its projected water demands in the 2021 urban water management plan, the projected water demands assumes minimal population growth. LAFCo staff recommends that the Town update its urban water management plan (UMWP) to align with planned growth as directed by the recent housing element and the RHNA allocation.

The Town acknowledges that its infrastructure is aging. The Town's annual 5-year Capital Improvement Plan includes the critical capital improvements, replacements and repairs to ensure the Town's infrastructure and facilities are adequate to meet future needs of its residents. Capital improvements to the water and sewer systems are funded through the respective enterprise funds. Storm drain improvements are funded by general fund capital transfers.

Fire protection services are provided by the Central County Fire Department, a Joint Powers Agreement (JPA) between the City of Hillsborough and Town of Hillsborough. In March 2023, CCFD published a Community Risk Assessment/Standards of Care & Deployment Analysis that made several recommendations, including the development of a capital improvement plan for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.

Recommendations

1. The Town should partner with the City of Burlingame to review the recommendations in the CCFD Community Risk Assessment to prepare a capital improvement plan and CIP budget for fire stations, vehicles and apparatus that are in poor condition and the construction or relocation of the Administrative Facility building.
2. Hillsborough's UMWP was last updated in 2021. The Town should align the growth projections in the UMWP with the RHNA growth projections and the 2023-2031 Housing Element in its next UMWP update.
3. Hillsborough has identified the need for over \$50M of storm drain improvements. However, there is no dedicated source of funding for storm drain improvements, and Town is considering implementing a stormwater fee to fund these improvements. LAFCo staff encourages the Town to conduct this analysis to determine if a storm drainage fee or other dedicated source of funding could alleviate reliance on the general fund for these improvements.

Financial ability of agencies to provide services.

Determination

The California State Auditor has a risk indicator for the fiscal health of California cities. In FY 20-21, the Town of Hillsborough had a score of 85.7 out of 100 points (higher is better) and on a

rating scale of “low”, “moderate”, and “high” risk, the City of Hillsborough is classified as “low risk”. OPEB funding was the Town’s key financial issue.

The Town adopts an annual budget and contracts with an independent certified public accountant to prepare the Town’s annual audit. In its most recent audit for the year ending on June 30, 2022, the audit noted that the Town’s total net position increased 11% to \$97M and its general fund balance also increased to \$31.8M, inclusive of \$15.7M for reserves. Although long-term liabilities increased \$3M from the prior year, it decreased its net pension liability by \$12.2M that same year.

The Town’s Finance Department updates its Master Fee schedule annually and conducts rate studies every few years. The Town has not experienced challenges in raising sewer rates and fees, but it has faced two legal challenges in the past decade when attempting to raise water rates and fees. This included a lawsuit regarding water rates, Prop. 218 rate setting, and drought penalties for water customers that exceeded a certain amount of water use. The Town and ratepayers agreed to a negotiated settlement that included customer refunds for those that paid drought water use penalties. The Town recently adopted a new water rate structure that is currently being reviewed by the courts to establish the rates and validate this action.

For the fiscal year ending June 30, 2022, the Town had total long-term debt outstanding of \$52.4 million, excluding compensated absences, pension and OPEB liabilities. In addition, the Town contributed \$3,848,454 to CalPERS plans and employees contributed \$1,002,738.

The Town has implemented several strategies over the years to mitigate the long-term cost of pensions including paying off \$9.9 million of side funded liabilities; requiring employees to pay a share of the employer’s contribution; implementing an additional tier with a lower pension formula for miscellaneous plan employees; replacing employees who have retired with employees who are on the PEPR plan where applicable; and adopting and funding a \$115 pension trust.

Recommendations

1. Hillsborough has identified the need for over \$50M of storm drain improvements. However, there is no dedicated source of funding for storm drain improvements. LAFCo staff recommends conducting an analysis to determine if a storm drainage fee or other dedicated source of funding could alleviate reliance on the general fund for these improvements.

Status of, and opportunities for, shared facilities.

Determination

The Town of Hillsborough partners with other organizations to share project costs and services with other governments. It shares services through being a member of several JPAs, including with the Central County Fire Department and South Bayside Waste Management Authorities.

LAFCo has not identified additional opportunities for the Town to share services or facilities with neighboring or overlapping organizations.

Recommendation

- None

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

Determination

The Town of Hillsborough complies with disclosure laws and the Brown Act and ensures that public meetings are accessible and well publicized. Adopted budgets and annual budgets are available on the Town Website. The Town did not report any issues with staff turnover or operational efficiencies. There are no recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency.

Recommendations

- None

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

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

Although not a service delivery issue, there are several parcels in the El Cerrito Avenue and Ranelagh Road that are split by the Town of Hillsborough – City of San Mateo city boundary line. In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows parcel boundaries. The Town is engaged in activities to address natural hazard mitigation and sea level rise for residents, businesses, and infrastructure.

Recommendation

1. In the future, the City and Town may wish to consider submitting an application to LAFCo to adjust the Town-City boundary so that this line follows the above-mentioned parcel boundaries that are currently split by the Hillsborough-San Mateo boundary line.
2. LAFCo encourages the City to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

October 18, 2023

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: Broadmoor Police Protection District Update – Information Only

Background

LAFCo Commissioners approved the Broadmoor Police Protection District (BPPD) Special Study at the March 15, 2023 meeting and directed staff to request that the District respond in writing with their agreement or disagreement of the key issues and recommendations identified in the Special Study for inclusion in the agenda packet at this meeting. In addition, the Commission directed staff to present updates on the Broadmoor Police Protection District, specifically regarding the implementation of the Study's recommendations and the District's fiscal condition within 90 days (July), 6 months (September) and 12 months (March 2024) of the adoption of the Special Study.

The September 20, 2023 presentation included an update on the District's continued inclusion in the voluntary investment pool, BPPD's intention to pursue a ballot measure to increase the supplemental parcel tax above the current 5% annual maximum increase, BPPD's resolution to file Chapter 9 bankruptcy, and the District's plan to reduce non-essential staff and BPPD command staff level hours until the District is in stable condition.

