



# LOCAL AGENCY FORMATION COMMISSION

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

## REGULAR MEETING

### AGENDA

**Wednesday, March 20, 2024**

**2:30 pm**

**Board of Supervisors Chambers**

Hall of Justice and Records

400 County Center

Redwood City, CA 94063

This meeting of the 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 the instructions at the end of the agenda.

### **Hybrid Public Participation**

The March 20, 2024, LAFCo regular meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/96442908061>. The webinar ID is 964 4290 8061. 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](mailto: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:** KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT  
▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC

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

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
DIANE ESTIPONA, CLERK

10:00 a.m. the day before the meeting at [lafco@smcgov.org](mailto: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 the Consent Agenda
3. Consent Agenda\*
  - a. Approval of Action Minutes: February 7, 2024 (*Page 5*)
  - b. Consideration of LAFCo File No. 23-08 - Proposed Outside Service Agreement for water by the City of Redwood City to 3647 Oak Knoll Drive (APN 057-173-120), Unincorporated Redwood City (*Page 11*)
  - c. Consideration of LAFCo File No. 24-01 - Proposed Annexation of 27 Hillbrook Drive, Portola Valley (APN 079-073-170) to West Bay Sanitary District (*Page 25*)

#### Public Hearings

4. Consideration of Municipal Service Review Circulation Draft for the Broadmoor Police Protection District (*Page 39*)
5. Consideration of Municipal Service Review Circulation Draft for the City of San Bruno (*Page 100*)
6. Consideration of Adoption of Proposed Work Program and Draft LAFCo Budget for Fiscal Year 2024-2025 (*Page 147*)

#### Regular Agenda

7. Legislative and Policy Committee
  - a. Legislative Report – Information Only (*Page 165*)
  - b. Request to Authorize LAFCo Staff to Submit Letters of Support for AB 3277 and SB 1209 to Both Legislative Houses and to the Governor (*Page 176*)
8. Commissioner/Staff Reports – Information Only

Closed Session - The Commission will adjourn to closed session to consider the following item at the end of the agenda, or at any time during the meeting as time permits. At the conclusion of the closed session, the Commission will reconvene in an open session.

9. Conference with Legal Counsel – Existing Litigation (§ 54956.9):  
Name of Case: *East Palo Alto Sanitary Dist. v. San Mateo Local Agency Formation Comm'n* (San Mateo County Superior Court Case No. 24-CIV-01489)

10. Adjournment

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

During the 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](mailto: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 5:00 p.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/96442908061>. The webinar ID is 964 4290 8061. 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 Supervisors' 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 the commission staff before the hearing.

Agendas and meeting materials are available at [www.sanmateolafco.org](http://www.sanmateolafco.org)



SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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## Action Minutes San Mateo Local Agency Formation Special Commission Meeting February 7, 2024

Chair Martin called the Wednesday, February 7, 2024, Special Meeting of the Local Agency Formation Commission (LAFCo) to order at 2:30 pm at the San Mateo County Board of Supervisors Chambers, 400 County Center, Redwood City, CA. Members of the public were also able to participate in the meeting remotely via Zoom.

### 1. Roll Call

Members Present: Kati Martin, Tygarjas Bigstycck, Virginia Chang-Kiraly, Harvey Rarback, Warren Slocum, Jim O'Neil, Noelia Corzo

Members Absent: Ann Draper, Ray Mueller

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

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

None.

### 3. Consent Agenda

#### a) Approval of Action Minutes: January 17, 2024

Commission Action: Commissioner Chang-Kiraly moved to approve the consent agenda with the correction to 9 of the January 17, 2024, Action Minutes which corrects the minutes to reflect that the auditor has conducted four audits for San Mateo LAFCo. Commissioner Rarback seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstycck, Chang-Kiraly, Rarback, Slocum, O'Neil, Corzo; Noes: None)

### 4. Reconsideration of LAFCo File No. 22-09 – 1) City of East Palo Alto Proposal: To establish the East Palo Alto Sanitary District (EPASD), an independent special district, as a subsidiary district of the City of East Palo Alto (City). 2) East Palo Alto Sanitary District Alternative Application: To retain the District's governance model; amend its Sphere of

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ANGELA MONTES, CLERK

LAFCo Meeting  
Packet Page 5

**Influence (SOI) to be coterminous with its geographic service boundaries; and remove the District's territory from the SOI of the West Bay Sanitary District.**

Rob Bartoli, Executive Officer, noted that a revised agenda packet dated February 1 corrected the LAFCo meeting date from November 17, 2023, to November 15, 2023, in the staff report. Mr. Bartoli presented the staff report for the item.

On November 15, 2023, the San Mateo LAFCo Commission approved LAFCo File 22-09 to establish the East Palo Alto Sanitary District (EPASD), an independent special district, as a subsidiary district of the City of East Palo Alto and related actions, including adopting a resolution approving the subsidiary district proposal with terms and conditions, adopting findings and determinations pursuant to the California Environmental Quality Act (CEQA), and declining to approve the alternative application submitted by EPASD.

On December 15, 2023, LAFCo received a letter via email dated December 15, 2023, from Ludis D. Sominskaia, Attorney with Burke, Williams & Sorensen, LLP. Ms. Sominskaia's letter requested that in light of recent actions taken by the EPASD Board of Directors, the Commission should reverse the action taken on November 15, 2023, by 1) Denying the City's Proposal and 2) Approving the District's Alternative Proposal filed with San Mateo LAFCo on September 19, 2023, which proposed to (i) retain EPASD current governance structure, (ii) amend the District's Sphere of Influence to be coterminous with its service boundaries, and (iii) remove EPASD's territory from the Sphere of Influence of the West Bay Sanitary District.

The December 15, 2023 letter from Ms. Sominskaia proposed that four actions that EPASD has taken since the adoption of the LAFCo resolution on November 15, 2023 warrant the Commission's reconsideration: A recently adopted Capital Improvement Plan (CIP), recent steps to undertake a process to lower sewer capacity fees, process to increase sewer rates, and the future direction to draft an ordinance setting forth a process for negotiating and approving will service letters and development agreements.

LAFCo Staff recommended that the Commission disapprove the reconsideration. This recommendation is based on several reasons. LAFCo staff does not believe that the District had provided new or different facts that could not have been presented previously. The CIP document is largely comprised of data and documents that were presented to the LAFCo Commission at the November 15, 2023, meeting as part of EPASD's Alternative Application.

The letter from Ms. Sominskaia states that these "recent changes crystallize the District's position as the agent that can best provide sewer service to local ratepayers." However, other factors led to the Commission's approval of the City's Proposal, including consistency with past LAFCo actions, a plan for service from the City, future growth, and State policy preference for the provision of municipal services within city boundaries.

Three of the four actions taken by the EPASD Board on December 14, 2023, only authorized staff to begin work on increasing sewer rates, lowering connection fees, and drafting an ordinance setting forth a process for negotiating and approving will serve letters and development agreements.

Lastly, Staff does not believe that an agency's actions subsequent to the LAFCo decision can constitute "new or different facts that could not have been presented previously." The four actions taken by the EPASD Board on December 14, 2023, seemed to be reactions to the Commission's determinations on November 15. The District could have initiated these actions before the November 15, 2023 meeting if they desired to.

Commissioner Chang-Kiraly commented that a letter from the WBSD was received regarding unreported sewer spills and asked if LAFCo staff has received similar information from EPASD. Mr. Bartoli confirmed that the staff had not received information from EPASD and no further follow-up was conducted the week before the meeting.

Joan Cox, Attorney with Burke, Williams & Sorensen, LLP, presented their request for reconsideration. She stated that LAFCo law supports EPASD as the best equipped to provide sanitary sewer services. In her presentation, Ms. Cox noted that EPASD has made several changes since the LAFCo meeting on November 15, 2023, which included the adoption of a new Capital Improvement Plan (CIP), service rates, and ordinance regarding transparent and consistent development approvals. The CIP included detailed financial projections for operation, maintenance, and expansion needs. EPASD raised the service rates to \$660 based on a previously approved 2019 rate study to be effective on July 1, 2024. Ms. Cox stated that the City's proposal will remove the ability of Menlo Park residents to engage in leadership and only one seat on an advisory board is insufficient. Ms. Cox mentioned that a sewer spill was reported by WBSD on January 19, 2024, to the State, but records do not reflect this information.

Antonio Lopez, Mayor of the City of East Palo Alto, stated that EPASD has not been a cooperative partner with the City in moving development forward. Actions made by EPASD since November 15, 2023, do not offer further clarity regarding how they plan to reduce connection fees while increasing rates when over 90 percent of the system needs repair. John Le, EPA City Attorney, noted that the City's position was that reconsideration is not needed because the request and payment of fees were done in an untimely manner and supported LAFCo staff's recommendation that no new information had been provided by EPASD as part of the request for reconsideration. City Attorney Le corrected previously distributed information by EPASD such as a mailer sent to all ratepayers regarding a rate of \$1200 by the City as not true because the proposed increase would need a vote through the Prop 218 process. Mr. Le also shared direct communication with the State revealed that the January 19, 2024 spill was not recorded because the District report was late and incomplete.

Ms. Cox countered that the late fee was due to the LAFCo website not listing a fee for reconsideration and asserted that a 2019 rate study adopted under Prop 218 empowered the District to increase rates up to \$720. The EPASD District General Akin Okupe stated that the sewer overflow and spill were reported on time, but a glitch in the State's system delayed reporting.

Commissioner Martin asked about a \$720 rate increase, which Ms. Cox explained that the rate study approved a rate increase over 5 years.

Chair Martin opened public comment.

Gail Wilkerson – Resident, in favor of EPASD’s reconsideration request

Dennis Sherzer – President of EPASD, in favor of EPASD.

Luisa Buada – Former CEO of Ravenswood Family Health Network in EPA and current director of capital projects for the health center, in favor of the City’s proposal.

Ruben Abrica – Councilmember of EPA, in favor of City

Adrian Bryant – a resident, made a public records act request to San Mateo LAFCo for all staff reports and agendas related to anyone who has paid for an MSR. Wants info in the next 10 days. In favor of EPASD.

Mark Dinan – resident of EPA and EPASD customer, Chair of Dept of PW/Transportation, speaking as a resident. In favor of City.

Christopher Kao – EPA PW and Transportation Commission and resident. In support of the City’s proposal.

Carlos Romero – City council member, speaking as a resident. In support of the City’s proposal.

Chair Martin closed the public comment period.

Commission discussion:

Chang-Kiraly reiterated her concern about Menlo Park representation and asked how collaboration between WBSD and the City can be ensured. Melvin Gaines, City of East Palo Alto City Manager, responded that the City has gone through the RFP process and selected WBSD as the sewer service provider. The City is also committed to providing open communication to customers through its operations and will be reaching out to the City of Menlo Park.

Commissioner Bigstyk is not convinced that the two entities would cooperate which is a key factor for the Commission’s reconsideration. Commissioner Bigstyk questioned if the pipes are properly maintained and if coordination with development is being performed. In favor of the City.

Commissioner Rarback stated that the arguments for reconsideration were not persuasive. In favor of the City.

Commissioner Corzo stated that she opposes reconsideration.

Commissioner Chang-Kiraly commented that no new substantive information has been provided by EPASD to be reconsidered. Any recent actions seem reactionary and not proactive.

Commission Action: Commissioner Slocum moved to disapprove the EPASD request for reconsideration for LAFCo File No. 22-09. Commissioner Rarback seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstyk, Chang-Kiraly, Rarback, Slocum, O’Neil, Corzo; Noes: None)

## **5. Study Session on Future Municipal Service Review (MSR) Workplan**

Sofia Recalde, Management Analyst, stated the staff proposal to create and adopt a multi-year MSR schedule to ensure that San Mateo LAFCo can evaluate the availability and adequacy of services delivered by agencies in an organized manner. Work plans are currently adopted by the Commission annually and include a list of MSR/SOIs proposed for the upcoming year. Ms. Recalde presented research on other LAFCo MSR Multi-Year work plans for comparison.

Commissioner Chang-Kiraly commented that subject agencies and the public should have a better understanding of when MSRs for specific agencies will be prepared.

Chair Martin opened public comment.

Public comment from Adrian investigated a special study on allowing outside entities to pay for MSRs and how it impacts and disenfranchises residents.

Chair Martin closed public comment.

Commission Action: Commissioner Chang-Kiraly moved to have the budget committee work with LAFCo staff with input from the public and commission to develop the work plan based on resources outlined by staff. Commissioner Rarback seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstyk, Chang-Kiraly, Rarback, Slocum, O'Neil, Corzo; Noes: None)

## **6. Consideration Authorizing the Executive Officer to Execute an Engagement Letter with O'Connor & Company for auditing services for the Fiscal Year ending June 30, 2023**

Sofia Recalde, Management Analyst, explained that the letter proposes a fee of \$9,800 which would be payable in the 2023-24 and 2024-24 Fiscal Years.

Commissioner O'Neil asked if the auditing service fee increased from previous reports and Rob Bartoli, Executive Officer, confirmed that the rate has been consistent.

Commissioner Chang-Kiraly asked if the fifth report audit report will have the same audit team and Mr. Bartoli clarified that some previous audits were conducted by a different company but moving forward O'Connor & Company will confirm if the same team can be used.

Chair Martin opened and closed public comment. No written or oral comments were received.

Commission Action: Commissioner Chang-Kiraly moved to authorize the Executive Officer to execute the attached engagement letter with O'Connor & Company for auditing services for the Fiscal Year ending June 30, 2023. Commissioner Rarback seconded the motion. Motion passed unanimously by roll call vote. (Ayes: Commissioners Martin, Bigstyk, Chang-Kiraly, Rarback, Slocum, O'Neil, Corzo; Noes: None)

## **7. Legislative and Policy Committee – Legislative Report**

Sofia Recalde, Management Analyst, presented the legislative report. CALAFCO is currently tracking twelve bills, none of which are new in 2024. The only significant update to the existing legislation from 2023 is regarding AB 805 which would authorize the state board, if sufficient funds are available, to order the consolidation of sewer service with the consolidation of drinking water systems when both 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. The bill would also authorize the state board to require the administrator to provide administrative, technical, legal, or managerial services for any sewer service provided by the designated water system.

Chair Martin opened and closed public comment. No written or oral comments were received.

## **8. CALAFCO Quarterly Newsletter for January 2024**

Rob Bartoli, Executive Officer, noted that the newsletter outlines future dates for LAFCo retreats.

Chair Martin opened and closed public comment. No written or oral comments were received.

## **9. Commissioner/Staff Reports**

Rob Bartoli, Executive Officer, announced LAFCo staffing updates which included new member, Diane Estipona, who joined as the new LAFCo clerk to replace Angela Montes. Sofia Recalde accepted a new county position and will no longer be with LAFCo. LAFCo staff and the Commission thanked Sofia for all her work.

Chair Martin opened and closed public comment. No written or oral comments were received.

## **10. Adjournment**

Chair Martin adjourned the meeting at 4:38pm.

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# LOCAL AGENCY FORMATION COMMISSION

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**March 13, 2024**

**To:** LAFCo Commissioners  
**From:** Rob Bartoli, Executive Officer

**Subject:** Consideration of LAFCo File No. 23-08 - Proposed Outside Service Agreement for water by the City of Redwood City to 3647 Oak Knoll Drive (APNs 057-173-120/Parcel 1) 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 3647 Oak Knoll Drive (APNs 057-173-120 and 057-174-100) is subdividing the property building a new single-family home on the empty parcel (identified as Parcel 1/APN 057-173-120 in attachment C). The City of Redwood City has applied by resolution for extension of water service to the new home on Parcel 1. APN 057-174-100/Parcel 2 is developed within an existing single-family house and has an existing water connection from the City of Redwood City.

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.

## Departmental Reports

*County Assessor:* The total net assessed land valuation for the parcel (APN 057-173-120) shown in the County Assessor records is \$366,369. 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 Oak Knoll Sewer 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 medium to low density residential. The proposal is consistent with the County's General Plan and zoning. The subdivision was approved by County Planning and Building in 2023.

*County Public Works:* The property is in the Oak Knoll 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 to medium density. The proposal is compatible with the City's general plan and would not create service problems. The outside service agreement for a water connection was approved by the Redwood City Council on March 11, 2024. The resolution and deferred annexation agreement exhibit are attached to this report.

### **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, 3647 Oak Knoll Drive, 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 23-08 - Proposed Outside Service Agreement for water by the City of Redwood City to 3647 Oak Knoll Drive (APNs 057-173-120/Parcel 1) Unincorporated Redwood City, pursuant to Government Code Section 56133 with the following condition of approval:

- 1) The applicant shall record the deferred annexation agreement with the San Mateo County Recorder's Office and provide a copy of the recorded document to LAFCo, prior to the issuance of the approval letter for the Outside Service Agreement for 3647 Oak Knoll Drive (APNs 057-173-120/Parcel 1), Unincorporated Redwood City.



**Attachments**

- A. OSA application for 3647 Oak Knoll Drive (APNs 057-173-120/Parcel 1)
- B. Vicinity Map
- C. Draft Tentative Map
- D. Resolution from the City of Redwood City

cc: Christian Craig, 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, San Mateo County Planning & Building  
Florian Galdo and Moloud Shahbazi, 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.

We are subdividing an existing property at 3647 Oak Knoll Drive, Redwood City 94062, Unincorporated San Mateo County per SB9 to add a new 2400sf residence. The lot already has 2 APNs, the new residence will go on Parcel 1 (APN 057-173-120). Parcel 2 APN is 057-174-100. There is no address assigned yet.

- 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):

X 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?

Need a new water connection to a new residence

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

X Yes No

RECEIVED

DEC 19 2023

- 5. Estimated acreage: 0.105 Acres

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.

City of Redwood City - Water Service

FG MS

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>Police (example)</i>	<i>Co. Sheriff</i>	<i>City Police</i>	<i>N/A</i>	<i>Taxes</i>
<i>Sewer (example)</i>	<i>None</i>	<i>City of . . .</i>	<i>Proponent</i>	<i>Fees</i>
Water	None	City of Redwood City	Proponent	Fees

**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.

At the Northeastern corner of Oak Knoll and Carrera, in the Emerald Hills neighborhood, north and east of Interstate 280 and northwest of Highway 84, The closest neighborhood artery is Jefferson avenue. The site is sloped and has some oaks, with a few boulders.

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

Land is vacant

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3. How are adjacent lands used?

North: single family residence

South: single family residence

East: single family residence

FG

West: Oak Knoll Rd, Carrera Court

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

Construction of a new single family residence, 2400 sf on Parcel 1 (APN 057-173-120)

5. What is the general plan designation of the subject territory?

Unincorporated county land, South Bayside Urban

6. What is the existing zoning designation of the subject territory?

RH/DR (Residential Hillside/DR)

7. What rezoning, environmental review or development approvals have already been obtained for development in the subject territory?

SB9 Subdivision approved by San Mateo County Planning. The land was determined to be exempt from CEQA by the San Mateo county planning dept.

8. What additional approvals will be required to proceed?

We will need a building permit from the County of San Mateo for the new house.

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?

N/A

\* \* \* \* \*

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:

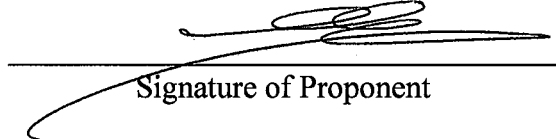
NAME: FLORIAN GALDO

EMAIL: florian.galdo@gmail.com

ADDRESS: 3647 OAK KNOLL DR

TELEPHONE: 408 646 3441

ATTN: ROB BARTOLI


  
\_\_\_\_\_  
Signature of Proponent

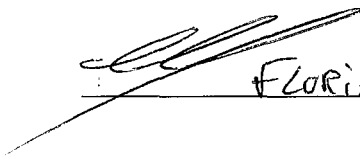
Applica\_blk.doc  
(10/6/2000)

Addendum to Application titled LAFCo File No. 23-08 --  
Proposed @ SA of/for (3647 Oak Knoll Drive, Redwood City 94062)

APN's APN 057-173-120, APN 057-174-100  
to Redwood City Water

*As part of above noted application submitted by petition, the Chief Applicants, (Florian Galdo and Mohloud Shahbazi) 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.*

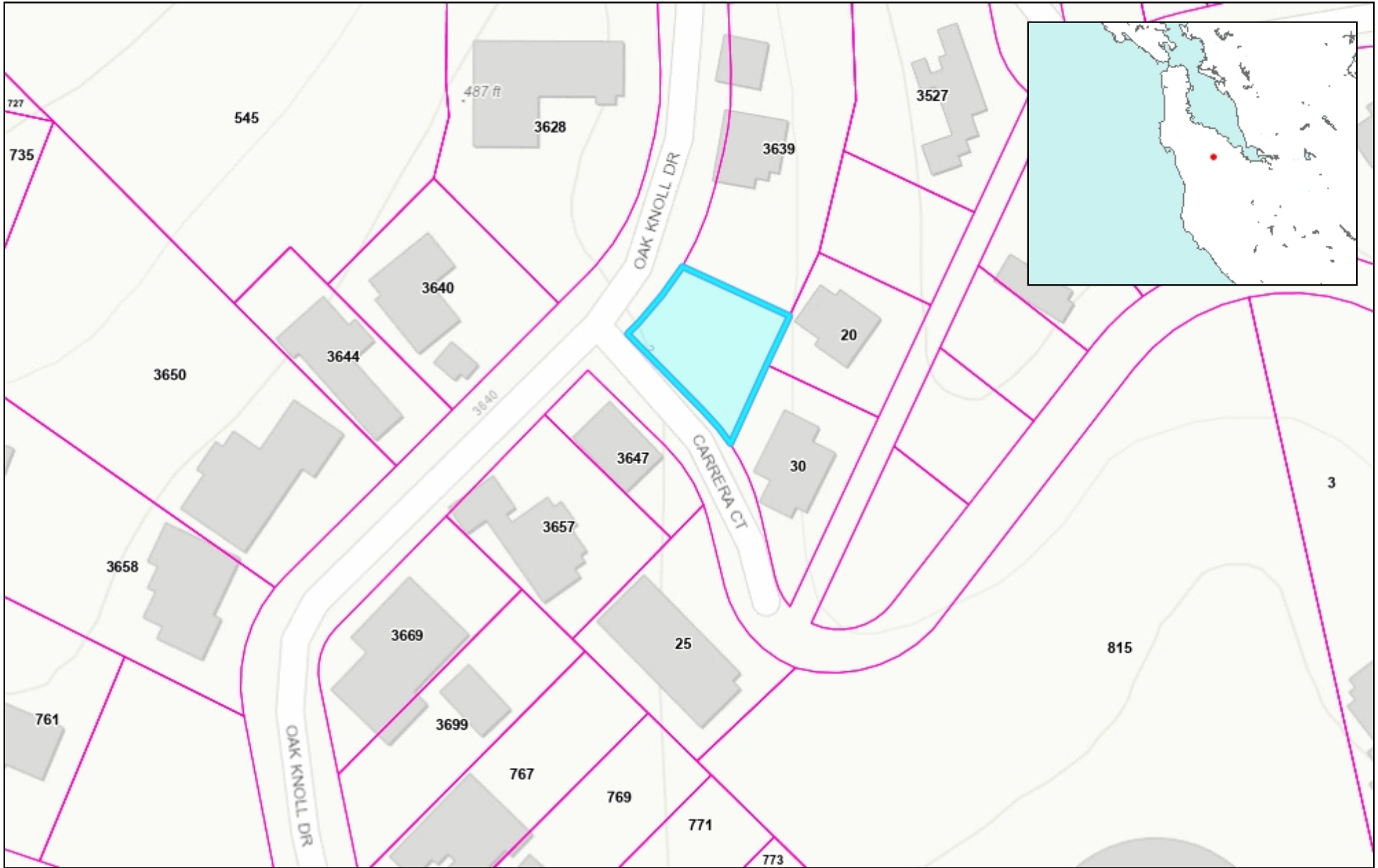
 MOLOUD SHAHBAZI Date 09/08/23

 FLORIAN GALDO Date 09/08/23

\_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_ Date \_\_\_\_\_

**RECEIVED**  
**SEP 15 2023**  
**LAFCO**



0.04 0 0.02 0.04 Miles

WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
© Latitude Geographics Group Ltd.

1:1,128



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

**OWNER'S STATEMENT**

WE HEREBY STATE THAT WE ARE THE OWNERS OF, OR HAVE SOME RIGHT, TITLE OR INTEREST IN AND TO THE REAL PROPERTY INCLUDED WITHIN THE SUBDIVISION SHOWN UPON THIS MAP, AND WE ARE THE ONLY PERSON(S) WHOSE CONSENT IS NECESSARY TO PASS CLEAR TITLE TO SAID PROPERTY, AND WE HEREBY CONSENT TO THE MAKING AND FILING OF SAID MAP AND SUBDIVISION AS SHOWN WITHIN THE DISTINCTIVE BORDER.

OWNERS: FLORIAN GALDO AND MOLOUD SHAHBAZE, HUSBAND AND WIFE AS JOINT TENANTS

BY: \_\_\_\_\_  
NAME: FLORIAN GALDO  
TITLE: OWNER

BY: \_\_\_\_\_  
NAME: MOLOUD SHAHBAZI  
TITLE: OWNER

**OWNER'S 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 S.S.}

COUNTY OF \_\_\_\_\_

ON \_\_\_\_\_, 2023, BEFORE ME \_\_\_\_\_, A  
NOTARY PUBLIC, PERSONALLY APPEARED \_\_\_\_\_ AND

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 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:

SIGNATURE: \_\_\_\_\_

NAME (PRINTED), NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE.