Update

Fiscal update

As of the publication of this report, BPPD has not filed for Chapter 9 bankruptcy. BPPD has requested Measure K funding in the amount of \$750,000 through Supervisor Canepa's office. On October 17, 2023 the San Mateo County Board of Supervisors will review this request, sponsored by Supervisor Canepa, to authorize a one-time grant of district-discretionary Measure K funds to fund the continued operation of the BPPD. Per the staff report that accompanied the request, BPPD has taken the following actions to reduce costs:

- Reduced staffing by eliminating 2 full-time positions and 0.5 of a Commander position.

COMMISSIONERS: ANN DRAPER, CHAIR, PUBLIC ▪ KATI MARTIN, VICE CHAIR, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ RAY MUELLER, COUNTY ▪ VACANT, SPECIAL DISTRICT

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

- Suspended operations of non-critical staff that augment patrol and furloughed investigations staff.
- Immediate reduction of some staff members' positions from full-time hours to part-time.
- Further reduced of the Commander position to .25 FTE (10 hours per week).
- Implemented efforts to reduce overtime expenditures.
- Reinstated the Reserve Police Officer program (currently have 1 reserve officer with 2 in the immediate hiring phase).
- Building volunteer staff (currently 2 volunteers who handle facilities and vehicles).
- Developing plans to drastically reduce the District's vehicle fleet.
- Working with vendors to extend the timelines for paying outstanding bills.

As of the writing of this report, the final vote on the funding by the Board of Supervisors had not yet occurred. LAFCo staff will provide an update on the outcome of this item at the October 25th LAFCo meeting.

As of October 1st, 2023, the Broadmoor Police Protection District had a fund balance of \$151,495, which is below the minimum balance of \$250,000 required by the County to remain the Voluntary Investment Pool. It is staff's understanding that the District will not receive another large infusion of revenue until property tax revenue is received in December 2023. As a result, and despite the District implementing significant personnel and expenditure reductions, it is likely that the District will have a negative balance at some point prior to December 2023.

LAFCo staff has not received any updates on CalPERS litigation or payments.

BPPD Meetings

BPPD will be holding their next public meeting on October 18th, 2023. No other meetings have occurred since the last LAFCo meeting on September 25, 2023.

BPPD Update to LAFCo

BPPD Chief Connolly requested contact information for the Bay Area coordinator of the California Special District Association, and the LAFCo Executive Officer provided him with the appropriate contact.

LAFCo staff has not received any additional updates from the District.

Next Steps

LAFCo staff will present an update regarding BPPD at the November 15th LAFCo meeting that will include bankruptcy status, fiscal outlook, CalPERS payments and litigations, public outreach, collaboration between the District and LAFCo and updates on the San Mateo County Sheriff's Office and Daly City's ability to provide police services if necessary.

Recommendation

Receive informational report.

Attachment

- A. San Mateo County Board of Supervisors Staff Report for Use of District-Discretionary Measure K Funds – Supervisorial District 5, Broadmoor Police Protection District, for October 17, 2023



COUNTY OF SAN MATEO

BOARD OF SUPERVISORS

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File #:	23-846	Version: 1	Name:	
Type:	Resolution		Status:	Agenda Ready
File created:	10/2/2023		Departments:	BOARD OF SUPERVISORS DISTRICT 5
On agenda:	10/17/2023		Final action:	
Title:	Measure K: Adopt a resolution authorizing a one-time grant of district-discretionary Measure K funds not to exceed \$750,000 to the Broadmoor Police Protection District to fund the continued operation of the Broadmoor Police Department, providing an exception to the criteria for district-discretionary Measure K funds to allow for advanced payment, and authorizing the County Executive or designee to execute the grant agreement.			
Sponsors:	David J. Canepa			
Attachments:	1. 20231017_r_Broadmoor , 2. 20231017_a_Broadmoor.pdf			

[History \(0\)](#)
[Board Memo](#)

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Subject: Use of District-Discretionary **Measure K** Funds - Supervisorial District 5

RECOMMENDATION:

Measure K: Adopt a resolution authorizing a one-time grant of district-discretionary **Measure K** funds not to exceed \$750,000 to the Broadmoor Police Protection District to fund the continued operation of the Broadmoor Police Department, providing an exception to the criteria for district-discretionary **Measure K** funds to allow for advanced payment, and authorizing the County Executive or designee to execute the grant agreement.

BACKGROUND:

Measure K is the half-cent general sales tax initially approved by San Mateo County voters in November 2012 and extended in November 2016 for a total of thirty years.

The Board of Supervisors held study sessions on **Measure K** expenditures and approved funds for the fiscal year (FY) 2023-24 budget cycle, divided equally among the five supervisorial districts, for one-time district-discretionary needs and projects. District 5 has submitted a request to use a portion

of its district-discretionary **Measure K** funds as shown below and described in the Project Summary section of this memorandum:

District/Project	Amount
District 5 (Supervisor David J. Canepa) - Broadmoor Police Protection District (District): to fund the District's continued police protection operations	\$750,000

This item is consistent with the criteria for district-discretionary **Measure K** funds approved by the Board in December 2018, with the following exception: the District has requested that the grant be made as an up front, rather than reimbursement, payment. This request is made in order to maintain the District's financial viability. This payment structure requires Board approval because the criteria for district-discretionary **Measure K** funds approved by the Board in December 2018 provided for reimbursement payments. The Board may approve this exception to the criteria by adopting the resolution.

The District is a public agency operating within the County, and Supervisor Canepa indicates that neither he, any of his family members nor, any of his staff serve as an officer or director of the District and none of them play a policy role for the District.

PROJECT SUMMARY:

This is a request to authorize a grant to the District, and a resulting grant agreement, in an amount not to exceed \$750,000, to provide for the continued operation of the District and prevent its permanent closure. The County Executive's Office will administer and manage the proposed agreement.

The District has not previously received **Measure K** district-discretionary funding.

The District was established in 1949 and it currently provides police protection services to nearly 4,490 residents in the unincorporated area of Broadmoor Village in northern San Mateo County, adjacent to Colma, and three small parcels in Daly City. The Sheriff's Office, which provides police protection to other unincorporated areas of the County areas, is not responsible for law enforcement services in Broadmoor.