PRINCIPAL COUNTY OF BUSINESS: \_\_\_\_\_

COMMISSION EXPIRES: \_\_\_\_\_

COMMISSION # OF NOTARY: \_\_\_\_\_

**TRUSTEE'S STATEMENT**

OLD REPUBLIC TITLE COMPANY AS TRUSTEE UNDER DEED OF TRUST, RECORDED JANUARY 14, 2021 AS DOCUMENT NO. 2021-006593 RECORDS OF SAN MATEO COUNTY, ENCUMBERING THE LAND HEREIN SHOWN, HEREBY CONSENTS TO THE MAKING OF THIS MAP.

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**TRUSTEE'S 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 S.S.}

COUNTY OF \_\_\_\_\_

ON \_\_\_\_\_, 2023, BEFORE ME \_\_\_\_\_, A  
NOTARY PUBLIC, PERSONALLY APPEARED \_\_\_\_\_

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 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:

SIGNATURE: \_\_\_\_\_

NAME (PRINTED), NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE.

PRINCIPAL COUNTY OF BUSINESS: \_\_\_\_\_

COMMISSION EXPIRES: \_\_\_\_\_

COMMISSION # OF NOTARY: \_\_\_\_\_

**CLERK OF THE BOARD STATEMENT**

I HEREBY STATE THAT THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY, STATE OF CALIFORNIA, DO HEREBY CERTIFY THAT CERTIFICATES HAVE BEEN FILED AND DEPOSITS HAVE BEEN MADE IN CONFORMANCE WITH THE REQUIREMENTS OF SECTIONS 66492 AND 66493 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.

DATE \_\_\_\_\_

CLERK OF THE BOARD OF SUPERVISORS  
SAN MATEO COUNTY, STATE OF CALIFORNIA

BY: \_\_\_\_\_  
DEPUTY

**COUNTY RECORDER'S STATEMENT**

FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2023, AT \_\_\_\_\_ .M.

IN BOOK \_\_\_\_\_ OF PARCEL MAPS AT PAGE \_\_\_\_\_,

AT THE REQUEST OF GREGORY F. BRAZE

FILE NO. \_\_\_\_\_ FEE \_\_\_\_\_

MARK CHURCH, COUNTY RECORDER

BY: \_\_\_\_\_

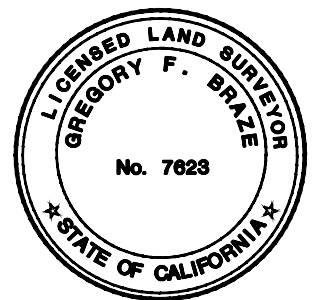
DEPUTY

**SURVEYOR'S STATEMENT**

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF FLORIAN GALDO AND MOLOUD SHAHBAZI ON MAY 5, 2022. I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP, IF ANY, AND THAT ALL THE MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED AND ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

PRELIMINARY

GREGORY F. BRAZE DATE \_\_\_\_\_  
LS 7623

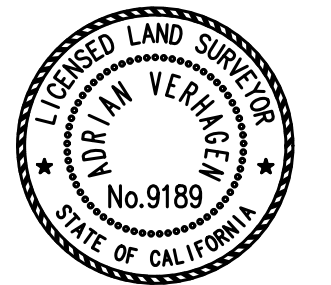


**COUNTY SURVEYOR'S STATEMENT**

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND THAT THE SUBDIVISION AS SHOWN HEREON IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP, IF REQUIRED, AND ANY APPROVED ALTERATIONS THEREOF; THAT ALL THE PROVISIONS OF THE CALIFORNIA "SUBDIVISION MAP ACT" AND OF THE "SAN MATEO COUNTY ORDINANCE" APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP, IF REQUIRED, HAVE BEEN COMPLIED WITH; AND THAT I AM SATISFIED THAT THIS MAP IS TECHNICALLY CORRECT.

PRELIMINARY

ADRIAN VERHAGEN, L.S. 9189 DATE \_\_\_\_\_  
COUNTY SURVEYOR



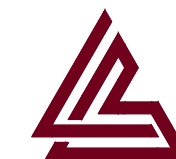
**PARCEL MAP NO. \_\_\_\_\_**

**URBAN LOT SPLIT (SB-9)**

OF THE LANDS OF GALDO AND SHAHBAZI, BEING ALL OF LOTS 54 AND 59 AS SHOWN ON THAT CERTAIN MAP ENTITLED "EMERALD LAKE PARK MAP NO. 2 BEING A SUBDIVISION OF A PORTION OF LOTS 4, 5, 6 AND 7 BLOCK 33 AND A PORTION OF LOTS 15, 16, 20, 21 AND 22 OF BLOCK 34 OAK KNOLL MANOR SAN MATEO COUNTY CALIFORNIA," FILED IN BOOK 10 OF MAPS AT PAGE 23, ON SEPTEMBER 5, 1919, OFFICIAL RECORDS OF SAN MATEO COUNTY.

UNINCORPORATED SAN MATEO COUNTY CALIFORNIA

SEPTEMBER 2023



**LEA & BRAZE ENGINEERING, INC.**

CIVIL ENGINEERS • LAND SURVEYORS

2495 INDUSTRIAL PARKWAY WEST  
HAYWARD, CALIFORNIA 94545  
(510) 887-4086  
FAX (510) 887-3019  
WWW.LEABRAZE.COM

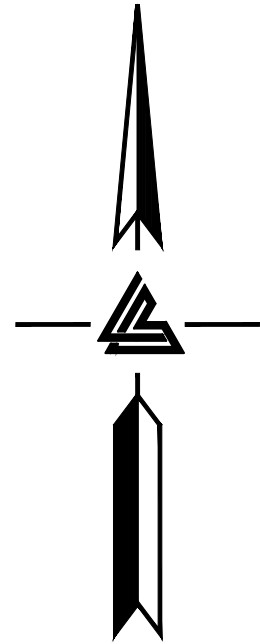
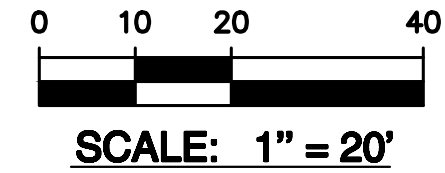
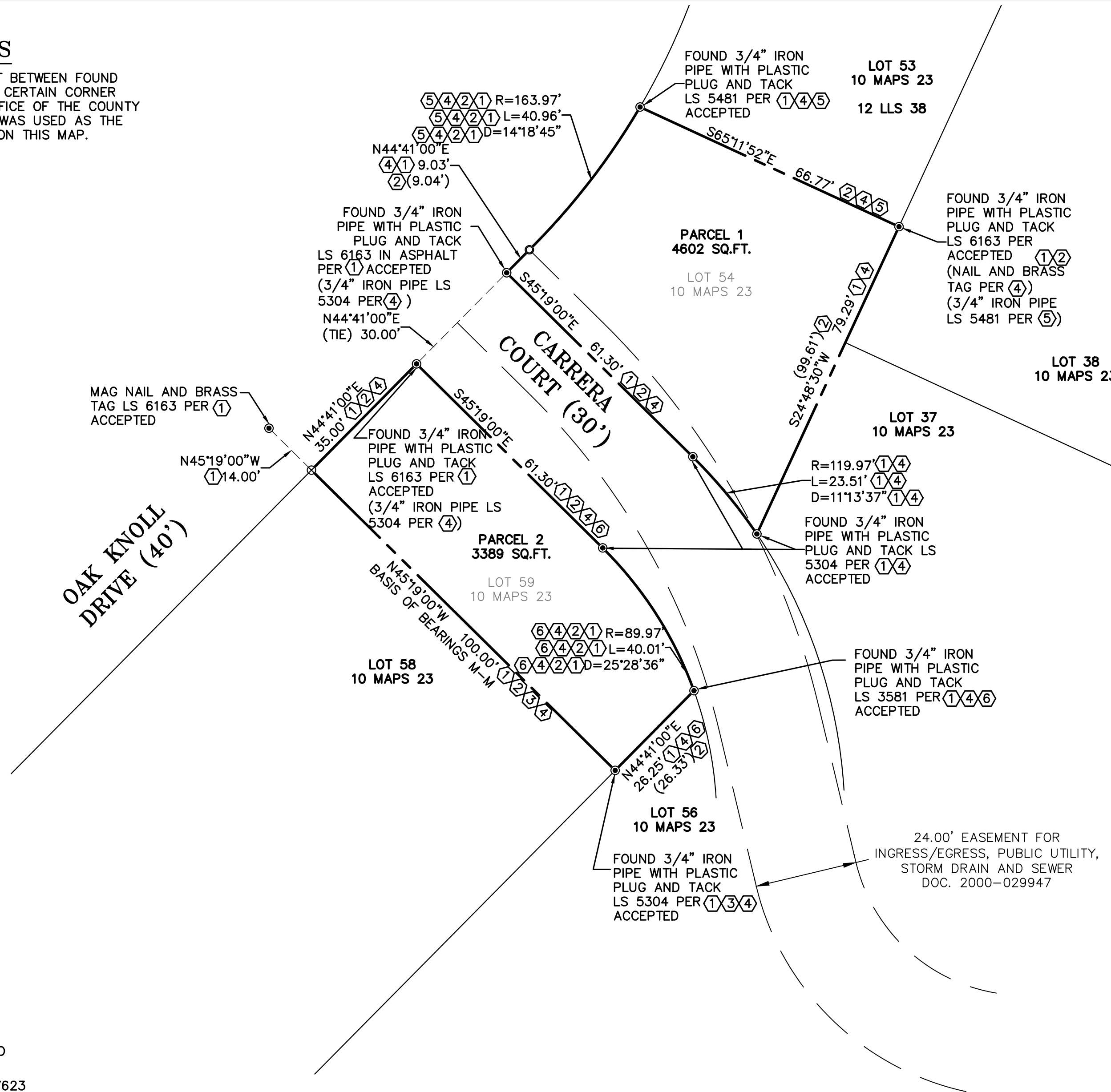
JOB NO. 2220683

SHEET 1 OF 2



**BASIS OF BEARINGS**

THE BEARING NORTH 45°19'00" WEST BETWEEN FOUND MONUMENTS AS SHOWN UPON THAT CERTAIN CORNER RECORD #3386, ON FILE AT THE OFFICE OF THE COUNTY SURVEYOR OF SAN MATEO COUNTY WAS USED AS THE BASIS OF ALL BEARINGS SHOWN UPON THIS MAP.



**REFERENCES**

- ① CORNER RECORD #3386
- ② TRACT MAP 10 MAPS 23
- ③ CORNER RECORD #442
- ④ CORNER RECORD #356
- ⑤ RECORD OF SURVEY 12 LLS 38
- ⑥ RECORD OF SURVEY 11 LLS 16

**LEGEND**

- FOUND MONUMENT AS NOTED
- SET 3/4" IRON PIPE W/ PLASTIC PLUG & TACK LS 7623
- ⊗ SET NAIL AND BRASS TAG, LS 7623
- M-M MONUMENT TO MONUMENT
- ( ) INDICATES RECORD DATA
- ALL DISTANCES ARE IN FEET AND DECIMAL THEREOF

- BOUNDARY LINE
- PROPERTY LINE
- EASEMENT LINE
- TIE LINE

**PARCEL MAP NO. \_\_\_\_\_**

**URBAN LOT SPLIT (SB-9)**

OF THE LANDS OF GALDO AND SHAHBAZI, BEING ALL OF LOTS 54 AND 59 AS SHOWN ON THAT CERTAIN MAP ENTITLED "EMERALD LAKE PARK MAP NO. 2 BEING A SUBDIVISION OF A PORTION OF LOTS 4, 5, 6 AND 7 BLOCK 33 AND A PORTION OF LOTS 15, 16, 20, 21 AND 22 OF BLOCK 34 OAK KNOLL MANOR SAN MATEO COUNTY CALIFORNIA," FILED IN BOOK 10 OF MAPS AT PAGE 23, ON SEPTEMBER 5, 1919, OFFICIAL RECORDS OF SAN MATEO COUNTY

UNINCORPORATED SAN MATEO COUNTY CALIFORNIA  
SCALE 1"=20' SEPTEMBER 2023

**LEA & BRAZE ENGINEERING, INC.**  
CIVIL ENGINEERS • LAND SURVEYORS  
2495 INDUSTRIAL PARKWAY WEST  
HAYWARD, CALIFORNIA 94545  
(510) 887-4086  
FAX (510) 887-3019  
WWW.LEABRAZE.COM

**RESOLUTION NO 16209**

**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 3647 OAK KNOLL DRIVE (APN 057-173-120) OUTSIDE JURISDICTIONAL BOUNDARIES PURSUANT TO GOVERNMENT CODE SECTION 56133**

**WHEREAS**, the property located at 3647 Oak Knoll Drive, APN 057-173-120 (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**, This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

**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 3647 Oak Knoll Drive, Unincorporated San Mateo County, California (APN 057-173-120) 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 proposed water service;
- d. Property owner shall pay the City's water service annexation fees;
- e. Property owner shall install a 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.

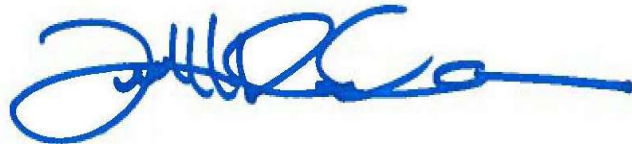
3. The Local Agency Formation Commission (LAFCo) of San Mateo County is hereby requested to take proceedings in the manner provided by California Government Code Section 56133.

\* \* \*

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 11<sup>th</sup> day of March 2024 by the following votes:

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



---

Jeff Gee  
Mayor of the City of Redwood City

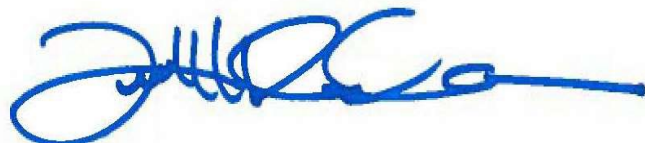
Attest:



---

Yessika Castro, CMC, CPMC  
City Clerk of Redwood City

I hereby approve the foregoing resolution this  
12<sup>th</sup> day of March 2024.



---

Jeff Gee  
Mayor of the City of Redwood City

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

March 13, 2024

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Consideration of LAFCo File No. 24-01 - Proposed Annexation of 27 Hillbrook Drive, Portola Valley (APN 079-073-170) to West Bay Sanitary District

## Summary

This proposal, submitted by landowner petition, requests annexation of 27 Hillbrook Drive, Portola Valley (APN 079-073-170) to West Bay Sanitary District and connection to the District's sewer main. The property owner is planning a future project on the property and wishes to connect to a sewer system prior to the project. The proposal has 100 percent landowner consent and waiver of conducting authority proceedings is also requested. Commission approval is recommended.

## Departmental Reports

*County Assessor:* The total net assessed land valuation for the parcel shown in the records of the County Assessor is \$3,679,124. The boundaries of the annexation as proposed conform to lines of assessment and ownership.

*County Clerk:* The territory has two registered voters. If the annexation is approved, the property will need to be assigned to a precinct that includes West Bay Sanitary District.

*County Public Works:* The draft map and legal description have been.

*Town of Portola Valley:* The Town's General Plan designation is low intensity residential (1-2 acres per dwelling unit). It will be necessary for any work to be reviewed by Town Planning and Public Works, and an encroachment permit is required.

*County Environmental Health:* The California Water Service Company and West Bay Sanitary District provide the available water and sewer service in the area. Upon connection to WBSD, the existing onsite wastewater treatment system must be properly destroyed under permit from Environmental Health.

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

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

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

*West Bay Sanitary District:* Fees for annexation, permits, annual service charges and reimbursement fees associated with this connection will be required and paid for by the proponent. Annexation to the on-site wastewater disposal zone (ZONE) will not be required. 27 Hillbrook Drive is proposed to connect to the existing gravity sewer main at the rear of the property.

### **Executive Officer's Report**

This proposal has been submitted by landowner petition. The territory proposed for annexation is located at 27 Hillbrook Drive, Portola Valley, near Alpine Road. If a future sewer connection to the property is made, 27 Hillbrook Drive would connect to the existing gravity sewer main at the rear of the property.

The annexation area is within the sphere of influence of West Bay Sanitary District adopted by the Commission in 1984 and is consistent with the District's plans for extending service. Approval of the annexation 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)

### **Waiver of Conducting Authority Proceedings**

Section 56662(a) of the Cortese-Knox-Hertzberg (CKH) Act specifies that the Commission may waive conducting authority proceedings for annexations of uninhabited territory with 100 percent landowner consent provided that no objection is submitted by subject property owners or voters. The purpose of the conducting authority proceedings is to measure landowner or voter protest within the affected territory. The landowners have requested, and staff recommends waiver of conducting authority proceedings.

### **Recommended Commission Action by Resolution**

By resolution, approve LAFCo File No. 24-01 proposed annexation of 27 Hillbrook Drive, Portola Valley (APN 079-073-170) to West Bay Sanitary District and Waiver of Conducting Authority Proceedings.

### **Attachments**

- A. Annexation Application for 27 Hillbrook Drive, Portola Valley
- B. Vicinity Map
- C. Map and legal description
- D. Resolution No. 1316

cc: Sergio Ramirez and Jason Feudale, West Bay Sanitary District  
Carol Borck, Town of Portola Valley  
Gregory Smith, San Mateo County Environmental Health  
Penny Boyd, San Mateo County Clerk  
Andrew Smith, San Mateo County Assessor  
Daniel Lawrence Schafer and Maria Pimenova, 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.

Desired connection of a residential sanitary sewer service to the West Bay Sanitary District connection of service requires annexation of the property into the District. The property is currently on a private septic system.

- 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?

The desire for a more reliable, effective and environmentally sound disposal of residential sewage.

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

Yes  No

- 5. Estimated acreage: 1.0

**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.

West Bay Sanitary District  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 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>Police (example)</i>	<i>Co. Sheriff</i>	<i>City Police</i>	<i>N/A</i>	<i>Taxes</i>
<i>Sewer (example)</i>	<i>None</i>	<i>City of . . .</i>	<i>Proponent</i>	<i>Fees</i>
Sewer	Private Septic System	West Bay Sanitary District	Proponent	Proponent/Property Owner

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.

27 Hillbrook Drive, Portola Valley (Lot 17, Tract no. 779) near Alpine Road and Applewood Lane

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

Single Family Residential

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. How are adjacent lands used?

North: Single Family Residential

South: Single Family Residential

East: Single Family Residential

West: Single Family Residential

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

No

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



5. What is the general plan designation of the subject territory?

Residential Area - Low Land Use Intensity

6. What is the existing zoning designation of the subject territory?

R-E/1A/SD-1a

7. What rezoning, environmental review or development approvals have already been obtained for development in the subject territory?

None

8. What additional approvals will be required to proceed?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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?

Yes, it could allow for larger sewage capacity and the development of accessory dwellings.

\* \* \* \* \*

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: Dan Schafer/Mary Pimenova EMAIL: dan.schafer@gmail.com

ADDRESS: 27 Hillbrook Drive, Portola Valley TELEPHONE: 571-230-4003

ATTN: Dan Schafer

Signature of Proponent: \_\_\_\_\_

Applica\_blk.doc  
(10/6/2000)

**PETITION  
FOR PROCEEDINGS PURSUANT TO  
THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT  
OF 2000**

The undersigned hereby petition(s) the Local Agency Formation Commission of San Mateo County for approval of a proposed change of organization or reorganization, and stipulate(s) as follows:

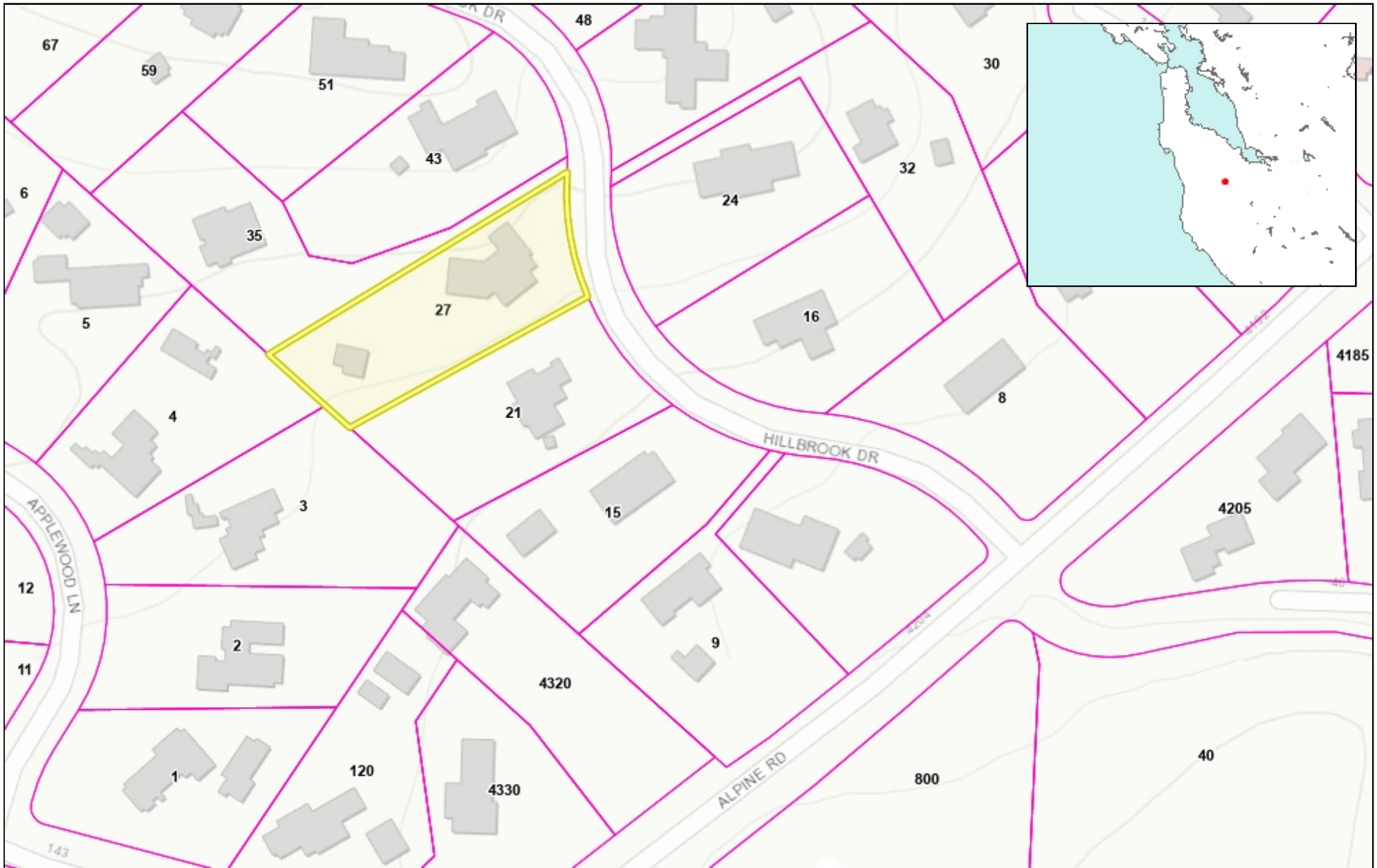
1. This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code (commencing with Section 56000, Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000)
2. The specific change(s) of organization proposed (i.e., annexation, detachment, reorganization, etc. is/are:  
Annexation into the West Bay Sanitary District.
3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) attached hereto and by this reference incorporated herein.
4. The territory(ies) included in the proposal is/are:  
  
\_ inhabited (12 or more registered voters)  Uninhabited
5. This proposal is  is not \_ consistent with the sphere of influence of the affected city and/or district(s).
6. The reason(s) for the proposed annexation (annexation, detachment, reorganization, etc.) is/are:  
The more reliable, effective and environmentally sound disposal of residential sewage.
7. The proposed annexation is requested to be made subject to the following terms and conditions:   None
8. The persons signing this petition have signed as:  
  
\_ registered voters **or**  Owners of land (check one) within the subject territory.

Wherefore, petitioner(s) request(s) that proceedings be taken in accordance with the provisions of Section 56000, et seq. Of the Government Code and herewith affix signatures as follows:

Chief Petitioners (not to exceed three):

<b>Date:</b>	<b>Printed Name:</b>	<b>Signature/Residence Address:</b>	<b>APN*</b>
	Dan Schafer	27 Hillbrook Drive Portola Valley	079073170
	Mary Pimenova	27 Hillbrook Drive Portola Valley	079073170

\*Assessor's Parcel Number of parcel(s) proposed for annexation.



0.07 0 0.04 0.07 Miles

WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
© Latitude Geographics Group Ltd.

1:2,257

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

**ANNEXATION NO. 20XX-XX**

**ANNEXATION TO WEST BAY SANITATION DISTRICT**

**GEOGRAPHIC DESCRIPTION**

ALL THAT CERTAIN REAL PROPERTY, SITUATE IN THE TOWN OF PORTOLA VALLEY, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, BEING ALSO LOT 17, AS SHOWN ON THE CERTAIN MAP ENTITLED "TRACT NO. 779 HILLBROOK", WHICH MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN MATEO COUNTY, ON JULY 22, 1959, IN BOOK 51 OF MAPS AT PAGES 44 AND 45, AND DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE INTERSECTION OF THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF HILLBROOK DRIVE AND THE DIVIDING LINE BETWEEN LOT 16 (ALSO KNOWN AS 21 HILLBROOK DRIVE, APN: 079073180) AND LOT 17 (ALSO KNOWN AS 27 HILLBROOK DRIVE, APN: 079073170) OF SAID MAP, ALSO BEING AN ANGLE POINT OF THE EXISTING WEST BAY SANITATION DISTRICT BOUNDARY;

THENCE, (1) SOUTH 61°36'04" WEST 308.47 FEET ALONG THE EXISTING DISTRICT BOUNDARY AND SOUTHEASTERLY LINE OF SAID LOT 17;

THENCE, (2) NORTH 47°42'50" WEST 124.00 FEET ALONG THE EXISTING DISTRICT BOUNDARY AND SOUTHWESTERLY LINE OF SAID LOT 17;

THENCE, (3) NORTH 59°01'56" EAST 397.29 FEET ALONG THE EXISTING DISTRICT BOUNDARY AND NORTHWESTERLY LINE OF SAID LOT 17 TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 175.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 86°35'00" EAST;





THENCE, LEAVING THE EXISTING DISTRICT BOUNDARY, (4) ALONG SAID CURVE THROUGH AN ANGLE OF 0°51'00", AN ARC DISTANCE OF 2.60 FEET TO THE BEGINNING OF A TANGENT REVERSING CURVE TO THE LEFT, HAVING A RADIUS OF 300.00 FEET;

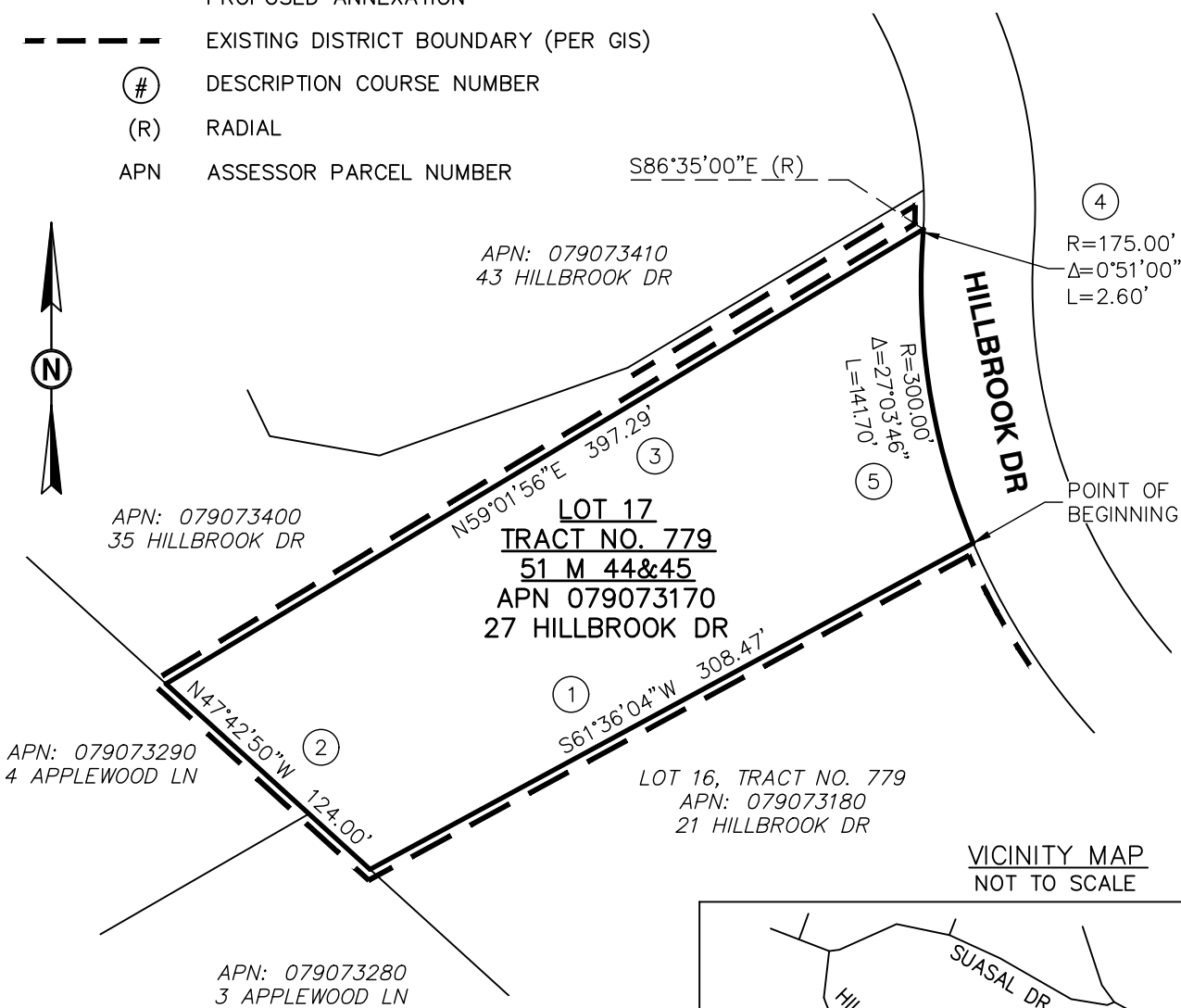
THENCE, (5) ALONG SAID CURVE THROUGH AN ANGLE OF 27°03'46", AN ARC DISTANCE OF 141.70 FEET TO THE **POINT OF BEGINNING**.

CONTAINING 1.00 ACRES OF LAND MORE OR LESS.

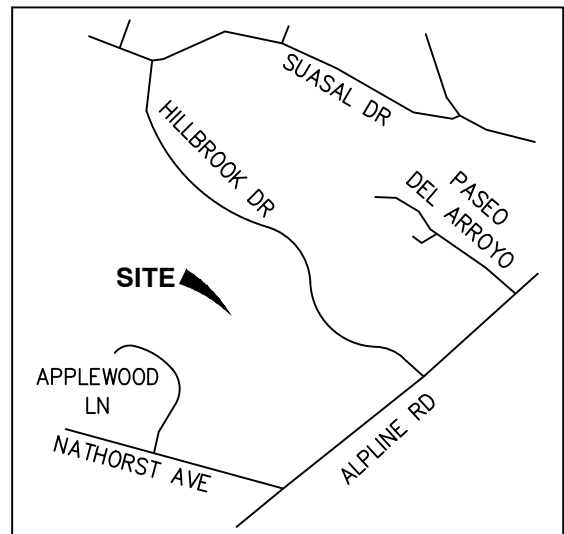
*FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.*

**LEGEND**

-  PROPOSED ANNEXATION
-  EXISTING DISTRICT BOUNDARY (PER GIS)
-  DESCRIPTION COURSE NUMBER
-  RADIAL
- APN ASSESSOR PARCEL NUMBER

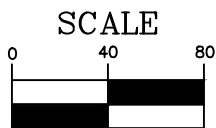


VICINITY MAP  
NOT TO SCALE



DISCLAIMER:  
FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

ADDRESS:  
27 HILLBROOK DR  
PORTOLA VALLEY, CA 94028



(IN FEET)  
1 inch=80 ft.

ASSESSOR PARCEL NUMBER(S): 079073170	LAFCO RESOLUTION NO. XX-XX	ACREAGE: 1.00	DATE: 01/09/2024	SCALE: 1"=80'
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WEST BAY SANITARY DISTRICT ANNEX. NO.  
BEING LOT 17, "TRACT NO. 779 HILLBROOK",  
BOOK 51 OF MAPS, PAGES 44 AND 45, SAN  
MATEO COUNTY, CALIFORNIA



1755 Matthews Ln  
Santa Cruz, CA 95062  
(518) 227-0097  
www.surv-a.com

RESOLUTION NO. 1316

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
OF THE COUNTY OF SAN MATEO  
MAKING DETERMINATIONS, APPROVING LAFCO FILE 24-01 -  
ANNEXATION OF 27 HILLBROOK, PORTOLA VALLEY (APN 079-073-170)  
TO THE WEST BAY SANITARY DISTRICT AND  
WAIVING CONDUCTING AUTHORITY PROCEEDINGS**

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

**WHEREAS**, a proposal for the annexation of certain territory to the West Bay Sanitary District in the County of San Mateo was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

**WHEREAS**, the Executive Officer has reviewed the proposal and prepared a report, including the recommendations thereon, the proposal and report having been presented to and considered by this Commission; and

**WHEREAS**, it appears to the satisfaction of this Commission that all owners of the land included in the proposal consent to the proceeding; and

**WHEREAS**, a public hearing by this Commission was held on the proposal 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 proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities); and

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



Section 1. This proposal is approved, subject to the following conditions: None.

Section 2. The boundaries as set forth in the application are hereby approved as submitted and are as described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 3. The territory consists of 1.0 acres, is found to be uninhabited, and is assigned the following distinctive short form designation: Annexation of 27 Hillbrook Drive, Portola Valley to the West Bay Sanitary District.

Section 4. Conducting authority proceedings are hereby waived in accordance with Government Code Section 56662(a) and this annexation is hereby ordered.

Regularly passed and adopted this \_\_\_\_ day of \_\_\_\_\_.

Ayes and in favor of said resolution:

Commissioners: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Noes and against said resolution:

Commissioner(s): \_\_\_\_\_

Absent and/or Abstentions:

Commissioner(s): \_\_\_\_\_

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

ATTEST:

\_\_\_\_\_  
Rob Bartoli  
Executive Officer  
Local Agency Formation Commission

Date: \_\_\_\_\_

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

\_\_\_\_\_  
Clerk to the Commission  
Local Agency Formation Commission

Date: \_\_\_\_\_

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

**March 13, 2024**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Consideration of Municipal Service Review Circulation Draft for the Broadmoor Police Protection District

## Executive Summary

This Municipal Service Review (MSR) for the Broadmoor Police Protection District (BPPD) highlight several areas of concern including the fiscal health of the District and the ability to continue to provide police services to residents. BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of Fiscal Year 2017.

These budget deficits, and the reduction of fund balance, have now directly impacted the District. BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.

This report explores potential governance and service changes including dissolution of the BPPD or if BPPD filed for bankruptcy. In Sept. 2023, BPPD passed a resolution declaring that the District was fiscally insolvent and facing a financial emergency and requested that BPPD staff pursue steps towards bankruptcy. In January 2024 this resolution was rescinded.

No action by LAFCo has been taken toward BPPD other than the publication to this and previous studies. While there are many different scenarios of either maintaining status quo, changing the governance of BPPD or changing the agency that provides polices service to the Broadmoor area, any governance change would require a separate application and action before the LAFCo Commission. If BPPD was to be dissolved, the specifics about what level of

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

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

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
DIANE ESTIPONA, CLERK

service would be provided and how the service would be funded (including information about the status and use of any supplemental property tax) would need to be developed by the agency applying to LAFCo as part of a plan for service. In this scenario, other governance change options, or if BPPD declared bankruptcy, it would be very likely that BPPD rate payers would still be required to pay for any legacy costs associated with BPPD, such as outstanding liability.

Again, while this report does not advocate for any governance change, the report does include recommendations to BPPD that could assist both the District and public in gaining a clearer picture about the financial ability of BPPD to continue to provide services to residents.

### **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 Circulation Draft Municipal Service Review is the third MSR for the Broadmoor Police Protection District.

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the Broadmoor Police Protection District (BPPD). As part of the 2022-2023 LAFCo workplan, the Commission authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the Municipal Service Review, which focused on BPPD's operations, finances, and governance. The Special Study was adopted by the Commission on March 15, 2023 meeting. From March 2023 to February 2024, LAFCo staff has provided an update to the Commission about the fiscal status of BPPD and the status of the implementation of the recommendations from the 2023 Special Study. This MSR encompasses these update, new data, and revised recommendations.

During this time period, San Mateo LAFCo staff has also attending several town hall and community meetings to present to the BPPD residents about the adopted Special Study, the work that the LAFCo Commission has done in relationship to the District, and to emphasized that, to date, the Commission has not taken any action towards BPPD.

### **Broadmoor Police Protection District**

The Broadmoor Police Protection District was formed in 1948 to provide police and ambulance services to the unincorporated community of Broadmoor and surrounding incorporated area. In 1957, BPPD contracted with the Town of Colma to provide ambulance and radio dispatch services. That contract was amended in 1964 to include partial police protection services. In 1967, ambulance services were discontinued, and police patrol services to the Town of Colma ended in 1976, at which time Colma established its own full-time police department.

BPPD's service boundaries total 0.55 square miles and include the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD's service territory also

includes three small parcels in unincorporated Daly City directly west of Broadmoor Village, each of which is developed with a single-family home.

District's boundaries are irregular and include non-contiguous areas that resulted from annexation of areas to the City of Daly City over time. As these annexations occurred, the territory was concurrently detached from the BPPD since the City has a full-service police department. The BPPD service area includes single and multi-family housing, and commercial and retail development.

### *Governance*

BPPD was formed under California Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California that employs its own officers.

The formation of new Police Protection Districts now is prohibited. Code Section 20007 of Health and Safety Code states: "No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter." Per Code Section 2008, "...any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection."

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month.

### **Current Key Issues**

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

1. BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets. The District currently projects a budget deficit of approximately \$450,000 for FY22-23.
2. BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.
3. Just two months after the adoption of the FY23-24 Budget, BPPD approved and later rescinded a resolution that declared that BPPD was insolvent and facing a fiscal emergency. The resolution also directed BPPD staff to take steps to file for bankruptcy protection.
4. BPPD does not prepare a separate report of actual revenue and expenditures at the end of each

fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

5. The District does have independent audits which are shared with staff and Board members; however, it does not appear that these audits are agendaized for discussion at Board meetings.
6. BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD has stated that they have contacted the California Special Districts Association regarding hiring a company to produce a strategic fiscal plan for the District.
7. The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.
8. BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source. In addition, the State has taken an interest in potentially redirecting some Excess ERAF to the State. There is a risk that Excess ERAF may not be available in future years for local agencies.
9. BPPD lacks fiscal, governance and administrative policies and procedures that would help address and potentially prevent many of the issues identified above.
10. The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services.

### **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 communities<sup>1</sup> 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.

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<sup>1</sup> "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.

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**

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency's service needs, demands or service boundaries.

### **2. Disadvantaged Unincorporated Communities Determination**

The unincorporated area served by BPPD does not contain any disadvantaged unincorporated communities within its service area.

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

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) than neighboring Daly City.

#### *Recommendations -*

1. The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs. Potential options are explored in more detail in Accountability, Structure and Efficiencies.
2. The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and volume of calls to demonstrate the benefit of the higher costs associated with higher levels of performance.

### **4. Financial Ability Determination and Recommendations**

BPPD has had significant budget deficits in five of the last six fiscal years. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. For these budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.

While cost saving measures were implemented to stabilize the financial situation at BPPD, these measures were implemented shortly after the adoption of the FY23-24 budget by the BPPD Commission. These measures were not included as part of the adopted budget. LAFCo

staff is concerned that BPPD and the public do not have a full and accurate view of fiscal status of the District.

BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

The District does have independent audits which are shared with staff and Board members; however, it does not appear that these audits are agendaized for discussion at Board meetings. Delays in the timely production of audits can negatively impact budget preparation.

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF, which comprises 12% of the District's overall budget, is considered to be an unstable revenue source. Furthermore, the State has taken an interest in redirecting some Excess ERAF to the State, so there is risk that Excess ERAF may not be available in future years.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD is currently in conversation with the California Special Districts Association regarding hiring a company to develop a strategic plan for the District. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR and the 2023 Special Study. BPPD legal staff is currently reviewing this issue.

Although the District does not have outstanding debt, it does carry significant pension liabilities that may pose a threat to its long-term financial health. In addition, a lack of a reserve fund and the continuing use of the District's fund balance puts the District in a vulnerable position to withstand a financial crisis, such as economic recession, termination of Excess ERAF or unexpected expenses, while still be able to maintain its high level of service. Should the District face insolvency, legacy costs like pension payments for current and retired personnel, would still need to be addressed by the agency that absorbs the provision of police protection services for Broadmoor. That agency would be entitled to receive District revenue, including the supplemental parcel tax, which could be used to pay for pension costs and other legacy costs. The successor agency would need to evaluate if the supplemental parcel tax or other potential additional taxes should continue to be collected as part of a plan for service.

#### *Recommendations -*

1. Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.



2. Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
3. Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
4. Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
5. Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.
6. Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs. LAFCo encourages BPPD to continue to work with the California Special District Association to identify a consulting firm to provide this service.
7. Adopt annual Gann Appropriation Limit resolutions.
8. Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.
9. The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services. It is recommended that BPPD conduct outreach and engagement with residents regarding the fiscal outlook for the District and potential changes to levels of service.
10. Continue to post budget documents and audits on the District's website.

#### **5. Shared Service and Facilities Determination and Recommendations**

BPPD should explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies. BPPD stated that the number of human resource functions is minimal and that share shared services for these types of functions would not be feasible as they are not essential functions of providing police protection.

#### **6. Accountability, Structure, and Efficiencies Determination**

Public meeting agendas are posted on the District's website, but staff reports are not typically available. The District does record Board meetings, but currently, the records are not posted to the website and are only available at cost to members of public who request copies. The Police Chief/General Manager provides all administrative and human resource function for the District.

*Recommendation:*

1. LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
2. In light of on-going fiscal concerns for BPPD, the District should provide updates to the community about the current fiscal status of BPPD, efforts that BPPD has made.
3. Explore providing video/audio of Board meetings should be posted on the District's website for public viewing.
4. Continue to provide Brown Act training for all Commissioners.
5. Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
6. Develop accounting, financial, governance and general administrative policies to assist the Commission and District staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review.
7. Provide information to the residents of BPPD about status of pursuing bankruptcy for the District. The information should include data about the current and future fiscal health of BPPD.

**7. Other Issues Determinations and Recommendations**

There are no other issues that LAFCo has identified through the MSR/SOI process. The Broadmoor Police Protection District is charged with providing police protection services within its service boundaries. BPPD does not provide services related to water resiliency, climate change and natural hazards and mitigation planning.

**Sphere of Influence Determination**

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

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

San Bruno's SOI spans approximately 6.1 square miles, including the San Francisco County Jail and the San Francisco International Airport. The City's land use is primary residential with some open space, office, commercial, and industrial uses. There is no agricultural land within the City's SOI.

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

The City of San Bruno's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.

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

The City currently provides adequate public services to its residents, including fire and police protection, water, sanitary sewer, and stormwater services. In addition, the City routinely adopts a Capital Improvement Program to fund critical repairs, replacements, and improvements to the City's 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 Broadmoor Police Protection District'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 Broadmoor Police Protection District is proposed at this time.

*Governance Options for BPPD:*

In light of the fiscal, structural and administrative concerns raised in this report and the 2023 Special Study, a discussion of alternative service and governance options is pragmatic. The 2015 MSR for BPPD identified three government structure alternatives for the District:

*Status Quo*

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District. However, based on LAFCo's review of recent BPPD audit and budget documents it is probable that changes to the level of service provided by the District or the levels revenue or expenditures would need to change due to budget constraints in the future. The supplemental parcel tax could be increased on property owners to raise revenue, or service and operations could be cut to reduce expenditures. These will be decisions that the BPPD Commission will need to evaluate. As part of the review of the potential changes to services or an increase in revenue, BPPD should engage with the residents of Broadmoor to understand their views on these issues and on the District. If services were not able to be provided by BPPD, the San Mateo County Sheriff's Office or other neighboring agency may be able to assist, but BPPD should engage in discussions with those agencies if the need arises.

*Merge Broadmoor Police Protection District with City of Daly City*

Merging BPPD with the City of Daly City (with concurrent annexation of BPPD's service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. San Mateo LAFCo has identified Daly City (through adoption of the spheres of influence) as the long-term, logical service provider for both Broadmoor and unincorporated Colma. Daly City has its own full-service police department with its headquarters located less than one-quarter mile from the BPPD headquarters. Furthermore, the Broadmoor Unincorporated area is wholly surrounded by the

City of Daly City and unincorporated Colma islands are fully bordered by Daly City on three sides and the Town of Colma.

*Formation of a County Service Area (CSA) or a Community Services District (CSD) and Contract with the County or Daly City for Services*

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor Police Protection District and Colma Fire Protection District. The District could reorganize either to a County Service Area (a dependent district under the jurisdiction of the County) or as a Community Services District (an independent special district with a five-member board). The reorganized agency could contract for police services. As discussed in the 2015 MSR, the CSA or CSD could also consider contracting for fire and solid waste services.

Any application for a County Service Area (CSA) or a Community Services District would need to include a plan for service that outlined the proposed police protection services that would be provided and information about how those services are proposed to be funded.

*Contracting with Another Agency without Reorganization*

An additional alternative for the District that was not included in the 2015 MSR is that the District could consider contracting for service with another public safety agency to provide police services to the BPPD service area. Under this scenario, no LAFCo action would be required to enter into a service contract and the District remains intact. In California, there are three remaining Police Protection Districts, BPPD, the Fig Garden Police Protection District, and the Orange Cove Police. These two other districts, both located in Fresno County, contract with the Fresno County Sheriff's Office for enhanced police protection. The Board of Commissioners for these two districts continue to meet and the district themselves continue to operate.

BPPD could explore the option of contracting for service as a way for the District to better control costs and provide for improved economies of scale. Administrative functions such as Human Resources and payroll could be provided by the contracting agency and would no longer need to be provided by the District. Contracting with a public safety agency could also allow greater access to additional police resources and services for the Broadmoor community. While the scope of this special study does not include the fiscal analysis for contracting for services, if contracting is pursued, the District should analyze if there would be the potential for reducing or eliminating the special parcel tax.

*Dissolution*

BPPD could also be dissolved, either through a petition from registered voters or property owners residing in the District, a resolution from the BPPD Commission or another affected agency, or by LAFCo. This would require a LAFCo process and in most cases, would be subject to a protest proceeding. If the District was dissolved and Broadmoor remained unincorporated, police services could be provided by the San Mateo County Sheriff's Office, similar to other unincorporated areas in the County. The specifics about what level of service would be provided and how the service would be funded (including information about the status and use of any supplemental property tax) would need to be developed by the agency applying to LAFCo as part of a plan for service.

Government Code Section 57451 states that if the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the successor for

the purposes of winding up the affairs of the dissolved district. The successor agency also received control over all money and funds. To pay for remaining legacy costs for the District, such as pension liability, the County of San Mateo could use the property tax and supplement property tax revenue that the District currently receives. In this case, revenue would still be collected to pay for legacy costs associated with BPPD even though the District would no longer be providing services. This could mean that rate payers within BPPD would pay for legacy costs associated with BPPD, even though BPPD is no longer providing police service. Two flow charts outlining the dissolution process are attached to the report as Appendix C.

### *Bankruptcy*

While not a governance change, the BPPD Commission adopted Resolution 2023/24-03 on September 18, 2023 to file for Chapter 9 bankruptcy stating that the agency was facing a fiscal emergency and was insolvent. The resolution was rescinded on January 9, 2024. The cost reduction measures put into place by BPPD have reduced expenditures for the FY23-24 to a point where it seems that the District will have sufficient funds to continue to provide service through the end of this fiscal year, barring any large unforeseen expenditure. While it challenging for LAFCo to project what an outcome of a bankruptcy proceeding would have on BPPD and service to residents there are several potential outcomes:

- BPPD stabilizes and continues to provide service (status quo)
- BPPD declares bankruptcy, restructures debt and stabilizes
- BPPD declares bankruptcy, restructures debt and still is insolvent, cannot provide service

It is unknown and beyond LAFCo staff's ability to be able to predict if a bankruptcy judge would change the amount of the supplemental property tax (or any revenue from a future property tax measure) that is being paid for by residents of BPPD.

### **Public/Agency Involvement**

The primary source of information used in this MSR has been information collected from agency staff and adopted plans, budgets, reports, policies, etc. On February 28, 2024, 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 workshop for the public during the comment period.

### **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 basic data collection, research, experimental management, and resource evaluation activities that 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 section 15061(b)(3), the common sense provision, which states that CEQA applies only to projects which have the potential to cause 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. Provide Commissioner comment.
3. Direct the Executive Officer to schedule the Final Municipal Service Review for the Broadmoor Police Protection District for a public hearing at the May 15, 2024, Commission meeting, and circulate it with any necessary amendments to the County, cities, and independent special districts.

**Attachment**

- A. Municipal Service Review Circulation Draft for the Broadmoor Police Protection District



**LOCAL AGENCY FORMATION COMMISSION**

**LAFCo Municipal Service Review for the  
Broadmoor Police Protection District**

**Circulation Draft Released**

**March 13, 2024**

LAFCo Municipal Service Review of the Broadmoor Police Protect District

**SUBJECT AGENCY:**

**Broadmoor Police Protect District**

388 88th Street

Broadmoor CA 94015-1717

Contact: Michael Connolly, Chief of Police

**CONDUCTED BY:**

**San Mateo Local Agency Formation Commission**

455 County Center, 2<sup>nd</sup> Floor

Redwood City, CA 94063

(650) 363-4224

Commissioners:

Kati Martin, Chair, Special District Member

Ray Muller, Vice Chair, County Member

Tygarjas Bigstycck, City Member

Virginia Chang-Kiraly, Special District Member

Harvey Rarback, City Member

Warren Slocum, County Member

Ann Draper, Public Member

Commission Alternates:

Chris Mickelsen, Special District Member

James O’Neill, Public Member

Noelia Corzo, County Member

Ann Schneider, City Member

Staff:

Rob Bartoli, Executive Officer

Diane Estipona, Commission Clerk

Tim Fox, Legal Counsel



**LAFCo Municipal Service Review  
and Sphere of Influence Update  
Broadmoor Police Protection District**

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## **Section 1: Introduction**

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) update for the Broadmoor Police Protection District (BPPD). 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 proposal<sup>1</sup> 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.

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<sup>1</sup> 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 Broadmoor Police Protection District.

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 communities<sup>2</sup> 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.

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<sup>2</sup> “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.

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

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 #3 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 BPPD does not have any disadvantaged unincorporated communities within its SOI, as the adopted SOI is dissolution and coterminous with the BPPD boundaries.