The District receives a portion of the general property tax increment from the San Mateo County tax roll, as well as funding from a voter approved Special Policing Tax assessment. The District also receives federal grant funding from the U.S. Department of Justice, under the Office of Community Oriented Policing Services (COPS), and revenues from the Educational Revenue Augmentation Fund (ERAF).

The District does not receive sales tax revenue and it receives only minimal funding from enforcement actions, such as citations and vehicle tows.

It receives no funding from the County or adjacent local law enforcement agencies unless an emergency arises. However, it is common for the District's officers to respond to calls for service at the Colma BART Station and the District receives no funding from BART to deal with the associated crime issues and the unhoused population, which are significant issues. Additionally, District officers are frequently called to respond to incidents located on SamTrans buses and bus stops in unincorporated areas outside of the District's jurisdictional boundaries, within areas that are the responsibility of the County Sheriff's Office.

The District has faced significant recent financial challenges, including budget deficits in five of the previous six years, as identified in a special study commissioned by the Local Agency Formation Commission.

However, the District's leadership has reported on steps it is taking to stabilize its financial circumstances. The following measures have been implemented or are in progress to address the financial challenges faced by the District:

1. Reduced staffing by eliminating 2 full-time positions and 0.5 of a Commander position.
2. Suspended operations of non-critical staff that augment patrol and furloughed investigations staff.
3. Immediate reduction of some staff members' positions from full-time hours to part-time.
4. Further reduced of the Commander position to .25 FTE (10 hours per week).
5. Implemented efforts to reduce overtime expenditures.
6. Reinstated the Reserve Police Officer program (currently have 1 reserve officer with 2 in the immediate hiring phase).
7. Building volunteer staff (currently 2 volunteers who handle facilities and vehicles).
8. Developing plans to drastically reduce the District's vehicle fleet.
9. Awaiting funding from the COPS Grant, ERAF funds, and the County.
10. Raising the District's Special Policing Tax Assessment 5 percent, the maximum increase allowable by law, commencing in December 2023.
11. Working with vendors to extend the timelines for paying outstanding bills.

The District has noted that while it has experienced budget issues in the past, this is the first time in its 75-year history that funds are being sought from the County to maintain District operations. The near-term plan to stabilize District finances is to develop and place on the March 2024 ballot a measure to increase the Special Policing Tax Assessment. However, at this time, the unincorporated Broadmoor community is in need of uninterrupted public safety services.

District 5 has informed the District that this grant is one-time only, and that the District will need to find other sources of funding going forward. The District will use the **Measure K** grant as follows:

- Fund continued law enforcement operations.
- Develop disaster preparedness, prevention, response, recovery, and mitigation plans.
- Combat organized retail theft.
- Restructure pending operating liabilities to achieve financially sustainable operations.

The project or services funded by this district-discretionary grant will be implemented or provided during the 2023-2024 fiscal year.

Total Measure K Request: Not to Exceed \$750,000

The release of funds will be contingent on the execution of an agreement providing for the County's confirmation of the expenditure of funds for the purposes stated herein. The County will disburse the funds to the following organization for the purposes described above:

Police Commission President James Kucharszky
 Broadmoor Police Department
 388 88th Street
 Broadmoor. CA 94015-1717
 E-mail: jkucharszky@pd.broadmoor.ca.us <mailto:jkucharszky@pd.broadmoor.ca.us>
 (Office): 650-755-3840

PERFORMANCE MEASURES:

Description	Target
Fund continued operation of Broadmoor Police Department during the 2023-2024 fiscal year.	Complete

The County Attorney's Office has reviewed and approved the agreement and resolution as to form.

FISCAL IMPACT:

There are sufficient **Measure K** funds for this specific FY 2023-24 **Measure K** request. These funds are budgeted in the Non-Departmental Services FY 2023-24 Adopted Budget.

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

October 18, 2023

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer
Sofia Recalde, Management Analyst

Subject: Legislative Report – Information Only

Summary

Legislative tracker

CALAFCO is currently tracking 21 bills. Legislation that is of interest to San Mateo LAFCo includes the following:

- **AB 557** would eliminate the current sunset date (end of 2023) of AB 361 that allows legislative bodies to meet remotely during emergencies, such as wildfires, earthquakes, and flooding, that make it unsafe to meet in-person, so long as the Governor has declared a formal state of emergency. Currently AB 361 requires legislative bodies to renew resolutions affirming the need for remote meetings as a result of the state of emergency every 30 days. AB 557 would extend this time frame to 45 days. On October 8, 2023 the Governor signed this bill into law. (*CALAFCO position – Watch*)

Recommendation

Receive the report.

Attachments

- A. Legislative Daily 10/16/2023

COMMISSIONERS: ANN DRAPER, CHAIR, PUBLIC ▪ KATI MARTIN, VICE CHAIR, SPECIAL DISTRICT ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ RAY MUELLER, COUNTY

ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY

STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SOFIA RECALDE, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪ ANGELA MONTES, CLERK

CALAFCO Daily Legislative Report as of Monday, October 16, 2023

AB 68 (Ward D) Land use: streamlined housing approvals: density, subdivision, and utility approvals.

Current Text: Amended: 4/12/2023 [html](#) [pdf](#)

Introduced: 12/8/2022

Last Amended: 4/12/2023

Status: 4/28/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was H. & C.D. on 3/16/2023)(May be acted upon Jan 2024)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would require a local government to approve a proposed housing development pursuant to a streamlined, ministerial approval process if the development meets certain objective planning standards, including, but not limited to, a requirement that the proposed parcel for the development be a climate-smart parcel, as described, or be included in the applicable region's sustainable communities strategy as a priority development area. The bill would set forth procedures for approving these developments and would set forth various limitations for these developments. The bill would authorize the Department of Housing and Community Development to review, adopt, amend, and repeal guidelines, rules, and regulations to implement uniform standards or criteria that supplement or clarify the terms, references, or standards set forth by this process.

Position: Watch

Subject: Planning

CALAFCO Comments: This bill was introduced as a spot holder in December, 2022, then was gutted and amended on March 16, 2023.

It now seeks to set up ministerial approvals for developments and certain water and sewer service extensions for developments that meet certain parameters. Parameters include that the parcel must be in a high or moderate resource area as categorized by the opportunity maps maintained by the California Tax Credit Allocation Committee, be located within one-mile of transit but be in a very low vehicle travel area, and within one mile of assorted restaurants, bars, coffee shops, etc. Additionally, types of locations that do not qualify are also enumerated. Those include farmlands, wetlands, high fire hazard severity zones (as determined by Cal Fire), in proximity to a hazardous waste site, within a delineated earthquake fault zone, within a special flood hazard area or within a regulatory floodway, lands identified for conservation, protected habitat, and lands under a conservation easement.

3/31/2023: Watch position taken by Leg Committee.

4/21/2023: CALAFCO received word from the Assembly Housing and Community Development Committee, that this bill will not be heard this year.

Under the procedure that would be established by this bill, a minimum of 30 days notice to LAFCo would be required for the public hearing should a county seek to amend its general plan to increase the planned density on climate resilient lands.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 399 (Boerner D) Water Ratepayers Protections Act of 2023: County Water Authority Act: exclusion of territory: procedure.

Current Text: Chaptered: 10/13/2023 [html](#) [pdf](#)

Introduced: 2/2/2023

Last Amended: 9/1/2023

Status: 10/13/2023-Approved by the Governor. Chaptered by Secretary of State. Chapter 802, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

LAFCo meeting packet

Summary:

The County Water Authority Act provides for the formation of county water authorities and grants to those authorities specified powers with regards to providing water service. The act provides 2 methods of excluding territory from any county water authority, one of which is that a public agency whose corporate area as a unit is part of a county water authority may obtain exclusion of the area by submitting to the electors within the public agency, at any general or special election, the proposition of excluding the public agency's corporate area from the county water authority. Current law requires that, if a majority of the electors approve the proposition, specified actions take place to implement the exclusion. This bill, the Water Ratepayers Protections Act of 2023, would additionally require the public entity to submit the proposition of excluding the public agency's corporate area from the county water authority to the electors within the territory of the county water authority. The bill would require the 2 elections to be separate; however, the bill would authorize both elections to run concurrently. The bill would require the ballot materials to include a fiscal impact statement, as described.

Attachments:

[CALAFCO Oppose as Amended Letter](#)
[AB 399 Fact Sheet](#)

Position: Oppose

Subject: Detachment Proceedings

CALAFCO Comments: AB 399 was previously AB 530, which did not pass out of policy committee before deadlines.

AB 399, originally addressed the Vehicle Code but was gutted and amended on 6/14/2023 to become: the Water Ratepayers Protections Act of 2023: County Water Authority Act: exclusion of territory: procedure. A fast moving bill, this is proceeding as an urgency bill which would take effect upon passage. The action is being undertaken to counter two detachments that have been approved by the San Diego LAFCo, subject to exit fees.

Under the uncodified County Water Authority Act of 1943, detachment proceedings require a vote of the residents in the detaching district. This bill seeks to add a second vote among the larger population of the full county water authority. While the vote among the residents of the detaching district is essentially consistent with LAFCo laws, requiring a second vote among the larger population of the entire water authority is not. AB 399 would set many precedents including: legislative "fixes" for contested LAFCo decisions; the ability of the legislature to unilaterally change the exit terms for multi-government consortiums after entities join; and the permissibility of requiring double votes on matters.

Staff met with the author on 7/11/2023 who remained steadfast on the bill. The bill was heard the next day (7/12/23) by the Senate Gov & Finance Committee where CALAFCO provided lead opposition. The bill passed by a 5-3 vote and is now headed to the Senate floor for consideration sometime after the summer recess. If AB 399 passes there, it will return to the Assembly. It is unclear at this time whether it would be immediately scheduled for Assembly concurrence, or before the ALGC.

The author's Fact Sheet, as well as CALAFCO's letter in opposition, can be found in the attachments section.

[AB 530](#) (Boerner D) Vehicles: electric bicycles.

Current Text: Amended: 7/13/2023 [html](#) [pdf](#)

Introduced: 2/8/2023

Last Amended: 7/13/2023

Status: 9/14/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was TRANS. on 9/14/2023)(May be acted upon Jan 2024)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapters
1st House				2nd House							

Summary:

Would prohibit a person under 12 years of age from operating an electric bicycle of any class. The bill would state the intent of the Legislature to create an e-bike license program with an online written test and a state-issued photo identification for those persons without a valid driver's license, prohibit persons under 12 years of age from riding e-bikes, and create a stakeholders working group composed of the Department of Motor Vehicles, the Department of the California LAFCo meeting packet

Highway Patrol, the Transportation Agency, bicycle groups, policy and fiscal staff, and other relevant stakeholders to work on recommendations to establish an e-bike training program and license. Because the bill would prohibit certain persons from riding electric bicycles, the violation of which would be a crime, the bill would impose a state-mandated local program.

Subject: Water

CALAFCO Comments: As introduced, this bill was relative to greenhouse emissions. However, it was gutted and amended on 5/15/2023 and now addresses county water authorities.

Under existing law, the governing body of any public agency has an option (phrased as a "may") to submit to the voters any proposition to exclude the corporate area of that public agency from a county water authority. This bill would add the procedures under which that optional election would be conducted. Specifically, notice would be required in the manner already defined within subdivision (c) of Section 10. The election would be conducted and returns canvassed as provided by law for the elections in the public agency, and a majority of electors within county water authority territory would be needed for passage. The new procedure would also require that these elections will be separate elections but may run with another election.

On 6/16/2023, this topic was transitioned to AB 399 through the gut and amend process. Amendments of 7/13/2023 make this bill now relative to electric bicycles which is not a concern to CALAFCO. Position updated to -None-.

AB 557 (Hart D) Open meetings: local agencies: teleconferences.