Background of MSR

In 2015, San Mateo LAFCo adopted the North County Cities and Special District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study, which included a review of the Broadmoor Police Protection District (BPPD). As part of the 2022-2023 LAFCo workplan, the Commission authorized a special study of BPPD to evaluate operations and services provided by the District since the adoption of the Municipal Service Review, which focused on BPPD’s operations, finances, and governance. The Special Study was adopted by the Commission on March 15, 2023 meeting. From March 2023 to February 2024, LAFCo staff has provided an update to the Commission about the fiscal status of BPPD and the status of the implementation of the recommendations from the 2023 Special Study. This MSR encompasses these update, new data, and revised recommendations.

During this time period, San Mateo LAFCo staff has also attending several town hall and

community meetings to present to the BPPD residents about the adopted Special Study, the work that the LAFCo Commission has done in relationship to the District, and to emphasized that, to date, the Commission has not taken any action towards BPPD.

## **Section 2. Summary of Key Issues**

Key issues identified in compiling information on Broadmoor Police Protection District include the following:

- 1) BPPD has had significant budget deficits in five of the last six fiscal years for a total loss of \$1.4 million. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. To address the budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets. The District currently projects a budget deficit of approximately \$450,000 for FY22-23.
- 2) BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.
- 3) Just two months after the adoption of the FY23-24 Budget, BPPD approved and later rescinded a resolution that declared that BPPD was insolvent and facing a fiscal emergency. The resolution also directed BPPD staff to take steps to file for bankruptcy protection.
- 4) BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.
- 5) The District does have independent audits which are shared with staff and Board members; however, it does not appear that these audits are agendized for discussion at Board meetings.
- 6) BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD has stated that they have contacted the California Special Districts Association regarding hiring a company to produce a strategic fiscal plan for the District.
- 7) The lack of long-term fiscal plans, budget deficits, and growing costs to the District may negatively impact service delivery.
- 8) BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF comprises 12% of the District's overall budget and is considered to be an unstable revenue source. In addition, the State has taken an interest in potentially redirecting

some Excess ERAF to the State. There is a risk that Excess ERAF may not be available in future years for local agencies.

- 9) BPPD lacks fiscal, governance and administrative policies and procedures that would help address and potentially prevent many of the issues identified above.
- 10) The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and District employees about future funding and District services.

*Previous Recommendations 2023 Special Study*

After the completion of the 2023 Special Study, LAFCo requested responses from BPPD about if the District agrees or disagrees with the recommendation, comments on the recommendations, and planned date for change or implementation. As part of this MSR, LAFCo staff requested any updates to these status of the recommendations from BPPD. The following table shows the original recommendations and updates for the MSR:

**Table 1 BPPD Response to 2023 Special Study Recommendations**

LAFCo Recommendation	BPPD Responses
<p>1. The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.</p>	<p>This refers to matters other than routine Investigative and patrol functions. BPD shares some costs e.g., dispatching services as do all agencies reliant on County Services.</p> <p>As of July 2023, SM County has elected to cease payroll services for Broadmoor PD. As a result we had to find a private vendor to handle our payroll services. This has caused severe operational and tax filing issues. AS of todays date, the private vendor is unable to resolve issues with federal tax filing.</p>
<p>2. The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and call volume to demonstrate the benefit of higher costs associated with higher levels of performance.</p>	<p>The national average for priority call response is approximately 8 minutes. BPD average priority call time is approximately 2 minutes.</p> <p>Many factors go into prioritizing call response and BPD is adhering to best practices.</p>
<p>3. Prepare a quarterly financial report which presents the District’s financial condition in a user- friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to- actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District’s fund balance should be discussed in the budget documents.</p>	<p>This was discussed in 2021 and was never implemented after June 2021. This will be implemented immediately with end of year review with FY 2022/23.</p> <p>The first projected report is anticipated to be in September/ October 2023.</p> <p>The data has been collected and sent to the Board of Police Commissioners. We are unable to find an entity that can validate the raw data we have compiled.</p>

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<p>4. Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District’s fiscal ability to meet these goals.</p>	<p>The Department is in current close discussions with CalPERS with adherence to best practices</p> <p>Long Term retirement fiscal costs are predicated upon CalPERS rising costs. In recent years, BPD members contributions have risen significantly.</p> <p>We have reached out to the California Special District’s for assistance on strategic planning on their website. Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning</p>
<p>5. Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.</p>	<p>Our reserve funds have been consumed by mandated corrections by CalPERS to adjust and remedy past evasive practices employed by former District Managers. Significant litigation has severely impacted the budget.</p> <p>The County of San Mateo has issued several documents which forecast our anticipated revenue. Along with our fiscal planning document, we plan to initiate our budget process in March 2024 with a goal to reduce further spending in an attempt to build a reserve fund.</p>
<p>6. Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.</p>	<p>The 2023 Audit is in DRAFT form and will be sent out from our auditor in the coming weeks.</p>
<p>7. Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.</p>	<p>Unable to implement at this time. This will be reviewed when the appropriate time comes.</p>
<p>8. Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.</p>	<p>We have reached out to California Special Districts vendors listed on their website (Regional Government Services)</p> <p>Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning</p> <p>There are currently no plans for any type of facility upgrade or needed repairs.</p> <p>Vehicle replacements are on an as needed basis.</p>
<p>9. Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight and transparency</p>	<p>This is already in practice and has been for 15 years and BPPD is in discussion with vendors.</p>
<p>10. Adopt annual Gann Appropriation Limit resolutions</p>	<p>Awaiting a legal and fiscal determination by BPPD Legal</p>

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	Counsel
11. Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.	The district always looks for ways to reduce reliance on uncertain funds; however, income from grants and other uncertain sources has been reliable and most agencies rely upon such income streams.
12. Post budget documents and audits on the District's website	This has been accomplished and past budget and audits have been posted as well as past audit reports.
13. LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.	IN PROGRESS
14. Video/audio of Board meetings should be posted on the District's website for public viewing.	POLICY IS BEING DEVELOPED
15. Provide Brown Act training for all Commissioners.	There has been no change in Elected Commissioners at Broadmoor. Current Commissioners are in compliance. BPPD Counsel advises the BPPD Board of Commissioners accordingly when an issue arises.
16. Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.	This would not be a good use of limited resources. The District believes that the efficient use of tax dollars must be limited to essential needs, which do not include hiring personnel that are not absolutely essential to the mission of providing police services.
17. Post position salary and compensation data on the District's website.	This is available on the Transparent California website and our Budget documents posted on our website. The District does not have a full-time webmaster and the cost of hiring someone for this purpose would be fiscally challenging given competing priorities.
18. Post contracts and hiring policies on District's website	Applicants for Peace Officer and other positions are posted when needed.
19. Develop accounting, financial, governance and general administrative policies to assist the Commission and District staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review	There is no district staff. Any administrative support is either internal staff or identified consultants. Additional staff would incur costs that the District is not fiscally prepared for.

As many of these recommendations are still in the process of being implemented to reviewed by the District, San Mateo LAFCo will continue to include these recommendations in this MSR. The full response table is in the report as Appendix D.



### **Section 3. Affected Agencies**

**County and Cities:** San Mateo County, City of Daly City, Town of Colma

**School District:** Jefferson Elementary School District

**Independent Special Districts:** San Mateo County Harbor District and San Mateo County Mosquito & Vector Control District

### **Section 4: Background & History of Broadmoor Police Protection District**

The Broadmoor Police Protection District was formed in 1948 to provide police and ambulance services to the unincorporated community of Broadmoor and surrounding incorporated area. In 1957, BPPD contracted with the Town of Colma to provide ambulance and radio dispatch services. That contract was amended in 1964 to include partial police protection services. In 1967, ambulance services were discontinued, and police patrol services to the Town of Colma ended in 1976 after Colma established its own full-time police department.

BPPD's service boundaries total 0.55 square miles and include the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD's service territory also includes three small parcels in unincorporated Daly City directly west of Broadmoor Village, each of which is developed with a single-family home (600 Washington Street, 620 Washington Street, and 1590 Annie Street) (Attachment A).

District's boundaries are irregular and include non-contiguous areas that resulted from annexation of areas to the City of Daly City over time. As these annexations occurred, the territory was concurrently detached from the BPPD since the City has a full-service police department. The BPPD service area includes single- and multi-family housing, and commercial and retail development.

Broadmoor Police Protection District was formed under California Health and Safety Code Sections 20000-20322. The BPPD is the only operational police district in California that employs its own officers. The two other remaining police protection districts, both located in Fresno County, contract with the sheriff's office for staffing.

The formation of new Police Protection Districts now is prohibited. Code Section 20007 of Health and Safety Code states: "No district shall be created or organized pursuant to this chapter after October 1, 1959. The organization, existence, or powers of any district heretofore created by, or organized pursuant to this chapter, shall continue to exist and any such district may exercise any of the powers conferred upon it by this chapter." Per Code Section 20008, "...any district in existence on January 1, 2008, in an unincorporated town, may protect and safeguard life and property, and may equip and maintain a police department, including purchasing and maintaining ambulances, and otherwise securing police protection."

BPPD is governed by a three-member Board of Commissioners elected by voters within the service district. The Commission meets monthly on the second Tuesday of each month. The District also publishes a newsletter and sends email updates from staff and the Board to residents of the District.

*Current Sphere of Influence*

The boundaries of the BPPD encompass the unincorporated Broadmoor and unincorporated Colma communities. The Sphere of Influence designation for BPPD is zero (dissolution) as established in 1976 and reaffirmed several times since then, most recently in 2015.

**Section 5: Areas of Review**

The boxes 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.

**1) Growth & 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

**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?

The Broadmoor Police Protection District provides police protection services to approximately 7,200 residents in BPPD does not provide any other services in the District’s service area. unincorporated Broadmoor Village and an unincorporated area adjacent to Colma. The area is largely residential with some commercial uses and primary built out. BPPD’s service area is wholly comprised of unincorporated territory with the County of San Mateo acting as the land use planning agency.

b-c) Will population changes have an impact on the subject agency’s service needs and demands or require change in service boundaries?

The territory served by BPPD is not expected to experience significant population growth or development over the next 5-10 years. Currently, the County of San Mateo Housing Element is exploring rezoning some properties in the unincorporated Colma area, but these are still in progress. No changes in the development pattern of the Broadmoor Village area is proposed by the County.

**Growth & Population Determinations**

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency’s service needs, demands or service

boundaries.

*Recommendation*

None

**2) Disadvantaged Unincorporated Communities**

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

a-c) Disadvantaged Unincorporated Communities

The unincorporated area served by BPPD does not contain any disadvantaged unincorporated communities within its service area.

**Disadvantaged Unincorporated Communities Determinations**

The unincorporated area served by BPPD does not contain any disadvantaged unincorporated communities within its service area.

*Recommendation*

None

**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	

Discussion:

a-c) Capacity to serve customers: BPPD operates out of its headquarters building located at 388 88th Street in Daly City, just outside of the District’s boundaries. The facility, completely rebuilt between 2001 and 2003, provides 3,000 square feet. Two other police department headquarters are located in close proximity to the BPPD: (1) the Daly City Police Department headquarters, located at 333 90th Street, Daly City, is less than one-quarter mile from the BPPD headquarters; and (2) the Town of Colma Police Department headquarters, located at 1199 El Camino Real, Daly City, is approximately two miles away.

As of March 2023, BPPD currently operates with 7-full sworn officers, including the Chief of Police, a reduction of two officers from 2022. There are also 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. While there are five per diem officers, which are typically paid positions, all of these officers have transferred to non-paying reserve positions since November 2022 for budgetary reasons<sup>3</sup>. From August 2023 to March 2024, the Chief of Police/General Manager salary was reduced by 50%, however the position remained full time. Since the start of March 2024, the position salary has been reinstated to 100%. The part-time Commander position has been vacant since November 2023<sup>4</sup>.

Per BPPD, the District does not have specific ratio for sworn officers to residents. Currently minimum staff is one officer per patrol shift with a sergeant working a split days/night schedule to supervise and assist with patrol and patrol supervisory duties. Reserve officers are used when available to support or augment patrol shifts There are four officers, one corporal and one sergeant assigned to patrol<sup>5</sup>.

When the Special Study was published in 2023, BPPD operated with 9 full-time sworn officers, including a Commander of Police and Chief of Police, 6 per-diem officers, which include a training manager lieutenant and investigations sergeant (per-diem officers can work only 960 house per year), 7 volunteers, and one administrative staff member.

Prior to 2021, BBPD had a reserve officer unit that was staffed with a minimum of 10 reserve officers. Per District staff, In October 2021, the reserve officer unit was decommissioned due a lack of participation by the reserve officers.

Since 2019, BBPD provides patrol services through 12-hour shifts, with two officers per shift. Per District staff, prior to 2019, assistance from the San Mateo County Sheriff’s Office was required to supplement BPPD patrols. Per-diem officers fill patrol vacancies as needed and also

<sup>3</sup> BPPD Response to LAFCo 3/1/2024

<sup>4</sup> Ibid

<sup>5</sup> Ibid

provide administrative functions for the District. BPPD is a signatory to the countywide emergency response joint powers authority (JPA) and has received assistance on a few occasions from neighboring police agencies as well as assisted other agencies when requested.

In the 2023 Special Study for BPPD, the district had a ratio of 2.04 officers per 1,000 residents. With the reduction of two officer positions, the ratio has dropped to 1.03 officers per 1,000 residents, a ratio lower than the City of Daly City.

**Table 2. Officers Per Residents (Budgeted positions as of 3/5/2024)**

Agency	Residents	Full Time-Officers	Officers Per 1,000 Residents
BPPD (FY24)	7,206	7	1.03
City of Daly City PD (FY22)	104,901	111	1.06
Town of Colma PD (FY22)	1,507	19	12.61
County Service Area 1 (Contacted with San Mateo County Sheriff) (FY22) <sup>6</sup>	4,767	3	0.63

**Table 3. Comparison of Costs of Police Services**

Agency	Police Budget	Calls for Service	Cost per Call for Service
BPPD (FY22)	\$2,692,985	6,772	\$398
City of Daly City PD (FY22)	\$48,030,642	57,177	\$840
Town of Colma PD (FY22)	\$9,167,209	23,458	\$390
County Service Area 1 (Sheriff Service) (FY22)	\$866,555	2,110	\$411

The Broadmoor Police Protection District handles a variety of public assistance, patrol, traffic enforcement, as well as emergency Priority 1 response calls. The overall calls for service in FY 21-22 totaled approximately 6,772 calls and with a budget of \$2,692,985, that equates to \$398 per call response. The District’s cost per call is comparable to the Town of Colma and County Service Area 1 (Highlands), both of which, like Broadmoor, are small communities with less than 10,000 residents.

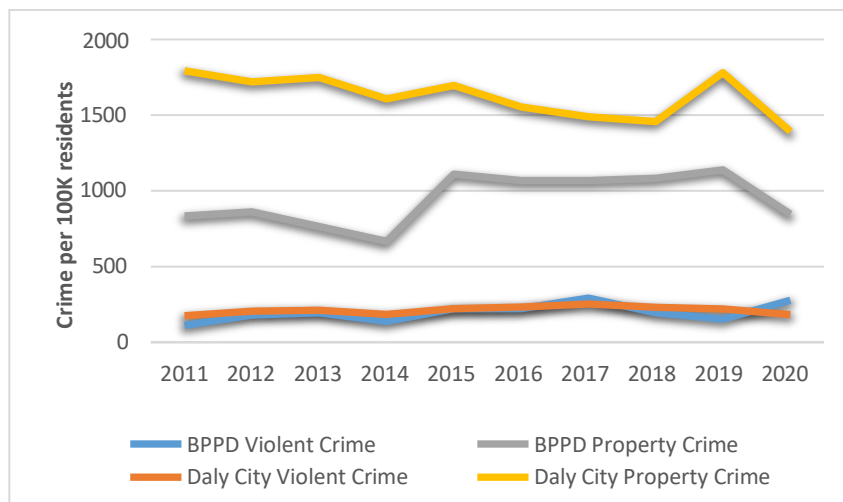
A review of Part I violent crime (defined by the Federal Bureau of Investigation [FBI] as homicide, rape, robbery and aggravated assault) in Broadmoor and Daly City over the past 10

<sup>6</sup> The contract with County Service Area 1 (Highlands) includes 18 hours of patrol service, 12 deputy hours per day shift and six deputy hours per night shift seven days a week. Response outside of those hours is provided out of the San Mateo County Sheriff’s Office and response requiring more than one deputy or additional service such as detectives, etc. are funded by the Sheriff’s Budget

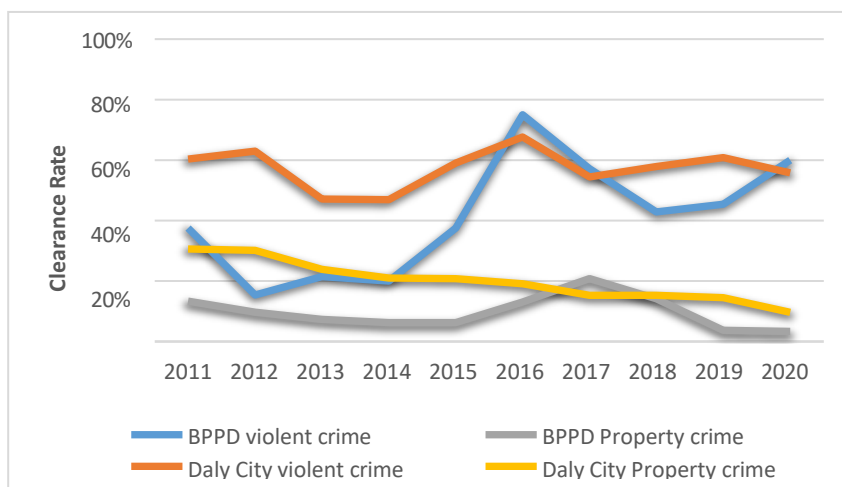
years reveals a comparable annual violent crime rate of approximately 2,000 violent crimes per 100,000 residents. In contrast, the Part I property crime (defined by the FBI as arson, burglary, larceny-theft and motor vehicle theft) was significantly higher in Daly City, reflecting the abundance of commercial businesses in Daly City compared to the mostly residential Broadmoor (Figure 1)<sup>7</sup>. In addition, Daly City has seen a higher clearance rate for both violent and property crimes (57% and 20%, respectively) over the past ten years compared to Broadmoor (44% and 10%), although the gap is narrowing for violent crime clearance in recent years (Figure 2).

The Part I crime and clearance data demonstrate that the likelihood of experiencing a violent crime is similar for residents in Broadmoor and Daly City, and that the likelihood of a crime being cleared (“solved”) is higher for residents of Daly City. This suggests that despite Broadmoor’s higher cost for service, the two police departments are providing a similar level of police protection to their residents.

**Figure 1. Part I Crime rates in Broadmoor and Daly City**



**Figure 2. Part I Clearance Rates in Broadmoor and Daly City**



<sup>7</sup> FBI Crime Explorer, <https://cde.ucr.cjis.gov/LATEST/webapp/#/pages/home>

**Capacity and Adequacy of Public Facilities and Services Summary and Recommendations**

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) than neighboring Daly City.

*Recommendations*

- 1) The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs. Potential options are explored in more detail in Accountability, Structure and Efficiencies.
- 2) The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and volume of calls to demonstrate the benefit of the higher costs associated with higher levels of performance.

**4) Financial Ability**

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

a) Budget practices:

The BPPD Commission reviews and adopts budget proposals each fiscal year. Budget proposals typically include anticipated revenue and expenditures for the upcoming fiscal year along with a summary of prior year revenues and expenditures. However, the most recent budget proposals for however, the FY 23-24 budget does not include a summary of FY21-22 estimated actuals. The District does not have a reserve fund and its only “reserve” is any excess fund balance that carries over from one year to the next.

The adopted budget proposals do not indicate how prior year surplus or losses impact the current year’s budget. BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

Actual revenue and expenditures for each fiscal year can be found in the annual audit reports and are described in Table 3. The largest expenditures are employee salary and benefits, including CalPERS pension contributions. BPPD experienced a budget loss each year from FY17 through FY22 and estimates a budget loss of over \$250,000 for FY23. Although expenditures did not exceed revenue in FY21, the budget underestimated its expenditures by over \$300K. While not explicitly stated in budget documents, it appears from audit documents that the District’s fund balance is being utilized to address these losses.

In an analysis done by LAFCo, if all revenue collected by the District were to increase by 5%, including the supplement tax, property tax, and Excess ERAF, total revenue would only increase by approximately \$150,000. BPPD deficits have been an average of \$250,000 over the last six years.

**Table 4. FY17 through FY23 Revenues and Expenditures<sup>8</sup>**

	Adopted Budget		Actual Revenue & Expenditures					
	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17
<b>Revenue</b>								
Property taxes	\$1,502,500	\$1,525,000	\$1,601,244	\$2,708,371	\$1,513,527	\$1,404,010	\$1,300,497	\$1,236,826
ERAF	\$500,000	\$500,000	\$566,781		\$420,737	\$395,540	\$302,068	\$267,015
Supplemental Assessment	\$700,000	\$700,000	\$716,207		\$684,129	\$651,210	\$651,210	\$620,852
Other misc.	\$275,000	\$289,000	\$338,198	\$330,142	\$330,963	\$356,781	\$406,283	\$331,749
<b>TOTAL REVENUE</b>	<b>\$2,977,500</b>	<b>\$3,014,000</b>	<b>\$3,222,430</b>	<b>\$3,038,513</b>	<b>\$2,949,356</b>	<b>\$2,807,541</b>	<b>\$2,660,058</b>	<b>\$2,456,442</b>
<b>Expenditures</b>								
Personnel	\$1,960,559	\$1,986,613	\$2,186,905	\$2,049,242	\$2,495,139	\$2,294,409	\$2,233,012	\$1,739,329
Office expenses	\$142,650	\$136,200	\$126,038	\$920,274	\$189,449	\$207,209	\$138,999	\$327,396
Insurance	\$644,500	\$630,054	\$478,216		\$278,251	\$144,716	\$113,942	\$93,838
Professional contract services	\$354,700	\$296,700	\$370,234		\$231,142	\$210,465	\$220,765	\$200,193

<sup>8</sup> Lamorena & Chang CPA audits for BPPD

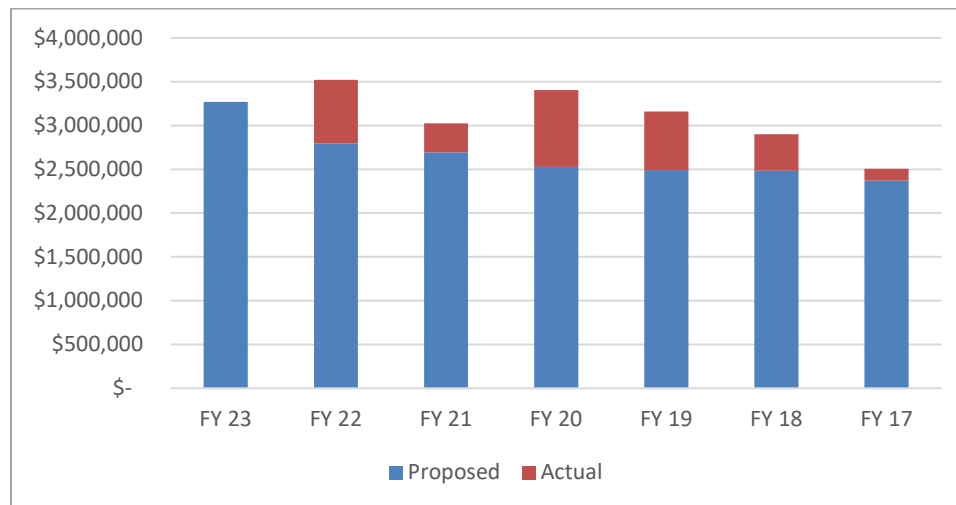


Circulation Draft Municipal Service Review – Broadmoor Police Protection District

Other professional services	\$35,500	\$54,350	\$198,327		\$78,072	\$194,551	\$120,209	\$65,652
Vehicle maintenance	\$107,500	\$78,500	\$41,643		\$131,583	\$106,928	\$72,393	\$78,845
Other	\$87,875	\$85,375	\$120,621	\$55,168				
<b>TOTAL EXPENDITURES</b>	<b>\$3,333,284</b>	<b>\$3,267,792</b>	<b>\$3,521,984</b>	<b>\$3,024,684</b>	<b>\$3,403,636</b>	<b>\$3,158,278</b>	<b>\$2,899,320</b>	<b>\$2,505,253</b>
<i>Surplus (loss)</i>	<i>(\$355,784)</i>	<i>(\$253,792)</i>	<i>(\$299,554)</i>	\$13,829	<i>(\$454,280)</i>	<i>(\$350,737)</i>	<i>(\$239,262)</i>	<i>(\$48,811)</i>

The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19, FY23 and FY24. This was planned for this in FY17 (due to increased costs related to a lawsuit) and FY23 (increased insurance fees as result of lawsuits), but there were no explanations in FY18 and FY19. Although BPPD received more revenue than projected between FY17 through FY21, it underestimated annual expenditures from as little as \$134,183 in FY17 to as much as \$874,958 in FY20 (Figure 1). The budget items that were most significantly underestimated were salaries and wages, retirement, contracts, professional services and insurance (Table 4).