Current Text: Chaptered: 10/9/2023 [html](#) [pdf](#)

Introduced: 2/8/2023

Last Amended: 9/1/2023

Status: 10/8/2023-Approved by the Governor. Chaptered by Secretary of State - Chapter 534, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Ralph M. Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. Current law, until January 1, 2024, authorizes the legislative body of a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect. Those circumstances are that (1) state or local officials have imposed or recommended measures to promote social distancing, (2) the legislative body is meeting for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (3) the legislative body has previously made that determination. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. This bill would revise the authority of a legislative body to hold a teleconference meeting under those abbreviated teleconferencing procedures when a declared state of emergency is in effect.

Position: Watch

Subject: Brown Act

CALAFCO Comments: Similar in scope to SB 411, this bill is follow-on legislation to AB 361 (2022) and seeks to return some of the pandemic-era teleconferencing provisions to the Brown Act and would change the timeline for legislative bodies to reaffirm an emergency from the current 30 days to 45 days. This bill is sponsored by CSDA.

AB 805 (Arambula D) Drinking water consolidation: sewer service.

Current Text: Amended: 3/9/2023 [html](#) [pdf](#)
LAFCo meeting packet

Introduced: 2/13/2023**Last Amended:** 3/9/2023**Status:** 5/19/2023-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/19/2023)(May be acted upon Jan 2024)

Desk	Policy	2 year	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would authorize the State Water Resources Control Board, if sufficient funds are available, to order consolidation of sewer service along with an order of consolidation of drinking water systems when both of the receiving and subsumed water systems provide sewer service and after the state board engages in certain activities, including, but not limited to, consulting with the relevant regional water board and the receiving water system and conducting outreach to ratepayers and residents served by the receiving and subsumed water systems, as provided.

Position: Watch With Concerns**Subject:** Water

CALAFCO Comments: This bill would authorize the state board, if sufficient funds are available, to order consolidation of sewer service along with an order of consolidation of drinking water systems when both of the receiving and subsumed water systems provide sewer service and after the state board engages in certain activities. Under existing section (b)(3) LAFcos must be consulted and their input considered in regards to the provision of water service but sewer systems seem to be lacking.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 817 (Pacheco D) Open meetings: teleconferencing: subsidiary body.**Current Text:** Amended: 3/16/2023 [html](#) [pdf](#)**Introduced:** 2/13/2023**Last Amended:** 3/16/2023**Status:** 5/5/2023-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/16/2023)(May be acted upon Jan 2024)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. This bill would authorize a subsidiary body, as defined, to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. In order to use teleconferencing pursuant to the Ralph M. Brown Act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote, before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

Position: Watch**Subject:** Brown Act

CALAFCO Comments: This bill appears to be a spot holder in that it currently only makes minor grammatical changes. The lack of substance raises concern regarding future changes to this bill.

3/16/2023: The bill was amended to speak specifically to teleconferenced meetings of subsidiary bodies, defined as a body that serves exclusively in an advisory capacity, and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements. For qualifying bodies, this bill would remove the requirement to post an agenda at the location of the subsidiary body member who was participating from off site- providing that the legislative body that formed the subsidiary body has previously made findings noting that teleconferenced meetings of the subsidiary body would enhance public access, and would promote the attractions, retention and diversity of the subsidiary body. The superior legislative body would need to revisit the matter and repeat those finding every 12 months thereafter. This bill also reaffirms that other provisions of the Brown Act are applicable to subsidiary bodies.

LAFco meeting packet

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Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 828 (Connolly D) Sustainable groundwater management: managed wetlands.

Current Text: Amended: 4/17/2023 [html](#) [pdf](#)

Introduced: 2/13/2023

Last Amended: 4/17/2023

Status: 4/28/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was W.,P. & W. on 3/2/2023)(May be acted upon Jan 2024)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the term "managed wetland."

Position: None at this time

Subject: Water

CALAFCO Comments: Adds definitions for Managed Wetlands, and Small community water system to Water Code Section 10721.

4/17/2023: Amended to define agencies and entities required or excluded from existing 10726.4 (a)(4). Amends Water Code section 10730.2 to add language regarding fees, and amends Water Code section 10733 to address groundwater sustainability plans.

Failed to make April policy committee deadline and now cannot be acted upon until January 2024.

AB 918 (Garcia D) Health care district: County of Imperial.

Current Text: Chaptered: 10/9/2023 [html](#) [pdf](#)

Introduced: 2/14/2023

Last Amended: 9/11/2023

Status: 10/8/2023-Approved by the Governor. Chaptered by Secretary of State - Chapter 549, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would form a local health care district in the County of Imperial, designated as the Imperial Valley Healthcare District, that includes all of the County of Imperial. The bill would require the initial board of directors of the Imperial Valley Healthcare District to be appointed from and by specified bodies, including among others, the Imperial County Board of Supervisors, the Pioneers Memorial Healthcare District Board of Directors, and the Heffernan Memorial Healthcare District Board of Directors. The bill would require the initial board of directors to recommend a permanent funding source mechanism to be presented to and approved by voters via ballot measure. The bill would require the initial board of directors to enter negotiations with El Centro Regional Medical Center to decide the terms of the acquisition of the hospital. The bill would require the initial board of directors to finalize the terms of the acquisition by November 5, 2024. The bill would require the City of El Centro to negotiate in good faith with the Imperial Valley Healthcare District. The bill would require the board of directors to hold a minimum of 3 public meetings between the effective date of the bill and January 1, 2025, as specified. The bill would require the board of directors to recommend to the Imperial County Local Agency Formation Commission (LAFCO) dates for the dissolutions of the Pioneers Memorial Healthcare District and Heffernan Memorial Healthcare District and would authorize the board to recommend separate dates for each district's dissolution. The bill would require, by January 1, 2025, the Imperial County LAFCO to dissolve the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District and would transfer the assets, rights, and responsibilities of the dissolved districts to the Imperial Valley Healthcare District. The bill would require, until the dissolution of both of those districts, the Heffernan Memorial Healthcare District to hold a temporary clerical role for the Board of Directors of the Imperial Valley Healthcare District, as specified. The bill would extend the terms of the board

members of the districts being dissolved until their respective dissolution date or January 1, 2025, whichever occurs first.

Attachments:

- [CALAFCO 7-7-23 Letter in Opposition to 7-6-2023 amendments](#)
- [CALAFCO Letter in Opposition to 4-17-2023 bill amendment](#)
- [CALAFCO Oppose Letter](#)

Position: Oppose

Subject: Other

CALAFCO Comments: As introduced, this bill was merely a spotholder that stated an intent to create a countywide healthcare district in Imperial County.

March 23, 2023, the bill was amended with specifics. It now seeks to rename the Pioneer Memorial Healthcare District to the Imperial County Healthcare District (ICHHD) and then sets up what, in essence, is a ministerial process for the countywide expansion of the ICHHD. The expansion process is first initiated by the ICHHD Resolution of Application, which is required to be filed with LAFCo no later than January 5, 2024. The LAFCo then has 150 days to complete the entire process, including the vote. Protest proceedings for that expansion would be waived under this bill. The bill also does not allow the LAFCo to deny the application. The bill also notes that future changes of organization or reorganization of the resulting districts would need to follow the normal provisions of CKH. A copy of CALAFCO's letter in opposition can be found in the attachments section.

4/17/2023: the bill was amended to entirely remove LAFCo involvement. CALAFCO's second letter of opposition that addresses this amended version can be found in the attachments section.

5/15/2023: The bill was amended again with a return of LAFCo into the process. However, it does again require LAFCo approval. As amended, the bill would rename the Pioneers Memorial Healthcare District to the Imperial Valley Healthcare District, then authorizes the expansion of the newly formed Imperial Valley Healthcare District to include all of the County of Imperial. As before, the bill requires the newly formed district to submit a resolution of application to the Imperial County LAFCo to initiate proceedings to expand the district, then requires the commission to order the expansion subject to a vote of the registered voters within the territory to be annexed. The bill provides for expansion of the district upon voter approval and providing that a funding source is also approved, if necessary. If expansion is approved, the Heffernan Memorial Healthcare District would transfer its assets, rights, and responsibilities to the Imperial Valley Healthcare District. The bill goes on to address other housekeeping issue such as the composition of the newly formed district board of directors.

7/12/2023, the bill was approved by the Senate Governance and Finance Committee, with the support of Imperial LAFCo.

Position change to Neutral will be recommended to the Legislative Committee on 7/28/2023. Senate Appropriations hearing set for August 14, 2023.

7/13/2023, the bill was again amended. It still forms the new district outside of the LAFCo process and only considers LAFCo in a tangential way. Specifically, Imperial LAFCo is to collaborate with the new health district's board of directors to determine the voting districts and terms of the board positions, to determine the appropriate dates to dissolve the two healthcare districts (and that the dissolution shall occur by January 1, 2025), and to receive annual reports from the new district.

8/14/2023, heard in Appropriations but placed in the Suspense file.

AB 930 (Friedman D) Local government: Reinvestment in Infrastructure for a Sustainable and Equitable California (RISE) districts.

Current Text: Amended: 4/26/2023 [html](#) [pdf](#)

Introduced: 2/14/2023

Last Amended: 4/26/2023

Status: 5/19/2023-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. on 4/25/2023)(May be acted upon Jan 2024)

Desk	Policy	2 year	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptured
1st House				2nd House							

Summary:

Current law authorizes certain local agencies to form a community revitalization authority within a community revitalization and investment area, as defined, and authorizes an authority to, among other things, provide for low- and moderate-income housing and issue bonds, as provided. Current LAFCo meeting packet

law authorizes a community revitalization and investment plan to provide for the division of taxes within the plan area. This bill would authorize the legislative bodies of 2 or more cities or counties to jointly form a Reinvestment in Infrastructure for a Sustainable and Equitable California district (RISE district) in accordance with specified procedures. The bill would authorize a special district to join a RISE district, by resolution, as specified.

Position: Neutral

Subject: Special District Principle Acts

CALAFCO Comments: This bill has a similar overtone to SB 852 Dodd in 2022 regarding the formation of climate resilience districts outside of the LAFCo process.

As introduced, this bill (AB 930) is focused on the generation of funding and the governance of the expenditure of those funds. However, it should be carefully tracked in case that mission is expanded.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 1379 (Papan D) Open meetings: local agencies: teleconferences.

Current Text: Amended: 3/23/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Last Amended: 3/23/2023

Status: 4/28/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was L. GOV. on 3/23/2023)(May be acted upon Jan 2024)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapters
1st House				2nd House							

Summary:

The Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body be open and public, and that all persons be permitted to attend unless a closed session is authorized. The act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Current law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. This bill, with respect to those general provisions on teleconferencing, would require a legislative body electing to use teleconferencing to instead post agendas at a singular designated physical meeting location, as defined, rather than at all teleconference locations. The bill would remove the requirements for the legislative body of the local agency to identify each teleconference location in the notice and agenda, that each teleconference location be accessible to the public, and that at least a quorum of the members participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

Position: Watch

Subject: Brown Act

CALAFCO Comments: Originally introduced as a spotholder to address "Local agencies: financial affairs", this bill was gutted and amended on March 23, 2023, and now seeks amendment of the Brown Act's teleconferencing provisions. If successful, GC Section 54953 (b)(3) would be amended to remove the requirement to post agendas for teleconferenced meetings at all locations, and would instead limit the posting to a newly defined "singular designated physical meeting location", which is required to have either two-way audiovisual capabilities, or two-way telephone service for the public to remotely hear and address the body. Additionally, the body would have to hold at least two meetings in person each year.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 1460 (Bennett D) Local government.

Current Text: Introduced: 2/17/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Status: 5/5/2023-Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/17/2023)(May be acted upon Jan 2024)

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2 year	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. This bill would make a nonsubstantive change to the provision naming the act.

Position: Neutral

Subject: CKH General Procedures, Other

CALAFCO Comments: As introduced, this bill makes only a minor nonsubstantive change to CKH in that it would merely add commas to Section 56000 so that it would read: "This division shall be known, and may be cited, as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000."

3/24/2023: No change since introduction.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 1637 (Irwin D) Local government: internet websites and email addresses.