**Figure 1. Proposed versus Actual Budget Expenditures for FY17 through FY22**



**Table 5. Proposed versus actual expenditures FY17-22<sup>9</sup>**

Retirement	Proposed	Actual
FY17	\$ 246,895	\$238,795
FY18	\$ 536,345	\$515,608
FY19	\$ 395,672	\$603,300
FY20	\$ 393,226	\$682,820
FY 21	\$ 308,134	Unk
FY 22	\$ 325,514	Unk

Insurance	Proposed	Actual
FY17	\$ 91,000	\$ 93,838
FY18	\$ 51,442	\$113,942
FY19	\$ 95,000	\$144,716
FY20	\$ 120,000	\$278,251
FY 21	\$ 283,690	Unk
FY 22	\$ 325,000	\$478,216

<sup>9</sup> Ibid

<b>Professional contract services</b>	<b>Proposed</b>	<b>Actual</b>
FY17	\$ 147,696	\$200,193
FY18	\$ 148,132	\$220,765
FY19	\$ 159,632	\$210,465
FY20	\$ 167,632	\$231,142
FY 21	\$ 192,371	Unk
FY 22	\$ 197,371	\$370,234

<b>Other professional services</b>	<b>Proposed</b>	<b>Actual</b>
FY17	\$ 52,500	\$ 65,652
FY18	\$ 69,300	\$120,209
FY19	\$ 91,700	\$194,551
FY20	\$ 91,700	\$ 78,072
FY 21	\$ 92,200	Unk
FY 22	\$ 113,000	\$198,327

Between FY17 and FY20, the general fund balance decreased annually. The general fund increased minimally in FY21 by \$13,829 and reported an ending fund balance of \$1,104,416 at the end of FY21<sup>10</sup>. However, the District experienced another decrease in FY 22 and reported an ending fund balance of \$804,862 on June 30, 2022. Based on unaudited estimated actuals for FY23 , the District had an estimated fund balance of an estimated \$400,000 at the June 30, 2023. While the fund balance has continued to decrease, fund balance amounts have not been shown in budget documents.

The District had negative cash on-hand for two months during FY22-23, and on December 1, 2023, was removed from the San Mateo County Voluntary Investment Pool for violating the requirement that Pool participants maintain a minimum balance requirement of \$250K during three months in calendar year 2023. The County Treasurer’s Office, in coordination with Controller’s Office, removed the District from the County Pool to protect other Pool participants should the District become insolvent or file for bankruptcy. BPPD funds has been transferred to an independent bank account that is maintained by the Treasurer’s office.

BPPD provided a spreadsheet regarding revenue and expenditures for 2021-2024 that also presented at a BPPD Commission meeting. The document submitted to LAFCo was presented in calendar years. Based on this data LAFCo staff created the following table showing these revenues and expenditures by Fiscal Year:

**BPPB Budget Data<sup>11</sup>**

	<b>FY21-22</b>		<b>FY22-23</b>		<b>FY23-24</b>	
	<b>Expenditures</b>	<b>Revenue</b>	<b>Expenditures</b>	<b>Revenue</b>	<b>Expenditures</b>	<b>Revenue</b>
July	\$315,561	\$15,261	\$273,380	\$50,366	\$276,639	\$5,463
August	\$246,067	\$306,404	\$293,740	\$276,503	\$120,301	\$428,932
September	\$230,022	\$6,601	\$262,595	\$5,779	\$216,517	\$2,610
October	\$337,409	\$144,076	\$375,815	\$75,373	\$104,213	\$182,879
November	\$394,790	\$119,512	\$203,709	\$158,301	\$80,292	\$105,528
December	\$302,184	\$1,064,787	\$366,066	\$1,153,092	\$262,699	\$1,151,159
January	\$220,116	\$479,825	\$398,905	\$486,999	\$304,170	\$500,074

<sup>10</sup> Lamorena & Chang CPA audits for BPPD

<sup>11</sup> BPPD Response to LAFCo 3/1/2024 – Broadmoor Fiscal Breakdown



months. This is [the] third years of consecutive net loss of \$112,080 for 2022, 2021 is \$258,072, and 2020 is \$454,291.”<sup>13</sup> In addition to the net losses for the past several years, the increase in legal and insurance costs contribute to the uncertainty to lawsuits facing the District.

While the District does undertake independent audits the audits are not presented at BPPD Commission meetings.

Due to these mounting financial challenges, the District took several actions shortly after adoption of the FY 23-24 budget, including<sup>14</sup>:

- Elimination of 2 full-time positions and 0.5 of a Commander position.
- 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 (Note: this included a reduction the Chief of Police’s salary, but not work hours) .
- 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.

While these actions were taken by the District, in a review by LAFCo staff of agenda, meeting minutes, and resolutions from this time, it does not appear that the BPPD Commission took these actions or formally gave direction to the Chief of Police/General Manger. There were no staff reports outlining why these actions were taken, why one action was taken over another, or any period for input from the public.

These expenditure reducing actions were also taken shortly after the BPPD adopted the FY23-24 budget. None of these cost saving measures were included in the adopted budget.

In addition, the Commission adopted Resolution 2023/24-03 on September 18, 2023 to file for Chapter 9 bankruptcy stating that the agency was facing a fiscal emergency and was insolvent. The resolution was rescinded on January 9, 2024. The cost reduction measures put into place by BPPD have reduced expenditures for the FY23-24 to a point where it seems that the District will have sufficient funds to continue to provide service through the end of this fiscal year, barring any large unforeseen expenditure. Budget projects for the rest of the fiscal year are not available from BPPD at this time. Since expenditures are drastically different from previous years, LAFCo staff is unable to provide an accurate forecast of future fund balances for BPPD.

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<sup>13</sup> Ibid

<sup>14</sup> Correspondence with BPPD

*Future Ballot Measure and FY24-25 Budget*

The District is exploring the option of increasing the District’s supplemental parcel tax above the maximum 5% annual increase effective July 1, 2024. Any increase above the 5% current special tax would require a ballot measure and voter approval. As of the writing of this report, the District has not yet submitted a ballot measure of the November 5, 2024 election. BPPD has not made public the amount of the increase or what level of service the District envisions would be possible in the long-term with a supplemental parcel tax increase. The District is looking to contract with an accounting firm regarding a financial analysis for the potential tax measure. The District anticipates that the FY24-25 Budget process will commence in March 2024. As part of this process, BPPD staff has stated that they will providing budgeting projections.

*Pension Liability*

BPPD is currently contending with a CalPERS investigation in which CalPERS alleges that several retirees of the District received full-time compensation as employees while also receiving retirement benefits and two retirees received large lump sum payments in addition to their regular pay. In a letter submitted by CalPERS to BPPD, CalPERS “noted instances of non-compliance with employment of retire annuitants, publicly available pay schedules, and incorrect reporting or non-reporting of payrates, earnings, and special compensation<sup>15</sup>.”

In response, District staff has noted that they have initiated a more robust hiring process that includes a review of an employee’s status with CalPERS. The District is continuing to work with CalPERS to address this issue.

The District is seeing rising pension costs and increases to the District’s net pension liability (Table 5). At the end of FY21, BPPD’s net pension liability had increased \$638,612 since FY17, bringing the total long-term liabilities to \$3,301,465. BPPD offers four plans, a Safety Plan, a PEPRSA Safety Police Plan, a Miscellaneous Plan and a PEPRSA Miscellaneous Plan<sup>16</sup>. Currently, the largest liability is with the Safety Plan. While pension liability and unfunded liability is not unique to the BPPD, having a negative net position (where liabilities exceed assets 3 to 1), the potential for unbudgeted payments to CalPERS in response to ongoing investigations, and budget deficits in several of the last fiscal are circumstances that many other agencies do not have.

**Table 6. Annual Pension Contributions and Long-Term Pension Liability**

	<b>CalPERS Pension Contribution</b>	<b>Long-Term Pension Liability</b>	<b>Change from Prior Year</b>
FY21	\$571,490	\$3,301,465	\$237,944
FY20	\$682,820	\$3,063,521	\$167,823
FY19	\$603,300	\$2,895,698	<b>\$(31,664)</b>

<sup>15</sup> CalPERS Office of Audit Services Employer Compliance Review – “Review of Broadmoor Police Protection District” December 2021

<sup>16</sup> The California Public Employees’ Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. The changes included setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension.

FY18	\$515,608	\$2,927,362	\$ 309,509
FY17	\$238,795	\$2,617,853	Not available

*Other Post-Employment Benefits (OPEB)*

BPPD does not provide any other post-employment benefits for medical or life insurance.

b) Agency Reserves: The District does not have a reserve to protect against unexpected events or upcoming significant costs. Instead, the District relies on the fund balance for unanticipated expenses. As noted previously, budget documents do not track the fund balance amount.

In review of independent audits for BPPD, the Districts fund balance has continued to decrease. For FY20-21, the ending fund balance was \$1.1 Million. This was decreased by \$299,544 for a total new fund balance of \$804,862 by FY21-22<sup>17</sup>. If data provided by BPPD is utilized for estimated FY22-23 revenue and expenditures, the ending fund balance on June 30, 2023 was \$431,176.

c) Service charges and other revenue sources: BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. In 1978, voters passed Proposition 13, which limited local agencies to a fixed 1% property tax, and each County Controller determines how to allocate the resulting revenues among various districts and agencies. The property tax revenue received by BPPD is unrestricted and can be used for all District business. Between FY17 and FY20 property taxes accounted for 50% of BPPD’s revenue. Property taxes are a consistent source of revenue but are subject to economic growth and decline.

The supplemental parcel tax is the second largest source of revenue and accounts for an average of 22% of BPPD’s revenue. The parcel tax was established in 2005 after receiving voter approval from Broadmoor residents in 2000 and is restricted to police activities. The supplemental parcel tax is a reliable source of funding, as each parcel is subject to a flat fee annually. The tax includes an escalation factor of up to five percent (per fiscal year) based upon the Consumer Price Index. The District increased the rate for the first time since FY 21-22 on August 8, 2023 (effective July 1, 2023). The FY 23-24 rate for residential dwellings is \$507.15 and \$1,108.01 for commercial or industrial parcels. There is no sunset date for this special parcel tax. Noticing is required every year to continue the existing rate, decrease or increase the rate.

As described above, the District is exploring the option of increasing the District’s supplemental parcel tax above the maximum 5% annual increase effective July 1, 2024. Any increase above the 5% current special tax would require a ballot measure and voter approval. As of the writing of this report, the District has not filed the paperwork to add a ballot measure to the November 5, 2024 election. BPPD has not made public the amount of the increase or what level of service the District envisions would be possible in the long-term with a supplemental parcel tax increase.

Between FY17 and FY20, Excess ERAF accounted for approximately 12% of BPPD’s revenue and

<sup>17</sup> Lamorena & Chang CPA audits for BPPD

represents the District’s third largest source of revenue<sup>18</sup>. BPPD receives this revenue through the County as part of the ERAF calculation that limits funding shifts to school districts. When property tax revenues exceed a calculated amount, excess funds are allocated to other agencies, like BPPD, that receive property taxes. The County Controller does not recommend that agencies budget these supplemental funds for ongoing operations as they are determined each year and are not a reliable source of revenue on an ongoing basis.

Furthermore, the State has taken an interest in redirecting some of the excess ERAF to the State and away from local agencies. In 2022, as part of the proposed California State Budget, Excess ERAF was proposed to be capped at current levels for cities and counties and completely eliminated for special districts. If this had passed, the loss of ERAF funds would reduce the District’s revenue moving forward by 12%. While the proposal was not ultimately included in the State budget, the issue of Excess ERAF will continue to be of interest to the State as California is facing projected budget deficits in upcoming fiscal years.

Other sources of revenue include BPPD’s trust fund, court fines, interest, grant revenue and bad debt recovery.

#### *Gann Appropriation Limits*

In 1979, California voters approved the Gann Appropriation Limit Initiative, which established requirements for cities, counties, and most special districts that used property taxes or proceeds from property taxes to calculate an appropriation limit each year to reduce the amount of growth in expenditures for each agency<sup>19</sup>. This requirement applies to all cities and districts that receive 12.5% or more of the 1% property tax. The District receives approximately 26% of the 1% property tax in District boundaries. A formula was developed to increase the limit by the change in agency population and the Consumer Price Index (CPI) from the prior year.

In the 2015 Municipal Service Review (MSR) for North County Cities and Special District, which included BPPD, noted that the District had not adopted an annual resolution setting the Gann Appropriation Limit. The MSR recommended that BPPD should complete an analysis of its Gann Appropriation Limit and adopt resolutions annual. In a review of records and correspondence from the BPPD Police Chief, resolutions for the Gann Appropriation Limit have not been adopted. Currently, District Counsel is reviewing the statutes and legal obligations of the Gann Appropriation on the Broadmoor Police District.

d) Infrastructure maintenance: BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. The District replaces vehicles as needed

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<sup>18</sup> In the early 1990s, the Legislature permanently redirected a significant portion of the property tax revenue from cities, counties, and special districts to schools and community colleges. Revenue from ERAF is allocated to schools and community colleges to offset the funding these entities otherwise would receive from the state General Fund. In a few counties (including San Mateo), ERAF revenue is more than enough to offset all of the General Fund allocated to schools and community colleges. The portion of ERAF not needed for schools and community colleges is dispersed to other agencies in the county. The revenue shifted through this process is known as excess ERAF. (Source: California Legislative Analyst's Office)

<sup>19</sup> Government Code Section 7900 et seq.

through its annual budget process and does not foresee the need for facility upgrades in the near future.

e) Fiscal policies and administrative policies: Per District staff, BPPD does not have any adopted financial policies. The District does not have a Board-approved policy on setting reserves.

f) Agency debt: BPPD does not report any outstanding debt.

### **Financial Ability Summary and Recommendations**

BPPD has had significant budget deficits in five of the last six fiscal years. BPPD's net position has been negative every year since the end of FY17. The BPPD Commission has adopted unbalanced budgets for FY17, FY18, FY19 and FY23. For these budget losses and unbalanced budgets, the District has relied on the fund balance to address these deficits. As such, the fund balance, the only reserve for the District, has been drawn down over the past several budgets.

While cost saving measures were implemented to stabilize the financial situation at BPPD, these measures were implemented shortly after the adoption of the FY23-24 budget by the BPPD Commission. These measures were not included as part of the adopted budget. LAFCo staff is concerned that BPPD and the public do not have a full and accurate view of fiscal status of the District.

BPPD does not prepare a separate report of actual revenue and expenditures at the end of each fiscal year. The District does not produce long-term financial planning documents for use in the budgeting process.

The District does have independent audits which are shared with staff and Board members; however, it does not appear that these audits are agendaized for discussion at Board meetings. Delays in the timely production of audits can negatively impact budget preparation.

BPPD has three main revenue sources: 1) Property taxes, 2) Excess Education Revenue Augmentation Fund (Excess ERAF) and 3) a Supplemental parcel tax that BPPD voters approved in 2000. Excess ERAF, which comprises 12% of the District's overall budget, is considered to be an unstable revenue source. Furthermore, the State has taken an interest in redirecting some Excess ERAF to the State, so there is risk that Excess ERAF may not be available in future years.

BPPD does not have a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles. BPPD is currently in conversation with the California Special Districts Association regarding hiring a company to develop a strategic plan for the District. The District replaces vehicles as needed through its annual budget process and does not foresee the need for facility upgrades in the near future. The District does not currently have any adopted fiscal policies.

The District does not currently adopt a Gann Appropriation Limit, as was recommended in the 2015 MSR and the 2023 Special Study. BPPD legal staff is currently reviewing this issue.

Although the District does not have outstanding debt, it does carry significant pension liabilities that may pose a threat to its long-term financial health. In addition, a lack of a reserve fund and the continuing use of the District's fund balance puts the District in a vulnerable position to



withstand a financial crisis, such as economic recession, termination of Excess ERAF or unexpected expenses, while still be able to maintain its high level of service. Should the District face insolvency, legacy costs like pension payments for current and retired personnel, would still need to be addressed by the agency that absorbs the provision of police protection services for Broadmoor. That agency would be entitled to receive District revenue, including the supplemental parcel tax, which could be used to pay for pension costs and other legacy costs. The successor agency would need to evaluate if the supplemental parcel tax or other potential additional taxes should continue to be collected as part of a plan for service.

### *Recommendations*

- 1) Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.
- 2) Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic planning session that will help prioritize goals and review the District's fiscal ability to meet these goals.
- 3) Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.
- 4) Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.
- 5) Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve funds are utilized.
- 6) Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs. LAFCo encourages BPPD to continue to work with the California Special District Association to identify a consulting firm to provide this service.
- 7) Adopt annual Gann Appropriation Limit resolutions.
- 8) Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.
- 9) The District should explore ways to address budget shortfalls and unbalanced budgets, either through enhanced revenue or reduced costs. This could be conducted along with the creation of long-term financial planning documents and discussions with residents and

District employees about future funding and District services. It is recommended that BPPD conduct outreach and engagement with residents regarding the fiscal outlook for the District and potential changes to levels of service.

10) Continue to post budget documents and audits on the District’s website.

**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? If so, describe the status of such efforts.

BPPD has contracts with the County of San Mateo for both dispatching and crime lab services.

b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?

In the 2023 Special Study, LAFCo recommended that BPPD explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies. BPPD stated that the number of human resource functions is minimal and that share shared services for these types of functions would not be feasible as they are not essential functions of providing police protection.

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 potential any governance options that would allow for additional facility or resource sharing, make excess capacity available to others, or avoid duplication of resources.

**Shared Service and Facilities Determinations**

BPPD should explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies. BPPD stated that the number of human resource functions is minimal and that share shared services for these types of functions would not be feasible as they are not essential functions of providing police protection.

*Recommendation*

- 1) Where feasible, BPPD should explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.

**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	

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

BPPD is governed by a three-member Board of Commissioners elected by voters within the

service district. The Commission meets monthly on the second Tuesday of each month. Meetings are open to the public and are held in the BPPD headquarters. The District posts copies of meeting agendas to their website, however, the full meeting packet is not available. Currently, staff reports for agenda items are not produced. 2024 agenda are not archived on the BPPD website.

While all Commission meetings are recorded, video or audio recordings of Commission meetings are not available on the District’s website. Per District staff, recordings are available upon request and the requesting party would be responsible for all costs associated in preparing the recordings.

In 2019, a BPPD Commissioner was appointed Police Chief by the Commission. During this selection process, the Commissioner participated in the search and selection for a new Police Chief and “advocated for a non-agendized vote on the decision that would result in his appointment.”<sup>20</sup> The Commissioner was appointed to the Police Chief’s position on a 2-0 vote.

BPPD stated that meeting notices for public meetings are published three public locations as well as posting electronic notices on social media, including Facebook and Nextdoor platforms. BPPD staff also have presented at the Broadmoor Property Owners Association, several of which were attended by LAFCo and County staff.

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

Per the BPPD staff, the District has been able to meet staffing requirements. BPPD continues to have applicants but in lower numbers..

The Police Chief/General Manager provides all administrative and human resource function for the District. An outside account provides accounting functions, and an outside auditor provides auditing services.

The District has a Memorandum of Understanding that covers all line personnel, civilian employees, and per-diems. This MOU expired at the end of FY22-23 and negotiations are currently ongoing<sup>21</sup>.The position of Chief of Police and Police Commander are covered by separate contracts. The BPPD Commission reviews and approves the initial contract and any amendments to the Chief of Police contract.

c) Audits and transparency: As of the publication of this report, the latest independent audit is not available on the District’s website. The website does include budgets for 2016 through 2023The only audit available for review on the District’s website is for FY 2017. In review of agenda and minutes for the District, independent audits including the most recent 2022 audit, were not brought to the Commission for review and approval.

The County of San Mateo provided payroll services to the District, this contract ended on June 30, 2023. The District now contracts with a private provider for payroll services. Per BPPD, there

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<sup>20</sup> Jason Green and Robert Salonga “Ex-Broadmoor police chief pleads no contest to conflict-of-interest charge” *The Mercury News* 8/4/2021.

<sup>21</sup> BPPD Response to LAFCo 3/1/2024

are going operational and tax issues regarding payroll that the private provide has not been able to address, including with federal tax filings<sup>22</sup>.

The Broadmoor Police Protection District’s website provides basic contact information, meeting notices, agendas, and minutes, and a community events calendar. Copies of minutes, agenda, and resolutions are now available from 2017 to 2023 are available on the BPPD website. Agendas for 2024 are currently not archived. As mentioned previously, written staff reports are not created for agenda items.

Salary information for District positions is included in budget documents and adopted salary ranges for positions and classifications are now available on the District’s website.

d-f) Governance Options:

In light of the fiscal, structural and administrative concerns raised in this report and the 2023 Special Study, a discussion of alternative service and governance options is pragmatic. The 2015 MSR for BPPD identified three government structure alternatives for the District:

*Status Quo*

District would remain as is, with a three-member elected board and police services provided by officers and staff hired by the District. However, based on LAFCo’s review of recent BPPD audit and budget documents it is probable that changes to the level of service provided by the District or the levels revenue or expenditures would need to change due to budget constraints in the future. The supplemental parcel tax could be increased on property owners to raise revenue, or service and operations could be cut to reduce expenditures. These will be decisions that the BPPD Commission will need to evaluate. As part of the review of the potential changes to services or an increase in revenue, BPPD should engage with the residents of Broadmoor to understand their views on these issues and on the District. If services were not able to be provided by BPPD, the San Mateo County Sheriff’s Office or other neighboring agency may be able to assist, but BPPD should engage in discussions with those agencies if the need arises.

*Merge Broadmoor Police Protection District with City of Daly City*

Merging BPPD with the City of Daly City (with concurrent annexation of BPPD’s service territory) has the potential benefit of reducing overall service costs by eliminating duplicative staffing, administrative, and facility expenses. San Mateo LAFCo has identified Daly City (through adoption of the spheres of influence) as the long-term, logical service provider for both Broadmoor and unincorporated Colma. Daly City has its own full-service police department with its headquarters located less than one-quarter mile from the BPPD headquarters. Furthermore, the Broadmoor Unincorporated area is wholly surrounded by the City of Daly City and unincorporated Colma islands are fully bordered by Daly City on three sides and the Town of Colma.

*Formation of a County Service Area (CSA) or a Community Services District (CSD) and Contract with the County or Daly City for Services*

The Broadmoor Village subdivision receives services from the County of San Mateo, Broadmoor

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<sup>22</sup> Ibid

Police Protection District and Colma Fire Protection District. The District could reorganize either to a County Service Area (a dependent district under the jurisdiction of the County) or as a Community Services District (an independent special district with a five-member board). The reorganized agency could contract for police services. As discussed in the 2015 MSR, the CSA or CSD could also consider contracting for fire and solid waste services.

Any application for a County Service Area (CSA) or a Community Services District would need to include a plan for service that outlined the proposed police protection services that would be provided and information about how those services are proposed to be funded.

#### *Contracting with Another Agency without Reorganization*

An additional alternative for the District that was not included in the 2015 MSR is that the District could consider contracting for service with another public safety agency to provide police services to the BPPD service area. Under this scenario, no LAFCo action would be required to enter into a service contract and the District remains intact. In California, there are three remaining Police Protection Districts, BPPD, the Fig Garden Police Protection District, and the Orange Cove Police. These two other districts, both located in Fresno County, contract with the Fresno County Sheriff's Office for enhanced police protection. The Board of Commissioners for these two districts continue to meet and the district themselves continue to operate.

BPPD could explore the option of contracting for service as a way for the District to better control costs and provide for improved economies of scale. Administrative functions such as Human Resources and payroll could be provided by the contracting agency and would no longer need to be provided by the District. Contracting with a public safety agency could also allow greater access to additional police resources and services for the Broadmoor community. While the scope of this special study does not include the fiscal analysis for contracting for services, if contracting is pursued, the District should analyze if there would be the potential for reducing or eliminating the special parcel tax.

#### *Dissolution*

BPPD could also be dissolved, either through a petition from registered voters or property owners residing in the District, a resolution from the BPPD Commission or another affected agency, or by LAFCo. This would require a LAFCo process and in most cases, would be subject to a protest proceeding. If the District was dissolved and Broadmoor remained unincorporated, police services could be provided by the San Mateo County Sheriff's Office, similar to other unincorporated areas in the County. The specifics about what level of service would be provided and how the service would be funded (including information about the status and use of any supplemental property tax) would need to be developed by the agency applying to LAFCo as part of a plan for service.

Government Code Section 57451 states that if the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the successor for the purposes of winding up the affairs of the dissolved district. The successor agency also received control over all money and funds. To pay for remaining legacy costs for the District, such as pension liability, the County of San Mateo could use the property tax and supplement property tax revenue that the District currently receives. In this case, revenue would still be

collected to pay for legacy costs associated with BPPD even though the District would no longer be providing services. This could mean that rate payers within BPPD would pay for legacy costs associated with BPPD, even though BPPD is no longer providing police service. Two flow charts outlining the dissolution process are attached to the report as Appendix C.

### *Bankruptcy*

While not a governance change, the BPPD Commission adopted Resolution 2023/24-03 on September 18, 2023 to file for Chapter 9 bankruptcy stating that the agency was facing a fiscal emergency and was insolvent. The resolution was rescinded on January 9, 2024. The cost reduction measures put into place by BPPD have reduced expenditures for the FY23-24 to a point where it seems that the District will have sufficient funds to continue to provide service through the end of this fiscal year, barring any large unforeseen expenditure. While it is challenging for LAFCo to project what an outcome of a bankruptcy proceeding would have on BPPD and service to residents there are several potential outcomes:

- BPPD stabilizes and continues to provide service (status quo)
- BPPD declares bankruptcy, restructures debt and stabilizes
- BPPD declares bankruptcy, restructures debt and still is insolvent, cannot provide service

It is unknown and beyond LAFCo staff's ability to be able to predict if a bankruptcy judge would change the amount of the supplemental property tax (or any revenue from a future property tax measure) that is being paid for by residents of BPPD.

### **Accountability, Structure, and Efficiencies Determination**

Public meeting agendas are posted on the District's website, but staff reports are not typically available. The District does record Board meetings, but currently, the records are not posted to the website and are only available at cost to members of public who request copies. The Police Chief/General Manager provides all administrative and human resource function for the District.

### *Recommendations:*

- 1) LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the commissioners. The District could explore sharing services with cities or other special districts to assist in creating the staff reports and compiling an agenda packet.
- 2) In light of on-going fiscal concerns for BPPD, the District should provide updates to the community about the current fiscal status of BPPD, efforts that BPPD has made.
- 3) Explore providing video/audio of Board meetings should be posted on the District's website for public viewing.
- 4) Continue to provide Brown Act training for all Commissioners.

- 5) Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.
- 6) Develop accounting, financial, governance and general administrative policies to assist the Commission and District staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review.
- 7) Provide information to the residents of BPPD about status of pursuing bankruptcy for the District. The information should include data about the current and future fiscal health of BPPD.

**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			N/A
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?			
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?			
c) Natural Hazards and Mitigation Planning			N/A
i) Has the agency planned for how natural hazards may impact service delivery?			
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?			

a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?

There are no other issues that LAFCo has identified through the MSR/SOI process.

b-c) Water Resiliency and Climate Change and Natural Hazards and Mitigation Planning

The Broadmoor Police Protection District is charged with providing police protection services within its service boundaries. BPPD does not provide services related to water resiliency, climate change and natural hazards and mitigation planning.

**Other Area Determination**

There are no other issues that LAFCo has identified through the MSR/SOI process. The



Broadmoor Police Protection District is charged with providing police protection services within its service boundaries. BPPD does not provide services related to water resiliency, climate change and natural hazards and mitigation planning.

### **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, the capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and the 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.**

The boundaries of the BPPD encompass the unincorporated Broadmoor and unincorporated Colma communities, which are predominantly developed with urban uses. The Sphere of Influence designation for BPPD is zero (dissolution) as established in 1976 and reaffirmed several times since then, most recently in 2015.

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

The territory served by BPPD is not expected to experience significant population growth and therefore will not require a change in the agency's service needs, demands or service boundaries

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

BPPD provides police protection to the unincorporated area of Broadmoor Village and an unincorporated area adjacent to Colma. BPPD operates with 7 full-time sworn officers, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers. The District has a lower ratio of officer per 1,000 persons compared to the City of Daly City due to the loss of two positions over the last year. BPPD appears to provide a similar level of protection (based on Part I crime and clearance rates) than neighboring Daly City.

BPPD has made dramatic cuts to spending since the start of FY23-24 by eliminating two officer positions, eliminating some per-diem officers and moving other per-diem officers into unpaid volunteer positions. The Chief of Police also reduced his pay for a period and now is back at full pay. These cuts have lowered the number of sworn officers to 7, a decrease from 9 officers just last year. Many of these budget cuts occurred shortly after the BPPD Commission adopted the FY23-34 budget. These cuts though were not included as part of the proposed budget document. The need for these unplanned cuts concerns LAFCo staff about if BPPD and the public have a full understanding of the fiscal health of the District.

The most recent audit for BPPD affirms LAFCo's ongoing concerns about the District's

financial health. The report states “...the district has suffered recurring significant loss in last several years, has a net deficiency in net assets and has stated that substantial doubt exists about the district’s ability to continue as a going concern.”

**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 Broadmoor Police Protection District’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 Broadmoor Police Protection District is proposed at this time.

On the basis of the Municipal Service Review:

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

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

**Appendix A. Broadmoor Police Protection District Fact Sheet**

Michael P. Connolly, Interim Chief of Police

Broadmoor Police Protection District

388 88th Street

Daly City, CA 94015-1717

(650) 755-3840

*Date of Formed:* December 21, 1948

*Commissioners:* Three-member board of commissioners elected to four-year terms.

*Membership and Term Expiration Date:* James Kucharszky (January 2024), Ralph Hutchens (November 2024), and Marie Brizuela, (November 2024)

*Compensation:* No compensation to Commissioners

*Public Meetings:* The Commission meets the second Tuesday of every month at 7:00 pm at Broadmoor Police Protection District headquarters.

*Services Provided:* Police Protection

*Area Served:* 0.55 square miles

*Population:* Approximately 7,206

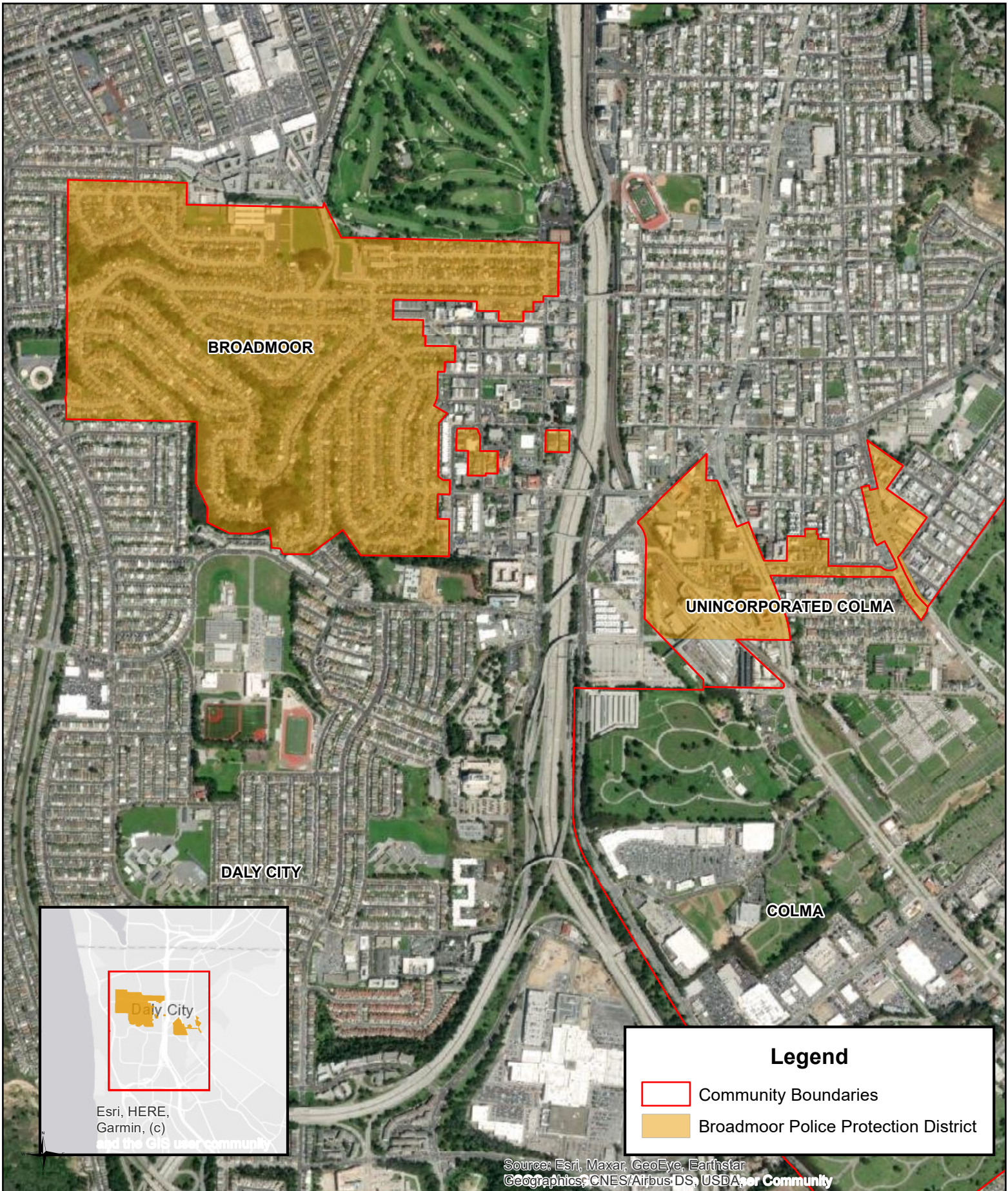
*Number of Personnel:* 7 full-time sworn officers, including a Chief of Police, 1 full time admin secretary, 1 part time secretary, and 1 paid part time officer, and 14 unpaid reserve or volunteers

*Sphere of Influence:* Zero (Dissolution)

*Budget:* See the Broadmoor Police Protection District website page (<https://www.broadmoorpolice.com/>)

## **Appendix B. References**





# Broadmoor Police Protection District



# Appendix D

BPPD Response Matrix

1/26/2024

RECOMMENDATION	Does BPPD AGREE/ NOT AGREE with recommendation (YES/NO)	PLANNED DATE FOR CHANGE OR IMPLEMENTATION	COMMENTS OR REASON FOR NON- AGREEMENT	DETAILS OF CHANGE OR IMPLEMENTATION	UPDATES FOR MSR
<b>Capacity and Adequacy of Public Facilities and Services</b>					
<p>1. The District should explore cost sharing with adjacent cities or other alternatives to contract for or consolidate services to reduce costs.</p>	<p>Agree in part.</p> <p>COMMENT: This refers to matters other than routine Investigative and patrol functions. BPD shares some costs e.g., dispatching services as do all agencies reliant on County Services.</p>	<p>On-going and operational with local agencies. Daly City and Colma Police Department provide cover units as back up and occasionally will handle calls for service. Broadmoor Police also provides this service for other agencies based upon high priority calls. Broadmoor Police also provide linguistics/ Translation services for both field and investigative support. (Spanish/ Cantonese) to numerous agencies.</p>	<p>We do not use other facilities unless a protracted investigation may call for mutual aid. While Police departments generally assist each other in crisis situations, they do not share costs for service delivery. This is evidenced by the fact that every agency must pay booking fees to the SO and Lab fees to the Crime Lab.</p>	<p>N/A</p>	<p>This refers to matters other than routine Investigative and patrol functions. BPD shares some costs e.g., dispatching services as do all agencies reliant on County Services.</p> <p>As of July 2023, SM County has elected to cease payroll services for Broadmoor PD. As a result we had to find a private vendor to handle our payroll services. This has caused severe operational and tax filing issues. AS of todays date, the private vendor is unable to resolve issues with federal tax filing.</p>
<p>2. The District may consider developing and monitoring performance measures, which could include measurements of response times for calls and call volume to demonstrate the benefit of higher costs associated with higher levels of performance.</p>	<p>Agree in part.</p> <p>COMMENT: The District already has in place procedures for monitoring employees' performance, which includes cost of providing service along with efficiency of such service. Employees' supervisors prepare regular evaluations</p>	<p>We have statistics going back to 1999. In 2021, a new method of Computer Assisted Dispatching (CAD) was implemented and tracks all metrics.</p>	<p>Call Response times are currently reviewed, and standards are classified in 5 categories for response time. We do track this. Response times are generally dictated by the severity of the incident. Our metrics of response time are reviewed by me to ensure we are complying with best practices. Higher levels of service are being accomplished through community advocacy and discussion.</p>	<p>N/A</p>	<p>See attached Dispatch call priorities breakdown. The national average for priority call response is approximately 8 minutes. BPD average priority call time is approximately 2 minutes. Many factors go into prioritizing call response and BPD is adhering to best practices.</p>

			Call Volume is measured in several ways: Calls for Service. Incident reports generated, number of arrests. Arrest violations are broken down to ascertain crime trends. Moving vehicle citations are tracked to identify problem areas where vehicle enforcement may need additional attention.		
<b>Financial Ability</b>					
1. Prepare a quarterly financial report which presents the District's financial condition in a user-friendly way so board members and staff can better understand financial data. At a minimum the financial data should include a balance sheet, income statement and a budget-to- actual report to detect potential errors. The reports should reference final actual numbers from the previous fiscal year and should be compared to budgeted numbers. In years where there are deficits, the impact to the District's fund balance should be discussed in the budget documents.	Agree	District Annual Audits are prepared for the District, County and State in a timely manner. The report is directly sent to the Board and adopted through public meetings	This was discussed in 2021 and was never implemented after June 2021. This will be implemented immediately with end of year review with FY 2022/23.	The first projected report is anticipated to be in September/ October 2023	The data has been collected and sent to the Board of Police Commissioners. We are unable to find an entity that can validate the raw data we have compiled. This data will be included in the documents sent to Director Bartoli
2. Develop long-term fiscal documents that will assist the District in planning for expenditures, such as retirement costs. The Board could engage in a strategic	Agree		The Department is in current close discussions with CalPers with adherence to best practices. As we work to mitigate significant mishandling of the		Long Term retirement fiscal costs are predicated upon CALPERS rising costs. In recent years, BPD members contributions have risen significantly.

<p>planning session that will help prioritize goals and review the District’s fiscal ability to meet these goals.</p>			<p>CalPers accounts, we will seek to address the Districts ability to address the fiscal needs. To be clear, these fiscal liabilities will be borne by any successor agency.</p>		<p>We have reached out to the California Special District’s for assistance on strategic planning on their website. Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning</p>
<p>3. Budget documents should show the amount of funds that are allocated to the District fund balance/reserve.</p>	<p>Agree</p>	<p>Any ability to address the District’s fund balance will be a direct result from reduced legal costs.</p>	<p>Our reserve funds have been consumed by mandated corrections by CalPERS to adjust and remedy past evasive practices employed by former District Managers. Significant litigation has severely impacted the budget.</p>		<p>The County of San Mateo has issued several documents which forecast our anticipated revenue. Along with our fiscal planning document, we plan to initiate our budget process in March 2024 with a goal to reduce further spending in an attempt to build a reserve fund.</p>
<p>4. Independent audits should be presented to the Board for discussion at public meetings. The audit should include management letters and a review of any recommendations for the audit process and fiscal ability of the District. Audits should be conducted in a timely manner.</p>	<p>Agree</p>	<p>This has been the operational practice for several years. ALL AUDITS are available for review</p>	<p>Timely reporting and required reporting dates are published. Our auditing firm has been notified that the County Controller is now requesting the reports sooner. While the audits are generally submitted in May we plan to initiate earlier reporting starting January 2024.</p>		<p>The 2023 Audit is in DRAFT form and will be sent out from our auditor in the coming weeks.</p>
<p>5. Develop accounting, financial, governance and general administrative policies to help guide its decision making in a consistent manner. This should include policy regarding the development of a reserve fund as well as a policy about how reserve</p>	<p>Agree</p>			<p>Unable to implement at this time. This will be reviewed when the appropriate time comes.</p>	<p>NO UPDATE AVAILABLE.</p>



funds are utilized.					
6. Explore the development of a Master Plan, Strategic Plan or Capital Improvement Plan that plans for asset management and replacement, such as facility upgrade or repairs and replacement of equipment and vehicles to help plan for long-term capital costs.	Agree		The ability to determine a facility upgrade to facilitate future needs is not practical. We are in a fixed complex without the ability to upgrade. Capital Improvements have been made in FY 2020 to support BPD functionality to the residents. Facility infrastructure is updated and scheduled as needed to maintain compliance with existing regulatory agencies.		We have reached out to California Special Districts vendors listed on their website (Regional Government Services) Additionally, we are engaged in discussions with a private vendor in a broad discussion about strategic fiscal planning  There are currently no plans for any type of facility upgrade or needed repairs.  Vehicle replacements are on an as needed basis.
7. Consider allocating accounting and auditing services to two separate firms to enhance fiscal oversight and transparency.	Agree		This is already in practice and has been for 15 years		NO UPDATE AVAILABLE.  In discussions with vendors
8. Adopt annual Gann Appropriation Limit resolutions.	Disagree		The District is a single purpose, non-enterprise district. Almost all revenue derives from property taxes and a small amount of revenue derives from user fees. The Gann limitation does not apply to this District that existed on January 1, 1978, and for the 1977/78 fiscal year the amount of <i>ad valorem</i> taxes the District received was far less than the 12 1/2% cap provided by California Constitution Article XIII B §9(c).		Awaiting a legal and fiscal determination by BPPD Legal Counsel

			Nevertheless, the District is in the process of reexamining this issue the appropriations limit is the budget itself.		
9. Explore ways to reduce reliance on Excess ERAF for routine District operations and maintenance and divert Excess ERAF to a reserve fund that the District can draw from for unexpected expenses.	Disagree.		The district always looks for ways to reduce reliance on uncertain funds; however, income from grants and other uncertain sources has been reliable and most agencies rely upon such income streams. <i>The District's revenue is essentially from property taxes and it receives no sales or other tax revenue. The District relies upon all sources of revenue.</i>		NO UPDATE AVAILABLE
10. Post budget documents and audits on the District's website	Agree		This has been accomplished and past budget and audits have been posted as well as past audit reports.		NO UPDATE AVAILABLE
<b>Accountability, Structure &amp; Efficiencies</b>					
1. LAFCo recommends the creation of staff reports for Board of Commissioners agenda items. The creation of staff reports for Board items can increase transparency and raise public awareness of the issues that are being reviewed and acted on by the Commissioners. The District could explore sharing services with cities or	Agree		Reports and quarterly schedules are being built out for regular budget reports. As Audit reports become available, these reports will be noted on public agendas and posted on our website. Other jurisdictions do not share services. The agenda packets are created and reviewed by the Police commissions legal counsel. The Commission welcomes		IN PROGRESS

<p>other special districts to assist in creating the staff reports and compiling an agenda packet.</p>			<p>any suggestions for creating the staff reports without incurring further expenditures.</p>		
<p>2. Video/audio of Board meetings should be posted on the District’s website for public viewing.</p>	<p>Agree</p>		<p>Equipment has been purchased and is being installed to comply with this recommendation.</p>		<p>POLICY IS BEING DEVELOPED</p>
<p>3. Provide Brown Act training for all Commissioners.</p>	<p>Agree</p>		<p>This has been provided by our insurance carrier in 2021. A Risk management position was created in 2021 to ensure compliance.</p>		<p>There has been no change in Elected Commissioners at Broadmoor. Current Commissioners are in compliance. BPPD Counsel advises the BPPD Board of Commissioners accordingly when an issue arises.</p>
<p>4. Explore hiring additional staff or consultants to perform human resource functions and administrative tasks, including budget support. These functions could also be shared services with neighboring agencies.</p>	<p>Disagree  COMMENT: This would not be a good use of precious tax dollars. The District believes that the efficient use of tax dollars must be limited to essential needs, which do not include hiring personnel that are not absolutely essential to the mission of providing police services.</p>		<p>The number of human resource functions is minimal. Our insurance carrier provides guidance along with CA Peace Officer Standards and Training. The use of neighboring agencies would incur a cost we currently do not pay.  <i>This would not be a good use of limited resources. The District believes that the efficient use of tax dollars must be limited to essential needs, which do not include hiring personnel that are not absolutely essential to the mission of providing police services.</i>  <i>Neighboring agencies do not</i></p>		<p>NO UPDATE AVAILABLE</p>

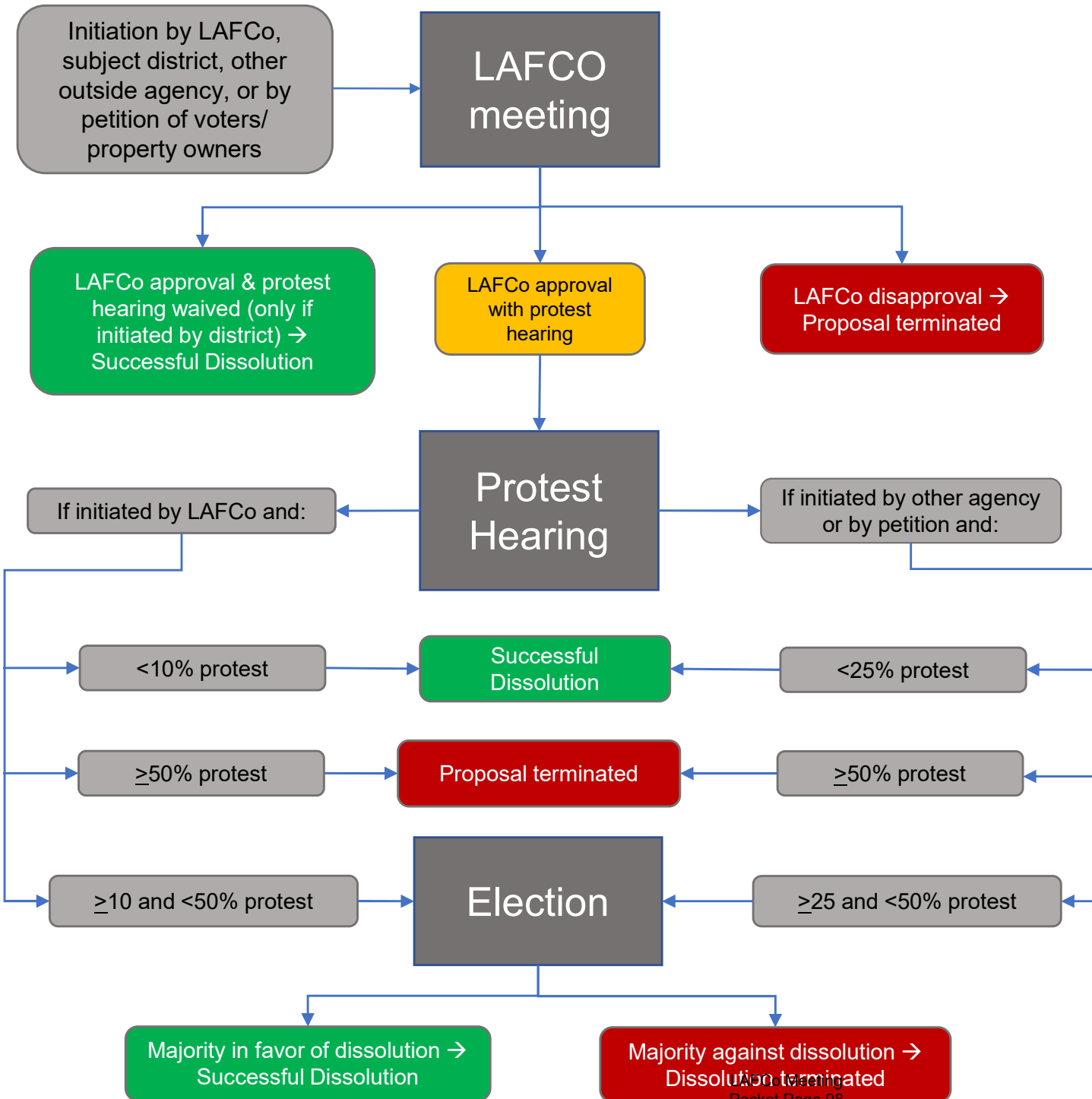
			<i>engage in shared services of this kind. The needs of each agency vary so dramatically it would not be feasible to share these costs.</i>		
5. Post position salary and compensation data on the District’s website.	Disagree		This is available on the Transparent California website and our Budget documents posted on our website. <i>The District does not have a full-time webmaster and the cost of hiring someone for this purpose would be fiscally challenging given competing priorities.</i>		NO UPDATE AVAILABLE
6. Post contracts and hiring policies on District’s website.	Disagree		Applicants for Peace Officer and other positions are posted when needed. The only contracted position is that of the Chief of Police. That will be posted when the Commission is seeking a permanent Chief/District Manager.  <i>When that happens, all relevant information will be posted. Currently, the District is served by an Interim Chief / District Manager.</i>		NO UPDATE AVAILABLE
7. Develop accounting, financial, governance and general administrative policies to assist the Commission and District	Agree		The staff that is referenced here is both for the District and Commission. Meeting agendas, noticing, Brown Act facts are provided.		NO UPDATE AVAILABLE  There is no district staff. Any administrative support is either internal staff or

BPPD Response Matrix

1/26/2024

staff. This should include the creation of policies regarding meeting agendas and noticing, Brown Act training, and audit and budget review.			As we look to revamp our current website, we plan to post more relevant documents there.		identified consultants. Additional staff would incur costs that the District is not fiscally prepared for.
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# Dissolution of a Special District



## Key Points

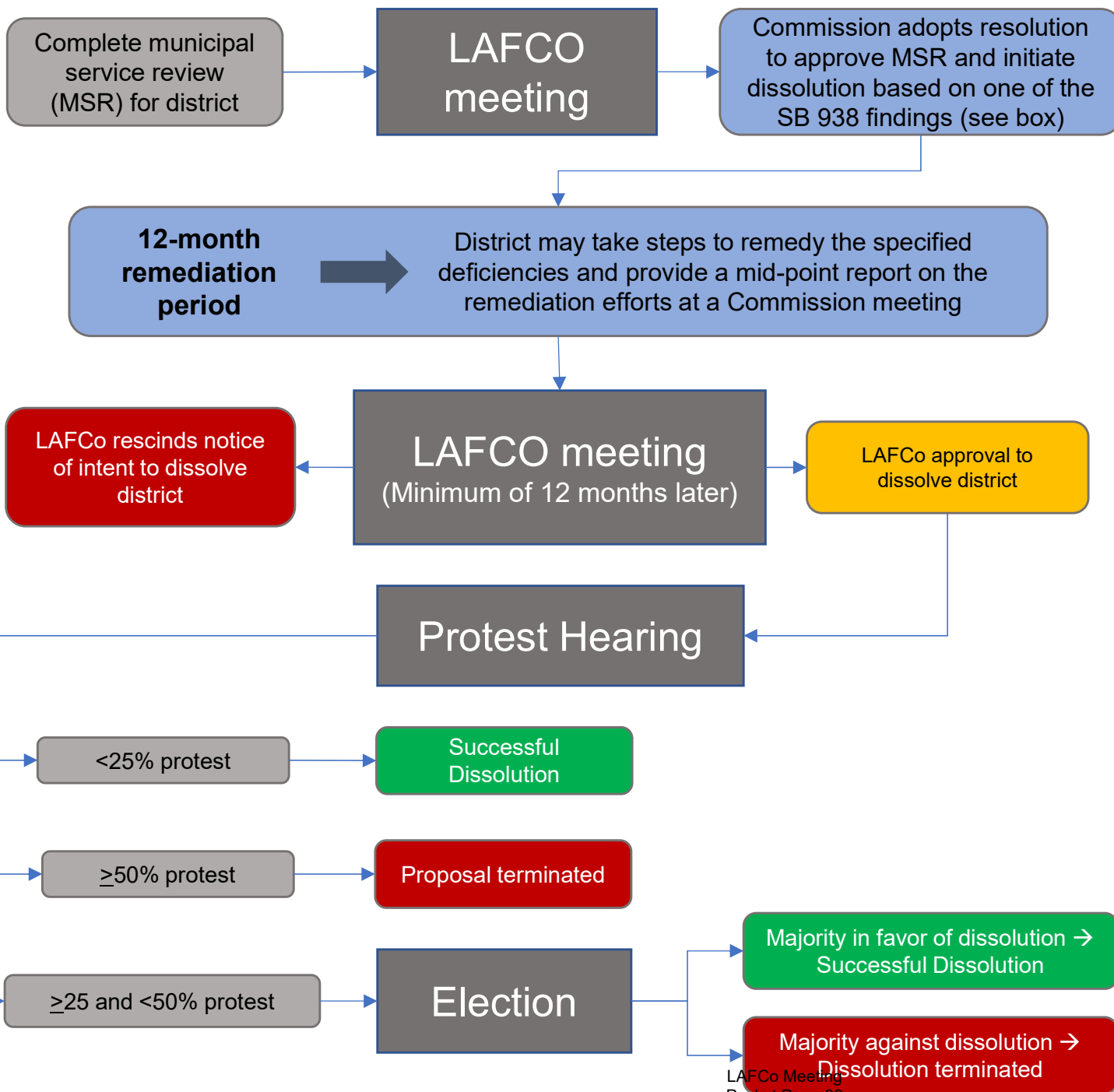
**Dissolution proposal must include a plan for service that describes:**

- The services currently provided by the subject district
- The level & range of those services
- The successor agency that will provide services & when new service will begin
- Any improvements, upgrades or other conditions that the successor agency would require
- How services will be financed & how liabilities will be paid

### Protest thresholds:

- **Successful dissolution:** <25% of registered voters OR <25% of landowners within the district who also own <25% of the assessed value of land in district. (Threshold is <10% if LAFCo-initiated.)
- **Proposal terminated:** ≥50% of registered voters OR ≥50% of landowners who also own ≥50% of assessed value of land in district.
- **Election is ordered:** At least 25% & less than 50% of registered voters OR at least 25% & less than 50% of landowners who also own at least 25% & less than 50% of assessed value in district (Lower threshold is 10% if LAFCo-initiated.)