Current Text: Chaptered: 10/9/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Last Amended: 6/29/2023

Status: 10/8/2023-Approved by the Governor. Chaptered by Secretary of State - Chapter 586, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would, no later than January 1, 2029, require a local agency, as defined, that maintains an internet website for use by the public to ensure that the internet website utilizes a ".gov" top-level domain or a ".ca.gov" second-level domain and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a ".gov" or ".ca.gov" domain. This bill, no later than January 1, 2029, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a ".gov" domain name or a ".ca.gov" domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: As introduced, this bill would have required LAFCOs who do not already have website domains ending with the ".gov" extension to transition to it no later than January 1, 2027. This bill was not considered as having a broad impact on LAFCOs given that 12 of them already use the .gov extension.

5/18/2023: The bill was amended and is not longer applicable to LAFCOs as its definition of a local agency has been narrowly defined to only cities and counties. However, we are continue our Watch position to monitor for potential changes.

AB 1753 (Committee on Local Government) Local government: reorganization.

Current Text: Chaptered: 6/29/2023 [html](#) [pdf](#)

Introduced: 3/2/2023

Status: 6/29/2023-Approved by the Governor. Chaptered by Secretary of State - Chapter 25, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. The act requires a petitioner or legislative body desiring to initiate proceedings for a change of organization or reorganization to submit an application to the executive officer of the principal county. The act specifies when an application is complete and acceptable for filing, and requires the executive officer to immediately issue a certificate of filing when an application is accepted for filing, as specified. Upon the filing of an application or a resolution pursuant to the act, but prior to the issuance of a certificate of filing,

current law requires the executive officer to give notice of the filing to the assessor and auditor of each county within which the territory subject to the jurisdiction change is located, as specified. Current law prohibits the executive officer from issuing a certificate pursuant to the provisions described above until resolutions are adopted by specified counties and cities in which they agree to accept the exchange of property tax revenues. Current law authorizes a county and any local agency within the county to develop and adopt a master property tax transfer agreement, as specified. This bill would, if applicable, prohibit the executive officer from accepting for filing an application for change or organization or reorganization and issuing a certificate of filing pursuant to the provisions described above, and would provide that an application is not deemed accepted for filing pursuant to the provisions described above, if an agreement for the exchange of property tax revenues has not been adopted pursuant to the provisions described above.

Attachments:

[AB 1753 CALAFCO Letter of Support, 03-28-23](#)

Position: Support

Subject: CKH General Procedures

CALAFCO Comments: This is CALAFCO's Omnibus bill. It seeks to add two new provisions to CKH. The first, would add section (d)(1) to Government Code Section 56658 and would note that R&T Section 99(d)(b)(6) requires an property tax agreement for an application to be considered complete. The second adds language to GC Sec. 56882 allowing transmission of commission determination by email, providing that the executive officer confirms receipt through an electronic read receipt of other means.

CALAFCO's letter of support can be found in the attachments.

[SB 360](#) (Blakespear D) California Coastal Commission: member voting.

Current Text: Chaptered: 7/21/2023 [html](#) [pdf](#)

Introduced: 2/8/2023

Last Amended: 6/14/2023

Status: 7/21/2023-Approved by the Governor. Chaptered by Secretary of State. Chapter 108, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The California Coastal Act of 1976 establishes the California Coastal Commission and prescribes the membership and duties of the commission. The act provides that its provisions do not preclude or prevent any member or employee of the commission who is also an employee of another public agency, a county supervisor or city councilperson, or a member of specified associations or organizations, and who has in that designated capacity voted or acted upon a particular matter, from voting or otherwise acting upon that matter as a member or employee of the commission. This bill would apply the latter provision to a member of a joint powers authority and a member of a local agency formation commission.

Attachments:

[SB 360 Fact Sheet](#)

[SB 360 CALAFCO Letter of Support](#)

Position: Support

Subject: Other

CALAFCO Comments: PRC 30318 currently holds a provision that allows members or employees of certain entities to sit on the California Coastal Commission. This bill would add members or employees of JPAs and LAFcos into that list.

3/24/2023: No change since introduction.

3/31/2023: Position changed to support. The Fact Sheet and a copy of CALAFCO's Support letter can be found in the attachments.

After two minor amendments, the bill was passed on 7/6/2023, Enrolled and presented to the Governor for signature at 11 a.m. on 07/11/2023.

[SB 411](#) (Portantino D) Open meetings: teleconferences: neighborhood councils.

Current Text: Chaptered: 10/9/2023 [html](#) [pdf](#)

Introduced: 2/9/2023

Last Amended: 8/14/2023

Status: 10/8/2023-Approved by the Governor. Chaptered by Secretary of State. Chapter 605, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would, until January 1, 2026, authorize an eligible legislative body to use alternate teleconferencing provisions related to notice, agenda, and public participation, as prescribed, if the city council has adopted an authorizing resolution and 2/3 of an eligible legislative body votes to use the alternate teleconferencing provisions. The bill would define "eligible legislative body" for this purpose to mean a neighborhood council that is an advisory body with the purpose to promote more citizen participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to the act. The bill would require an eligible legislative body authorized under the bill to provide publicly accessible physical locations for public participation, as prescribed. The bill would also require that at least a quorum of the members of the neighborhood council participate from locations within the boundaries of the city in which the neighborhood council is established. The bill would require that, at least once per year, at least a quorum of the members of the eligible legislative body participate in person from a singular physical location that is open to the public and within the boundaries of the eligible legislative body.

Position: Watch

Subject: Brown Act

CALAFCO Comments: This bill would permanently add back provisions to Section 54953.4 of the Brown Act that had been temporarily enacted during the COVID-19 pandemic. The amendment would allow a legislative body to use teleconferencing provisions, and would define the proper procedure for conducting such a meeting, would require the legislative body to take no further action in the event of a broadcasting disruption within the local agency's control until the broadcast can be resumed, would require time public comment periods to remain open until the public comment time has elapsed, and would not only prevent requiring comments in advance but would also require that the public be afforded the chance to comment in real time.