# Dissolution of a Special District via SB 938



## What is SB 938?

Signed into law in 2022, SB 938 creates a higher voter protest threshold for LAFCo-initiated dissolutions that meet specific criteria (25% protest threshold instead of 10%). A minimum of a 12-month remediation period must occur before action can be taken.

## What are the requirements to initiate dissolution using SB 938?

Commission must adopt a municipal service review (MSR) that includes a finding that at least one of the following conditions is met:

- One or more documented chronic service provision deficiencies AND Board management is not actively engaged in efforts to fix deficiencies
- Expenditure of public funds in an unlawful or reckless manner AND no action has been taken to prevent similar future spending
- Willful neglect and failure to adhere to the California Public Records Act and other public disclosure laws
- Failure of Board to meet the min. # of times required by its principal act in the prior year AND no action has been taken to ensure future mtgs are held on timely basis
- Consistent failure to perform timely audits over the last three years
- Recent audits show chronic issues with the district's fiscal controls AND no action has been taken to remediate the issue

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

**March 13, 2024**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Consideration of Municipal Service Review Circulation Draft for the City of San Bruno

## 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 Circulation Draft Municipal Service Review is the first MSR for the City of San Bruno.

The City of San Bruno (the City or San Bruno) was incorporated on December 23, 1914. As of 2020, the population of San Bruno was 43,908. The City's Sphere of Influence (SOI) includes approximately 260 acres of unincorporated San Mateo County, including the San Francisco County Jail and San Francisco International Airport lands west of US 101. Since 1979, the SOI for the City has also included a recommendation to detach Capuchino High School from the City of San Bruno and annex the property to the City of Millbrae. The High School is connected to San Bruno by a narrow corridor with irregular boundaries and is largely surrounded by the City of Millbrae. Currently, the City of San Bruno provides water and sewer to the property.

The City provides the following municipal services: law enforcement, structural fire protection, parks and recreation, library, streets, lighting, water, wastewater and storm drain and flood control.

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.

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

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

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
DIANE ESTIPONA, CLERK



### **Current Key Issues**

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

- While LAFCo staff has not identified any issues with the City's budgeting practices, the City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.
- Although the City is financially healthy and is anticipated to be able to meet service demands of foreseeable growth with planned infrastructure improvements, capital the CityNet, the City's cable and internet service, and Stormwater Enterprise funds are operating at a deficit. The City is exploring ways to create new revenue so that it is able to continue delivering services.
- Like many cities and agencies throughout the Country, San Bruno's revenue was impacted the COVID-19 pandemic, with as much as a 75% reduction in the City's transient occupancy tax (TOT), one of the most important sources of revenue for the City.
- The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City's General Fund.
- The City's adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City's General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, have largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

### **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 communities<sup>1</sup> 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.

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<sup>1</sup> "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.

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 City of San Bruno is home to 43,908 residents and contains 16,622 housing units. The City's adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City's General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

### **2. Disadvantaged Unincorporated Communities Determination**

The City's sphere of influence and municipal boundaries are nearly contiguous with the exception of the undeveloped San Francisco International Airport Lands and San Francisco County Jail #3. Neither unincorporated area meets the definition of a disadvantaged unincorporated community

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

LAFCo staff is not aware of any deficiencies in agency capacity to meet existing service needs for which the City of San Bruno does not have a plan in place to resolve. The City is aware that the CityNet and Stormwater Enterprise funds are operating at a deficit and is exploring ways to create new revenue so that it is able to continue delivering services.

The City routinely adopts a multi-year capital improvement plan for city-owned infrastructure and facilities; however, the City is unable to make multi-year funding commitments for CIP projects related to the Stormwater or CityNet Enterprise funds due to their budget shortfalls.

#### *Recommendations -*

1. LAFCo encourages the City to continue explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
2. LAFCo encourages the City to continue to review potential revenue increases or the creation of the dedicated revenue source for stormwater projects.

### **4. Financial Ability Determination and Recommendations**

LAFCo staff has not identified any issues with the City's budgeting practices. The City of San Bruno prepares an annual operating and capital improvement program (CIP) budget for the upcoming fiscal year that gets adopted by the City Council at a noticed public hearing before

June 30th. The City also produces an Annual Comprehensive Financial Report (ACFR) that is reviewed by City Council.

The City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to City Council in FY 23-24 that explores new revenue opportunities.

The City has not met its annual General Fund reserve goal in four of the last five fiscal years by as little as 1% and as much as 6%. The City has not achieved its target for the Emergency Disaster Fund in the past five fiscal years by less than \$200K in the past 3 fiscal years.

Enterprise funds such as the Wastewater Enterprise Fund, Stormwater Enterprise Fund, and CityNet Fund have experienced shortfalls in revenue over the last few years. In the case of the Stormwater Enterprise Fund and CityNet Fund, these funds have had to utilize funds from the City's General Fund in order to sustain operation and capital costs.

The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City's General Fund.

The City of San Bruno has maintained high ratings on debt issuances due to the City's financial management practices.

#### *Recommendations -*

1. LAFCo encourages the City to continue to explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
2. LAFCo encourages the City to continue to review potential revenue increases or the creation of a dedicated revenue source for stormwater projects.
3. LAFCo encourages the City to continue to explore revenue and expenditure options related to the City's General Fund in order to adopt a balanced annual budget.

#### **5. Shared Service and Facilities Determination and Recommendations**

The City of San Bruno partners with several agencies to share resources and reduce costs. LAFCo staff has not identified other opportunities that the City could engage in to share costs and/or reduce duplication of resources, facilities or infrastructure.

#### **6. Accountability, Structure, and Efficiencies Determination**

The City of San Bruno ensures that public meetings are accessible and well-publicized. LAFCo staff is not aware of any failures to comply with disclosure laws or the Brown Act. The City has experienced staff turnover in recent years but there are no issues related to operational efficiencies. The City prepares and adopts an annual budget, and annual independent audits are reviewed at a City Council meeting. LAFCo staff does not recommend any changes to the City's governmental structure or operations that will increase accountability and efficiency.

#### *Recommendation:*

1. LAFCo staff recommends publishing and posting City Council meeting minutes on the City's website more frequently and/or in a more consistent manner so that the public can easily locate information on the actions taken at city Council meetings.

## **7. Other Issues Determinations and Recommendations**

The City of San Bruno is engaged in activities to address hazard mitigation, wildfire prevention, and sea level rise for City residents and businesses, including engagement with One Shoreline.

While not a service delivery issue, Monte Verde Elementary School, part of the South San Francisco Unified School District is split by the City of San Bruno – City of South San Francisco city boundary line. In the future, the cities may wish to consider submitting an application to LAFCo to adjust the boundary so that the city boundary no longer splits the school site.

### *Recommendation -*

1. LAFCo encourages the City of San Bruno to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.
2. In the future, the City of San Bruno and the City of South San Francisco may wish to consider submitting an application to LAFCo to adjust the city boundary so that this line follows property boundaries of the Monte Verde Elementary School site.

## **Sphere of Influence Determination**

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

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

San Bruno's SOI spans approximately 6.1 square miles, including the San Francisco County Jail and the San Francisco International Airport. The City's land use is primarily residential with some open space, office, commercial, and industrial uses. There is no agricultural land within the City's SOI.

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

The City of San Bruno's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.

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

The City currently provides adequate public services to its residents, including fire and police protection, water, sanitary sewer, and stormwater services. In addition, the City routinely adopts a Capital Improvement Program to fund critical repairs, replacements, and improvements to the City's 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 San Bruno 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 San Bruno 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, budgets, reports, policies, etc. On April 28, 2024, 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.

### **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 basic data collection, research, experimental management, and resource evaluation activities that 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 section 15061(b)(3), the common sense provision, which states that CEQA applies only to projects which have the potential to cause 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. Provide Commissioner comment.
3. Direct the Executive Officer to schedule the Final Municipal Service Review for the City of San Bruno for a public hearing at the May 15, 2024, Commission meeting, and circulate it with any necessary amendments to the County, cities, and independent special districts.

### **Attachment**

- A. Municipal Service Review Circulation Draft for the City of San Bruno



# **Municipal Service Review and Sphere of Influence Review for the City of San Bruno**

**Circulation Draft**

**Released March 13, 2024**

Municipal Service Review and Sphere of Influence Review for the City of San Bruno

**SUBJECT AGENCY:**

**City of San Bruno**

567 El Camino Real

San Bruno, CA 94066

Contact: Alex D. McIntyre, City Manager

**CONDUCTED BY:**

San Mateo Local Agency Formation Commission

455 County Center, 2<sup>nd</sup> Floor

Redwood City, CA 94063

(650) 363-4224

Commissioners:

Kati Martin, Chair, Special District Member

Ray Muller, Vice Chair, County Member

Tygarjas Bigstycck, City Member

Virginia Chang-Kiraly, Special District Member

Harvey Rarback, City Member

Warren Slocum, County Member

Ann Draper, Public Member

Commission Alternates:

Chris Mickelsen, Special District Member

James O'Neill, Public Member

Noelia Corzo, County Member

Ann Schneider, City Member

Staff:

Rob Bartoli, Executive Officer

Diane Estipona, Commission Clerk

Tim Fox, Legal Counsel

**LAFCo Municipal Service Review  
and Sphere of Influence Update  
City of San Bruno**

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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 San Bruno (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 proposal<sup>1</sup> for the 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 the 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 the 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 to 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 the 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.

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<sup>1</sup> 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.

Studies were first prepared on sub-regional and County-wide independent special districts, followed by South County cities and special districts.

#### 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 San Bruno.

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 communities<sup>2</sup> 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.

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<sup>2</sup> "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.

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

Sphere of Influence Determinations:

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that addresses 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 San Mateo does not have any disadvantaged unincorporated communities within its SOI.

**Section 2. Summary of Key Issues**

- While LAFCo staff has not identified any issues with the City’s budgeting practices, the City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.
- Although the City is financially healthy and is anticipated to be able to meet service demands of foreseeable growth with planned infrastructure improvements, capital the CityNet, the City’s cable and internet service, and Stormwater Enterprise funds are operating at a deficit. The City is exploring ways to create new revenue so that it is able to continue delivering services.

- Like many cities and agencies throughout the Country, San Bruno’s revenue was impacted by the COVID-19 pandemic, with as much as a 75% reduction in the City’s transient occupancy tax (TOT), one of the most important sources of revenue for the City.
- The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City’s General Fund.
- The City’s adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City’s General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

### **Section 3: Affected Agencies**

**County and Cities:** City of San Bruno and San Mateo County

**School Districts:** San Bruno Park School District, South San Francisco Unified School District, San Mateo Union High School District, San Mateo County Community College District,

**Independent Special Districts:** Peninsula Health Care District, San Mateo County Harbor District, San Mateo County Mosquito & Vector Control District

**Dependent Special Districts:** None

### **Section 4: City of San Bruno**

#### **Background & Overview<sup>3, 4</sup>**

Twelve miles south of the City of San Francisco, the City of San Bruno is located at the crossroads of two main paths around the San Bruno Mountains, Bayshore Road and Mission Road/Railroad. The City is bordered by the City of South San Francisco to the north, Millbrae to the south, Pacifica and the San Francisco County Jail to the west, and San Francisco International Airport to the east.

The City of San Bruno was incorporated on December 23, 1914, and was home to approximately 1,400 residents and remained rural in nature until the 1940s. During World War II, the United States government established a military presence in the City and used the Tanforan horseracing track for the internment of Americans of Japanese descent during the war. Additionally, the City experienced a housing boom which increased the population to over 35,000 by the mid-1960s.

In 2000, the Bay Area Rapid Transit (BART) opened a station in San Bruno that connected the City to San Francisco and East Bay. That same year, the US government sold a majority of the naval base to a private developer. Over the next 20 years, the old naval base was transformed

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<sup>3</sup> City of San Bruno FY 23-Budget

<sup>4</sup> U.S. Census Bureau, City of San Bruno 2020 U.S. Census Bureau Profile

into The Crossing, a transit-oriented mixed-use development. In 2010, a PG&E pipeline exploded and caused a fire in the Crestmoor neighborhood that destroyed 38 homes and damaged many others. The City completed the Crestmoor neighborhood rebuild in 2020, including the new Earl-Glenview Park. As of 2020, the population of San Bruno is 43,908.

San Bruno is a general law city governed by a mayor and four City Council members. The mayor is elected to a 2-year term, and city council members serve overlapping 4-year terms. Starting in 2022 City Councilmembers are now elected by district. The City Council sets policies and carries out legislative activities. The City Manager, appointed by the City Council, is tasked with overseeing the City’s daily operations and appointing other City officials. City Council meetings are held on the second and fourth Tuesdays of every month.

The City encompasses a little more than 6 square miles and is primarily a low-density residential community with high-density residential housing located near the central business district, offices, and commercial areas.

Existing Sphere of Influence

The City’s Sphere of Influence (SOI) includes approximately 260 acres of unincorporated San Mateo County, including the San Francisco County Jail and San Francisco International Airport lands west of US 101. Since 1979, the SOI for the City has included a recommendation to detach Capuchino High School from the City of San Bruno and annex the property to the City of Millbrae. The High School is connected to San Bruno by a narrow corridor with irregular boundaries and is largely surrounded by the City of Millbrae. Currently, the City of San Bruno provides water and sewer to the property.

Municipal Services

SERVICE	RESPONSIBLE AGENCY	
<b>Public Safety</b>		
Police protection	San Bruno	
Fire protection	San Bruno	
Emergency Medical Service	San Bruno	
Animal Control	San Mateo County Animal Control	
<b>Utilities</b>		
Water distribution	San Bruno	
Wastewater collection	San Bruno	
Wastewater treatment	San Bruno/South San Francisco	
Electricity	Pacific Gas & Electric	
Natural Gas	Pacific Gas & Electric	
Cable television & broadband internet	City of San Bruno (CityNet)	Earthlink
	Optimum	Hughesnet
	Xfinity	Always On
	Astound	Verizon
	Sonic	Raw Bandwidth
	Sail Internet	Unwired

	Viasat AT&T	Starlink T-Mobile
Solid Waste Collection & Disposal	Recology San Bruno	
Stormwater	San Bruno	
Street Maintenance	San Bruno	
Street Lighting	San Bruno	
<b>Community Services</b>		
Parks and recreation	San Bruno	
Library	San Bruno	
Mosquito abatement and vector control	San Mateo Mosquito and Vector Control	
Planning, Building, Code Enforcement	San Bruno	
Public transportation	Bay Area Rapid Transit SamTrans Caltrain	

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	X	Financial Ability
	Shared Services		Accountability, Structure, and Efficiencies
	Other		

**1) Growth and Population**

Growth and population projections for the affected area.	<b>Yes</b>	<b>Maybe</b>	<b>No</b>
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<sup>5,6</sup>

As of 2020 the City of San Bruno is home to approximately 43,908, representing 6% of the population in San Mateo County. Between 1990 and 2020, population increased steadily, but slower than the County overall, with the fastest rate occurring between 2010 and 2016. Housing production during this time was also lower than the rest of the County and Bay Area, only adding a little over 1,200 units to its housing stock between 2010 and 2020<sup>7</sup>. As of 2020, San Bruno has 16,622 housing units, of which approximately 56% were single-family detached homes, 4% were single-family attached buildings, 35% were multi-family buildings with 5 or more units and 6% were multi-family buildings with 2-4 units.

Residential uses account for 53% of the City's land use, commercial, auto, office and industrial make up 10%, parks and open space account for 13%, and the remainder is public or quasi-public land use (e.g., the Civic Center complex, the Federal Archives, elementary and high school sites, the Golden Gate National Cemetery, and Skyline Community College<sup>8</sup>).

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 North San Mateo County, which includes the City of San Bruno, will increase its population by 70% from 98,000 households in 2015 to 166,000 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.

During the fifth RHNA cycle (2015-2023), the City issued building permits for 331 out of the 1,155 housing units allocated to the City. Although the City did not meet its RHNA obligations, it entitled an additional 521 new residential units during that cycle and made several policy changes to its zoning ordinance to remove future housing production constraints.

For the sixth RHNA cycle, ABAG tasked the City of San Bruno with identifying appropriately zoned or re-developable land to accommodate 3,165 housing units by 2031. The City's

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<sup>5</sup> U.S. Census Bureau, City of San Bruno 2020 U.S. Census Bureau Profile

<sup>6</sup> City of San Bruno Housing Element submitted January 2023

<sup>7</sup> U.S. Census Bureau, [H1- Housing Unit Table \(2010: DEC Summary File\)](#)

<sup>8</sup> City of San Bruno General Plan

submission to HCD includes buffer to ensure that the City is prepared to meet its RHNA obligations through projects that are currently in the pipeline (670), accessory dwelling units (240), recently constructed housing units (43) and developable property included in the sites inventory (2,709).

The City of San Bruno adopted its sixth cycle Housing Element in January 2023 and is continuing to make amendments with the expectation of receiving HCD certification by the end of 2024<sup>9</sup>.

**Distribution of RHNA allocation for the City of San Bruno Housing Element**

Income Level	RHNA 2015-2023	Building permits issued 2015-2023	RHNA 2023-2031	Credits	Remaining RHNA
Very Low Income (50% Average Median Income [AMI])	358	34	704	54	583
Low Income (60% AMI)	161	110	405	461	0
Moderate Income (80% AMI)	205	82	573	27	479
Above Moderate Income (120% AMI)	431	105	1,483	364	1,096
<b>Total:</b>	1,155	331	3,165	906	2,158

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

If San Bruno were to achieve its RHNA goal of producing over 3,100 housing units, the City’s housing stock would increase 22% to nearly 20,000 units over the next eight years. The San Bruno 2025 General Plan, adopted in 2009, plans for a total buildout of 17,780 housing units. However, the City believes that the draft housing element is consistent with the General Plan when paired with the City’s adopted Transit Corridors Specific Plan (2014) and the Bayhill Specific Plan. The Transit Corridor Specific Plan proposes an additional 1,610 residential units in three areas near transit that would result in a net increase of 890 housing units over the General Plan. The Bayhill Specific Plan for the existing Bayhill Office Park area plans for an additional 573 housing units and over four million square feet of commercial, hotel and office development.

**Housing Production planned for in the San Bruno General and Specific Plans**

	2025 General Plan	Transit Corridors Plan	Bayhill Specific Plan	Total Housing
Planned Housing Units	17,780	+890	+573	19,243

In addition to this planned housing, the City anticipates at least 1,000 new housing units being added through the redevelopment of The Shops at Tanforan, which is currently a large 44-acre shopping mall. On July 27, 2021, the City Council approved the Reimagining Tanforan Land Use

<sup>9</sup> Correspondence from the City of San Bruno, received 1/31/2024.



Fact Sheet. This provides a comprehensive guide for future owners of the Tanforan property to realize the City’s vision. On October 5, 2022, the City received a preliminary project application from Alexandria for a transit-focused mixed-use village comprised of approximately 1,000 housing units, a life science campus, and retail space, including an upgraded Target and Century Theatres (“project”). The project seeks to retain and upgrade Target and refresh the movie theater to accommodate the modern movie-going experience. A revised preliminary project application was received in November 2023, which includes a Flex-Use Strategy with two “flex zones” that remain designated primarily for commercial/life science uses in the base case and would alternatively allow a broader range of potential uses including possibly more residential uses and a hotel. The purpose of these flex zones is to allow flexibility in a multi-year project to respond to changing market conditions while remaining committed to the core imperatives of creating a mixed-use transit village. This approach, shown in the Proposed Tanforan Land Use Summary, will be analyzed in the project California Environmental Quality Act (CEQA) assessment that is currently being prepared by the City.

The Tanforan site was formally designated as a Bay Area Priority Site by the Association of Bay Area Governments (ABAG) Executive Board<sup>10</sup> on November 16, 2023, which makes the site eligible for current and potential future funding and technical assistance and will be integrated into relevant Plan Bay Area 2050+ strategies. The site was recognized as a regionally significant transit-oriented development site within an ABAG Priority Development Area.

**Proposed Tanforan Land Use Summary**

Land Use	Programmed Area	Scenario A		Scenario B	
		Flex Zone	Total	Flex Zone	Total
Retail <sup>1</sup>	328,000 sf	0 sf	328,000 sf	0 sf	328,000 sf
Residential	1,000 DU	0 DU	1,000 DU	500 DU	1,500 DU
Life Science Lab & Office	711,000 sf	1,289,000 sf	2,000,000 sf	0 sf	711,000 sf
Hotel	0 keys	0 keys	0 keys	170 keys	170 keys
Amenity	14,500 sf	14,500 sf	29,000 sf	0 sf	14,500 sf
<p><u>Notes:</u>                      Square footages and unit/room/parking counts are approximate and do not account for the demolition of existing uses.</p> <p><sup>1</sup> Includes 86,250 square feet of new retail uses, 160,000 square feet of relocated retail uses (i.e., Target), and 81,500 square feet of existing uses to be retained (i.e., theater).</p>					

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

Although the City is preparing to increase its housing stock by over 20% over the next eight years to ensure compliance with the RHNA allocation, the City does not foresee that this growth will have a significant impact on municipal services and demands. New housing is

<sup>10</sup> [https://abag.ca.gov/sites/default/files/meetings/agendas/\\_basename\\_47.pdf](https://abag.ca.gov/sites/default/files/meetings/agendas/_basename_47.pdf)

planned to occur along major corridors through redevelopment and will be located in areas that already have access to municipal services. In addition, the City has adopted development impact fees for new development to address public infrastructure improvements needed to serve new growth in the city. Furthermore, the environmental analysis of the recent Housing Element did not identify any significant, unavoidable impact on municipal services from the housing growth<sup>11</sup>.

The City’s 2020 Urban Water Management Plan determined that, based on SFPUC water allocations and the City’s projected growth and water demand, San Bruno is not expected to exceed its available water supply by 2035<sup>12</sup>.

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

The projected growth will occur within the City’s boundaries and will not require a change in the agency’s service boundary.

**Growth and Population MSR Determination**

As of 2020, the City of San Bruno is home to 43,908 residents and contains 16,622 housing units. The City’s adopted Housing Element proposes to increase its housing stock by 22% over the next eight years. The City’s General Plan, coupled with the Transit Corridor and Bayhill Specific Plans, has largely evaluated the impacts of the potential growth and determined that the potential growth will not have a significant impact on the adequacy and delivery of municipal services.

**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

<sup>11</sup> Correspondence from the City of San Bruno received 1/31/2024.

<sup>12</sup> 2020 Urban Water Management Plan, City of San Bruno

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
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**Discussion:**

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

Yes. The City of San Bruno provides public services related to sewers, municipal and industrial water, and structural fire protection to City residences and businesses.

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)?

No. There are two unincorporated areas that are within the City of San Bruno’s SOI. The first area is the San Francisco International (SFO) Airport Lands, located along the City’s eastern border and west of Highway 101. The SFO Airport lands are uninhabited and under the jurisdiction of the City and County of San Francisco. The second unincorporated area is the San Francisco County Jail #3 site, located on the western border of San Bruno along Highway 35. The County Jail is under the jurisdiction of the City and County of San Francisco and houses up to 768 people. Water to the Jail is provided by the San Francisco Public Utility Commission. Sewer service is provided by the North San Mateo County Sanitation District.

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’s sphere of influence and municipal boundaries are nearly contiguous with the exception of the undeveloped San Francisco International Airport Lands and San Francisco County Jail #3. Neither unincorporated area meets the definition of a disadvantaged unincorporated community

**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.	<b>Yes</b>	<b>Maybe</b>	<b>No</b>
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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 San Bruno operates and maintains the City’s water supply, distribution and system, including approximately 116 miles of pipeline, eight pumping stations, four production wells, and eight storage tanks. Water that is distributed to San Bruno residents and businesses is primarily purchased through the San Francisco Public Utilities Commission (SFPUC). Additional water is also purchased from the North Coast County Water District for one apartment complex, and groundwater is pumped from the South Westside Ground Water Basin<sup>13</sup>.