4/24/2023: The bill was amended to make it specific to neighborhood councils and is no longer a concern for CALAFCO. However, we continue to monitor in case of changes.

8/14/2023: Amended to require that a quorum of the members of the eligible legislative body must meet in person at a location open to the public at least once per year.

SB 537 (Becker D) Open meetings: multijurisdictional, cross-county agencies: teleconferences.

Current Text: Amended: 9/5/2023 [html](#) [pdf](#)

Introduced: 2/14/2023

Last Amended: 9/5/2023

Status: 9/14/2023-Ordered to inactive file on request of Assembly Member Bryan.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely. This bill would expand the circumstances of "just cause" to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if

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the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance of the members of the legislative body, the number of community members in attendance in the teleconference meeting, and the number of public comments on its internet website within 10 days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from one or more physical locations that are open to the public and within the boundaries of the territory over which the local agency exercises jurisdiction.

Position: Watch

Subject: Brown Act

CALAFCO Comments: This is a spotholder bill that states an intent to expand local government’s access to hold public meetings through teleconferencing and remote access.

3/22/2023: was amended and fleshed out to add teleconferencing provisions to allow legislative bodies of multijurisdictional agencies to meet remotely. Multijurisdictional agencies are defined as boards, commissions, or advisory bodies of a multijurisdictional, cross county agency, which is composed of appointed representatives from more than one county, city, city and county, special district, or a joint powers entity.

The bill is sponsored bu Peninsula Clean Energy, a community choice aggregator with a board comprised of local elected officials from the County of San Mateo and its 20 cities, as well as the City of Los Banos.

4/24/2023: The bill was amended to further clarify definitions and the requirements needed for members of an eligible legislative body to meet remotely.

The bill passed Senate Judiciary on 5/2/23, and had its third reading in the Senate on 5/30/2023. 7/12/23: The bill passed the Assembly Local Government Committee.

Amended on August 14, 2023, to require eligible legislative bodies that receive compensation to participate from a physical location that is open to the public.

9/14/2023, the bill was moved into the inactive file.

SB 768 (Caballero D) California Environmental Quality Act: vehicle miles traveled: statement of overriding consideration.

Current Text: Amended: 3/22/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Last Amended: 3/22/2023

Status: 4/28/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was E.Q. on 3/29/2023)(May be acted upon Jan 2024)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The California Environmental Quality Act (CEQA) requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA prohibits a public agency from approving or carrying out a project for which a certified EIR has identified one or more significant effects on the environment that would occur if the project is approved or carried out unless the public agency finds either (1) changes or alterations have been required in, or incorporated into, the project that mitigate or avoid the significant effects on the environment, (2) those changes or alterations are within the jurisdiction of another public agency and have been, or can and should be, adopted by the other agency, or (3) specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or alternatives identified in the EIR and the public agency finds that those specific considerations outweigh the significant effects on the environment, commonly known as a statement of overriding consideration. This bill would provide that a public agency, in approving or carrying out a housing development project, as defined, a commercial project, or an industrial project, is not required to issue a statement of overriding consideration for significant effects on the environment identified by a project’s vehicle miles traveled or similar metrics if the lead agency has imposed all feasible mitigation measures on the project and it finds no feasible alternatives to the project..

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Position: Neutral

Subject: CEQA

CALAFCO Comments: Introduced as a spotholder bill that noted an intent to enact subsequent legislation that would create a new transportation impact analysis for rural areas for purposes of the California Environmental Quality Act.

3/22/2023: The bill was amended and would add language into the Public Resource Code to provide that a public agency, in approving or carrying out certain types of projects, is not required to issue a statement of overriding consideration for significant effects on the environment identified by a project's vehicle miles traveled if the lead agency has imposed all feasible mitigation measures on the project and it finds no feasible alternatives to the project.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

SB 865 (Laird D) Municipal water districts: automatic exclusion of cities.

Current Text: Introduced: 2/17/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Status: 4/28/2023-Failed Deadline pursuant to Rule 61(a)(2). (Last location was GOV. & F. on 3/1/2023)(May be acted upon Jan 2024)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes a governing body of a municipal water district to adopt an ordinance excluding any territory annexed to a metropolitan water district organized under the Metropolitan Water District Act, if the territory is annexed prior to the effective date of the formation of the municipal water district. Current law requires the Secretary of State to issue a certificate reciting the passage of the ordinance and the exclusion of the area from the municipal water district within 10 days of receiving a certified copy of the ordinance. This bill would extend the number of days the Secretary of State has to issue a certificate to 14 days.

Position: Neutral

Subject: Annexation Proceedings

CALAFCO Comments: Existing law authorizes a governing body of a municipal water district may adopt an ordinance excluding any territory annexed to a metropolitan water district organized under the Metropolitan Water District Act, providing that the territory is annexed prior to the effective date of the formation of the municipal water district. If that happens, the Secretary of State must, within 10 days of receiving a certified copy, issue a certificate reciting the passage of the ordinance that excludes the area from the municipal water district. This bill would extend the Secretary of State's window to issue that certificate from 10 to 14 days.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

SB 878 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/29/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Status: 6/29/2023-Approved by the Governor. Chaptered by Secretary of State. Chapter 30, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the First Validating Act of 2023, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

[Annual Validations Joint Letter of Support](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is the first of three annual validating acts. The joint letter of support is in the attachments section.

Passed and approved by the Governor on 6/29/2023.

[SB 879](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/29/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Status: 6/29/2023-Approved by the Governor. Chaptered by Secretary of State. Chapter 31, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the Second Validating Act of 2023, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

[Annual Validations Joint Letter of Support](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts. The joint letter of support is in the attachments section.

Passed and approved by the Governor on 6/29/2023.

[SB 880](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/29/2023 [html](#) [pdf](#)

Introduced: 2/17/2023

Status: 6/29/2023-Approved by the Governor. Chaptered by Secretary of State. Chapter 32, Statutes of 2023.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the Third Validating Act of 2023, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[Annual Validations Joint Letter of Support](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts. The joint letter of support is in the attachments section.

Passed and approved by the Governor on 6/29/2023.

Total Measures: 21

Total Tracking Forms: 21