Water maintenance, operations, and capital improvements are entirely paid for through revenue received through water service fees that fund the Water Enterprise Fund. Water Enterprise Fund revenue is entirely dedicated to the water system and cannot be used for other purposes. Since the Water Enterprise Fund is intended to fully support Water activities, the City evaluates water rates and fees on a routine basis to determine if the forecasted revenue is sufficient for ongoing water operations, maintenance, and capital improvements.

San Bruno raised its water rates in 2020 and cancelled a planned rate increase for July 2021 due to the COVID-19 pandemic. In February 2023, the City Council reviewed and accepted a Water and Sewer Rate Study, which recommended annual water rate increases of 6% through) 2028. The study found that an increase is needed to account for the 27% increase in SFPUC wholesale

<sup>13</sup> 2022 Water System Plan, City of San Bruno

water rates in the past two years. In addition, the City has identified \$98.7M in capital improvement projects in its 5-year plan to replace three aging water storage tanks, install a new water storage tank, rehabilitate pump stations, install a replacement groundwater well, and replace and upgrade deteriorating pipelines and infrastructure. The five-year rate increase was approved by the San Bruno City Council on December 13, 2023, to start on January 1, 2024.

**City of San Bruno Water Rates**

	Prior to 1/1/24	1/1/24	1/1/25	1/1/26	1/1/27	1/1/28
<i>Overall Rate Increase</i>		6%	6%	6%	6%	6%
<b>MONTHLY SERVICE FEES</b>						
<b>Single Family Residential</b>	25.58	\$27.11	\$28.73	\$30.45	\$32.27	\$34.22
<b>All other Accounts based on meter size</b>						
¾ inch	25.58	\$27.11	\$28.73	\$30.45	\$32.27	\$34.22
1 inch	42.63	45.18	47.88	50.75	53.78	57.03
1 ½ inch	85.27	90.37	95.77	101.50	107.57	114.07
2-inch	136.43	144.59	153.23	162.40	172.11	182.51
3-inch	255.80	271.10	287.30	304.50	322.70	342.20
4-inch	426.33	451.83	478.83	507.50	537.83	570.33
6-inch	852.67	903.67	957.67	1,015.00	1,075.67	1,140.67
8-inch	1,364.27	1,445.87	1,532.27	1,624.00	1,721.07	1,825.07
10-inch	1,961.13	2,078.43	2,202.63	2,334.50	2,474.03	2,623.53
<b>QUANTITY CHARGES</b>						
<b>Single Family Residential</b>						
Tier 1	\$9.01	\$9.57	\$10.16	\$10.79	\$11.46	\$12.18
Tier 2	10.78	11.42	12.09	12.80	13.56	14.36
Tier 3	14.33	15.12	15.95	16.83	17.75	18.72
<b>All other Accounts</b>	\$10.11	\$10.68	\$11.28	\$11.91	\$12.58	\$13.27

Priority water system capital projects planned for significant work and delivery during the coming year include the Main Improvement and Replacement Program that will replace Water main lines throughout a large area of the residential neighborhoods east of El Camino Real and Water Tank, Well, Pressure Regulating Station, and Pump Station Improvement and Replacement Programs.<sup>14</sup>

The 2022 Urban Water Management Plan (UWMP) estimates that the City’s average daily water usage is expected to increase from 3 million gallons per day (MGD) to 4.78 MGD in 2040 due to development that is planned for in the Bayhill and Transit Corridor Specific Plans, a potential extension of water service to the County Jail, and other smaller development projects. The Plan foresees that the City will have a sufficient water supply in normal years to meet existing and projected demand over the next 20 to 25 years. However, the Plan notes that the City may

<sup>14</sup> FY 23-24 budget

experience up to a 19% water shortage during a single dry year period and up to 24% water shortage during a five-year-long dry period. The water supply shortfalls are largely due to significant reductions in purchased water supply. The City can implement its Water Shortage Consistency Plan (WCSP) in water shortage years to reduce demands on the available water supply<sup>15</sup>.

The Water Division is housed within the Public Works Department is budgeted to staff 19.20 full-time equivalent (FTE) employees in FY 23-24.

**Wastewater:** The Wastewater Division of the San Bruno Public Works Department provides sanitary sewer services and is responsible for the operations and maintenance of the wastewater collection system, including all sewer mains, manholes, and six lift stations. All operations, maintenance and capital improvements to the City’s wastewater system, including the City’s share of the cost to operate the South San Francisco/San Bruno Wastewater Treatment Plant in South San Francisco, are funded via revenue collected via sanitary sewer fees that make up the Wastewater Enterprise Fund. Wastewater Enterprise Fund revenue is entirely dedicated to the City’s sanitary sewer system and cannot be used for other purposes.

Although wastewater revenue has been sufficient in past years, the City anticipates a shortfall beginning in FY 24-25 and adopted rate increases of approximately 5% annually over five fiscal years beginning July 1, 2023, to ensure adequate funding for ongoing operations and priority capital improvements.

**City of San Bruno Wastewater Rates**

	Prior to 7/1/23	7/1/23	7/1/24	7/1/25	7/1/26	7/1/27
<b>MONTHLY SERVICE FEES</b>						
<b>Single Family Residential</b>	32.27	33.96	35.74	37.61	39.59	41.66
<b>All other Accounts based on meter size</b>						
¾ inch	32.27	33.96	35.74	37.61	39.59	41.66
1 inch	53.78	59.60	59.57	62.69	65.98	69.43
1 ½ inch	107.57	113.20	119.14	125.38	131.95	138.87
2-inch	172.11	181.13	190.62	200.61	211.12	222.19
3-inch	322.70	339.61	357.41	376.14	395.85	416.60
4-inch & larger	537.83	566.02	595.68	626.90	659.76	694.33
<b>QUANTITY CHARGES</b>						
Residential	12.37	12.98	13.61	14.28	14.97	15.71
Commercial Light	11.50	12.05	12.63	13.23	13.87	14.53
Commercial Medium	12.37	12.98	13.61	14.28	14.97	15.71
Commercial Heavy	17.61	18.54	19.51	20.54	21.62	22.76
Commercial Special	22.86	24.11	25.42	26.81	28.27	29.82
Government	12.97	12.98	13.61	14.28	14.97	15.71
Industrial Light	12.97	12.98	13.61	14.28	14.97	15.71

<sup>15</sup> San Bruno UWMP

According to the City's FY 23-24 budget, the Wastewater Enterprise's operating and capital improvement programs have largely been guided by a Cease-and-Desist order from the Regional Water Quality Control Board in 2010 that mandated specific capital improvements and a settlement requirement of a lawsuit brought by the San Francisco Baykeepers in 2011 regarding the high incidence of sanitary sewer overflows (SSOs). Over the past few years, the City has made system improvements and has reduced the incidence of SSOs. In addition, the Wastewater Division has engaged in system maintenance and surveillance so that it can ensure compliance with federal and state regulations and identify repairs and improvements for the Wastewater Enterprise Fund CIP list. The Regional Water Quality Control Board lifted the Cease-and-Desist order in January 2020.

Wastewater treatment occurs under a Joint Powers Agreement with the City of South San Francisco. The treatment plant, located on Belle Air Road in South San Francisco, is jointly owned by the Cities of South San Francisco and San Bruno and operated and maintained by staff from the City of South San Francisco.

Stormwater: The stormwater component of the Streets & Stormwater Division, funded via the Stormwater Enterprise Fund, is part of the Public Works Departments and is responsible for the maintenance of and capital improvements to the stormwater conveyance system. Most of the revenue for stormwater maintenance comes from an assessment fee that was last updated in 1994 and only generates approximately \$600,000 annually. As a result, the Stormwater Enterprise Fund is currently in deficit status and is likely to go further into a deficit in future years.

In 2021, the City held a property owner election for a new property-related fee to fund storm drainage and flood protection programs. With 3,310 ballots voting no, the fee failed to meet the majority threshold for the fee to be imposed. . During FY 22-23, the City's Community Perceptions Survey asked a statistically significant sample of likely voters if they support a bond measure that would fund infrastructure projects that would include stormwater improvements. Survey results indicate that a bond measure would fail to reach the supermajority requirement necessary to issue general obligation bonds. As a result, the City continues to use its General Fund to address any unmet or emergency stormwater system needs. Currently, the City has identified over \$350M of stormwater infrastructure improvements<sup>16</sup>. The City is only able to budget for capital improvements one fiscal year at a time.

The City prepared and adopted a Storm Drain Master Plan in 2014, but due to lack of funds, many of the recommended projects remain uncompleted. A partial storm drain system condition assessment was included as part of the City's FY 23-24 Budget.

Telecommunications: Via CityNet Services (CityNet) Enterprise, the City of San Bruno provides a broad range of broadband video, data, and voice services to residential and business customers over a cable network consisting of over one hundred miles of fiber optic and coaxial cable throughout the entire San Bruno community. CityNet also operates local Channel 1 and Channel

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<sup>16</sup> Proposed Storm Drainage and Flood Protection Fee, April 6, 2021  
<https://www.sanbruno.ca.gov/DocumentCenter/View/1010/Proposed-Storm-Drainage-and-Flood-Protection-Fee-Presentation--April-6-2021-PDF>

10, which airs City Council meetings and informational public service announcements. This is the only type of municipal telecommunication service in San Mateo County.

Over the past several years, subscription revenues have not been sufficient to fund the capital improvements needed to ensure CityNet remains a viable service. As a result, the CityNet Enterprise Fund has gradually developed a financial deficit, requiring the use of General Fund revenue to continue delivering service. As of June 30, 2023, the CityNet Fund had a negative equity balance of \$21.5 million<sup>17</sup>.

To address the shortfall, the City increased CityNet service rates between 9 and 12% effective August 1, 2023, and is exploring additional increases between 2 and 5% to ensure financial stability. City staff is evaluating whether the rate increases are sufficient to begin repayment of the amounts owed to the General Fund. If the rate increases are insufficient to repay the amounts owed to the General Fund, the City may consider soliciting a private company to acquire CityNet. The City issued a Request for Interest in December 2023 to gauge the private sector's appetite to acquire CityNet's customer base and infrastructure as part of a broader strategy to ensure the continuity of services to the community.<sup>18</sup>

Streets & Sidewalks: The City Public Works Department maintains and repairs the City's streets and sidewalks, including pothole repairs, removal of trash in public rights-of-way, and maintaining city streetlights for the safety of motorists, bicyclists, and pedestrians. As of 2021, San Bruno's pavement condition index (PCI) score is 61, or Fair<sup>19</sup>. Among the Streets Division's goals for FY 24-25 is to develop a digitized pothole repair reporting process. The CIP for FY 23-24 is \$24.6M, of which over 50% is dedicated to pavement management.

Police: The City of San Bruno is a full-service policing agency that provides public safety services twenty-four hours a day, seven days a week. The Police Department is staffed by a team of approximately 70 FTE employees, including 33 police officers, a Chief of Police, a Captain, a Lieutenant, a Sergeant, and 8 Dispatchers. Police expenditures accounted for a little over a third of the general fund budget for FY 23-24.<sup>20</sup>

Public safety services provided by the San Bruno Police Department include patrol, traffic and parking enforcement, investigations, dispatch, and code enforcement. According to the Police Department's 2021 Annual Report, the Department responded to nearly 48,000 police incidents in 2021. Of those incidents, 28,701 (60%) were initiated by calls from service from the community, and approximately 660 arrests were made. In 2021, the San Bruno Police Department completed approximately 4,500 formal crime reports, of which 37% were for petty and grand thefts, 18% for drug offenses, 14% for burglaries, and 13% for warrant arrests<sup>21</sup>.

The San Bruno Police Station located at 177 Huntington Avenue was constructed around 2000 and is owned by BART, which leases a portion of the station to the City of San Bruno.

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<sup>17</sup> Correspondence from the City of San Bruno, received 1/31/24.

<sup>18</sup> Correspondence from the City of San Bruno received 1/31/24.

<sup>19</sup> ABAG/MTC PCI index 2021

<sup>20</sup> FY 23-24 Budget

<sup>21</sup> San Bruno Police Department 2021 Annual Report



Fire Protection: The San Bruno Fire Department provides fire prevention and emergency response services, as well as advanced life support and community preparedness. Services are provided 24 hours a day, every day by 32 operational staff, including 4 Battalion Chiefs, 10 Captains, 20 firefighters, and 2 fire inspectors. The department is supported by 6.5 FTE administrative staff, including the Fire Chief. In FY 21-22, the Fire Department responded to 130 structure and other fire-related incidents, over 2300 medical incidents and responded to over 3,600 calls for service. The Fire Department expenditures account for approximately 22% of the general fund budget for FY 23-24.

Fire Station 51 located at 555 El Camino Real was built in 1958, and Fire Station 52 is located at 1999 Earl Avenue and was built in 1957.

The San Bruno Fire Department is currently an ISO Class 2 Department, with Class 1 being the highest ranking.

The San Bruno Fire Department prepared a Community Risk Assessment in 2022 to assist the City in the planning of a new station to replace Fire Station 52. The Community Risk Assessment also evaluated the department's performance, facilities and organizational structure and operations, and deployment. The Assessment made several recommendations to the Department, including:

- Conducting and analyzing performance and outcome measurements
- Replacing Stations 51 and 52 and finding a new location for Station 52.
- Building a training facility in San Bruno
- Providing more suitable facilities and equipment for the on-duty shift mechanic program.
- Hiring additional firefighters to ensure a minimum of 4-person staffing daily on Engine 51 and Engine 52.
- Analyzing the need for and ability to hire additional management staff.
- Developing and updating standard operating guidelines and all policies and procedures.
- Developing a Strategic Plan for the San Bruno Fire Department.
- Finding locations for workout exercise areas outside of the apparatus bays at both Station 51 and Station 52.

Parks: City-owned parks, facilities and recreation areas are maintained by the Parks Division of the Community Services Department with a staff of approximately 13 FTE. The Parks Division also maintains over 7 miles of street medians, approximately 7,250 street trees, and 128 acres of open space. Between FY 21 and FY 23, Parks planted approximately 100 trees annually. The Parks Division also cares for six soccer fields, two football fields, and the dog park at Commodore Park and collaborates with the Fire Department on fire mitigation for the City's maintained recreation and open spaces. The Parks budget represents approximately 5% of the general fund budget.

Recreation<sup>22</sup>: Recreation services and activities are provided by the Administration and Recreation Division of the Community Services Department. Staffed by 7 full-time staff and additional supportive staff, the budget for Recreation represents 5.7% of the City’s general fund. Recreational programs include a wide range of classes, youth and adult programs, seasonal camps, and special events.

A new Recreation and Aquatic Center is currently under construction of the old Veterans Memorial Recreation Center in City Park. Construction began in 2021 and is expected to be completed in 2024. The 49,360 square-foot facility includes an indoor and outdoor pool, two adjacent program rooms, a gymnasium, three classrooms, a large community room with a commercial kitchen, a fitness center with an indoor track and group exercise room. Aquatics programming such as swim lessons, recreation and lap swimming, swim camps, and water aerobics will return when the Recreation and Aquatic Center opens.

Library<sup>23</sup>: The City of San Bruno provides library services and community events at the San Bruno Public Library located at 701 Angus Ave W. The Library is open to the public Monday – Saturday and is staffed by a superintendent, a manager, three librarians, and supportive staff. The Library provides residents and visitors with library materials, Wi-Fi, access to online services and resources, educational programs, and tutorials. In FY 21-22, approximately 211,000 books were checked out, 700 students visited the Homework Center, and 2,100 residents attended Storytime. As a member of the Peninsula Library System, San Bruno residents have borrowing privileges at libraries throughout San Mateo County. Finally, the Division hosts community events like Movies in the Park, Shakespeare in the Park, Art in the Library, and Community Day in the Park Art Project.

The budget for Library Services represents 4% of the General Fund budget.

## Contract Services

### *Animal Control*

Twenty cities in San Mateo County, including the City of San Bruno, 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 City of San Bruno contracts with Recology San Bruno to provide collect solid waste, recycling, and compost from residences and businesses. The City recently negotiated a new franchise agreement that includes several rates increases, including two rate increases effective January 1, 2023 (6%) and July 1, 2023 (9.58%), and a third rate increase of 7.65% scheduled to be effective as of July 1, 2024<sup>24,25</sup>. The most recent rate increase in July 2023 was negotiated to

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<sup>22</sup> FY 23-24 Budget

<sup>23</sup> FY 23-24 budget

<sup>24</sup> Recology San Bruno Franchise Agreement 2022

<sup>25</sup> San Bruno City Council Agenda Packet June 13, 2023

provide an additional \$800,000 per year that would be dedicated to a portion of the street sweeping and catch basin waste removals performed by the City.

One percent of the assessed fee on Recology San Bruno bills goes to the City's Solid Waste Fund which is responsible for compliance with state mandates to achieve the goal of seventy-five percent (75%) diversion (recycling).

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

LAFCo staff has not identified any deficiencies to meet the needs of existing development within the City of San Bruno.

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

The City of San Bruno is planning for significant growth over the next eight years and expects to have sufficient water supply and resources to fund sewer, police, fire, and emergency response services, as well as administrative services to support administrative and some public works functions.

However, two of the City's Enterprise Funds –Stormwater and CityNet – are either currently operating at a deficit or anticipate future budget shortfalls in the near future. As a result, the City is not able to engage in long-term planning for capital improvements and instead evaluates funding for capital improvements for storm drain and CityNet improvements on an annual basis. The budget shortfall and lack of long-term financial planning may negatively impact the City's ability to ensure adequate and efficient delivery of services in the future without significant contributions from the General Fund to the Enterprise Funds or rate increases to CityNet or the Stormwater Enterprise.

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

Over the past decade, San Bruno has made substantial improvements to its wastewater system to reduce the incidence of sanitary sewer overflows and maintain compliance with the State Board.

LAFCo staff does not have any concerns regarding the adequacy of the public services being delivered by the City of San Bruno to its residents and businesses.

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

The San Bruno FY 23-24 Operating & Capital Improvements Budget identified several infrastructure needs or deficiencies that need to be addressed, including stormwater improvements.

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

The City anticipates Electric Vehicle (EV) charging infrastructure and solar will require significant facility and/or infrastructure upgrades that may require financial contributions<sup>26</sup>.

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

Not applicable. There are no disadvantaged unincorporated communities within the City of San Bruno’s sphere of influence.

**Capacity and Adequacy of Public Facilities and Services MSR Determination**

LAFCo staff is not aware of any deficiencies in the agency capacity to meet existing service needs for which the City of San Bruno does not have a plan in place to resolve. The City is aware that the CityNet and Stormwater Enterprise funds are operating at a deficit and is exploring ways to create new revenue so that it is able to continue delivering services.

The City routinely adopts a multi-year capital improvement plan with funding commitments for the first fiscal year adopted through the annual budget process. With the exception of the Water and Wastewater Enterprises, there is no structural revenue to support the vast majority of future capital funding needs.

*Recommendations:*

- 1) LAFCo encourages the City to continue to explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
- 2) LAFCo encourages the City to continue to review potential revenue increases or the creation of a dedicated revenue source for stormwater projects.

**4) Financial Ability**

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

<sup>26</sup> Correspondence from the City of San Bruno, received 1/31/2024.

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) Does the City routinely engage in budgeting practices that may indicate poor financial management such as overspending its revenue, failing to commission independent audits, or adopting its budget late?

LAFCo staff has not identified any issues with the City’s budgeting practices. The City of San Bruno prepares an annual operating and capital improvement program (CIP) budget for the upcoming fiscal year that gets adopted by the City Council at a noticed public hearing before June 30th. Prior to adoption, the San Bruno City Council participates in one or more study sessions to review the City’s priorities, agency and department achievements, any financial or service challenges and an overview of the CIP and planned expenditures. Throughout the year, the City Council receives quarterly financial reports to assess and evaluate budget variances during the year.<sup>27</sup>

The City also produces an Annual Comprehensive Financial Report (ACFR) that is reviewed by the City Council. Although the FY 21-22 ACFR was completed later than is standard for the City due to an unfilled position, there is no indication that the City is failing to complete its audits in a timely manner.

Like many cities and agencies throughout the Country, San Bruno’s revenue was impacted the COVID-19 pandemic, with as much as a 75% reduction in the City’s transient occupancy tax (TOT), one of the most important sources of revenue for the City. Although the City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to City Council in FY 23-24 that explores new revenue opportunities.

According to the City, its most significant budget challenges include reductions to the Vehicle License Fee and potential loss of sales tax due to a notice submitted by the State Department of Tax & Fee Administration (CDTFA) to the City and Walmart regarding a reallocation of approximately \$27.5M in sales that tax that the State claims should be reallocated to other jurisdictions. The City and Walmart filed a Verified Petition for Writ of Mandate and Complaint

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<sup>27</sup> City of San Bruno FY 21-22 CAFR

for Declaratory and Injunctive Relief on October 26, 2023, to find the City's allocation of local sales taxes is proper. If the City and Walmart lose the case, the City would owe up to approximately \$15.3 million to the CDTFA to be redistributed<sup>28</sup>. Furthermore, the City is anticipating a loss in future sales tax due to the forthcoming closure of the Shops at Tanforan due to redevelopment plans for the property.

The City’s estimated revenue for FY 23-24 is \$64.9M, a 12.6% increase compared to the FY 22-23 amended budget, which represents 32% of the total operating and Capital Improvement Plan (CIP) budget of \$234M for FY 23-24. Personnel accounts for 45% of total general fund expenditures, or \$30M.

**City of San Bruno General Fund Budget FY 2020 - FY 2024**

	<b>FY 19-20 Actuals</b>	<b>FY 20-21 Actuals</b>	<b>FY 21-22 Actuals</b>	<b>FY 22-23 Rev. Budget</b>	<b>FY 23-24 Adopted Budget</b>
<b>Revenue</b>					
Property Tax	\$11,746,610	\$12,097,657	\$13,107,710	\$12,211,998	\$12,564,573
Sales Tax	\$7,294,691	\$13,035,606	\$17,730,880	\$10,876,105	\$12,702,000
Transient Occ. Tax (TOT)	\$2,617,524	\$1,247,467	\$2,408,999	\$2,772,483	\$2,904,214
Vehicle License Fee	\$5,013,326	\$3,180,581	\$7,646,019	\$6,632,000	\$6,050,000
Reg. Cardroom Fee	\$1,974,980	\$2,035,009	\$2,200,592	\$3,231,075	\$4,105,438
Business Tax	\$1,897,762	\$1,974,584	\$2,277,785	\$2,005,000	\$2,615,287
Departmental Revenue	\$5,437,724	\$6,135,177	\$10,719,120	\$9,748,514	\$11,454,315
Franchises	\$1,861,255	\$1,798,674	\$1,863,932	\$1,827,000	\$1,923,912
Other Revenue	\$10,820,600	\$10,938,912	\$1,935,355	\$7,376,700	\$10,602,830
<b>Total Revenue</b>	<b>\$48,664,472</b>	<b>\$52,443,667</b>	<b>\$59,890,391</b>	<b>\$56,680,875</b>	<b>\$64,922,570</b>
<b>Expenditures</b>					
General Government	\$5,359,016	\$5,615,928	\$5,805,249	\$7,774,176	\$8,352,322
Police	\$18,738,767	\$18,459,942	\$18,674,143	\$21,130,984	\$23,747,763
Fire	\$11,481,242	\$12,647,980	\$12,579,946	\$13,008,301	\$14,253,825
Public Works	\$4,251,710	\$4,123,961	\$3,556,489	\$4,619,553	\$5,759,226
Comm & Econ Devt.	\$3,589,926	\$3,145,919	\$2,966,617	\$4,951,823	\$4,470,775
Community Services	\$8,790,412	\$7,638,163	\$7,346,569	\$9,148,029	\$11,666,217
Non-Dept. Cost Alloc.	-\$4,684,577	\$4,236,201	\$1,441,907	\$1,955,104	\$3,173,718
Transfer out to debt svc	\$1,361,494	\$1,471,197	\$1,282,422	\$1,484,874	\$1,367,118
<b>Total Expenditures</b>	<b>\$48,887,990</b>	<b>\$48,866,889</b>	<b>\$50,769,528</b>	<b>\$60,162,636</b>	<b>\$66,443,527</b>

San Bruno’s primary revenue sources are property tax and sales tax, each of which has accounted for an average of 22% over the last 5 fiscal years. Property within the City of San Bruno has an average assessed value of approximately \$856,000 per property, below the average assessed value of the County of \$1.3 Million and lower than the City of South San Francisco (assessed value of \$1.5 per property) and Millbrae (\$1.1 per property)<sup>29</sup>. Property

<sup>28</sup> Correspondence from the City, received 1/31/2024.

<sup>29</sup> San Mateo County Assessor’s Office

taxes are only projected to increase by 3% from FY 22-23. Sales tax, on the other hand, has increased substantially over the past five years, and the City projected a 17% in sales tax from FY 22-23. Departmental revenue and Other Revenue (Use of Money & Property and miscellaneous) have accounted for an average of 15% over, and VLF has accounted for 10%.

The City acknowledges that the Excess Educational Revenue Augmentation Fund (ERAF) is an unreliable revenue source and budgets it as one revenue that gets allocated to City reserves.

As of June 30, 2022, the City's overall net position increased \$25M (20.1%) from the previous year<sup>30</sup>.

### *Enterprise Funds*

The City of San Bruno has four Enterprise Funds – Water, Wastewater, Stormwater, and CityNet. The Enterprise Funds deliver services that are supported by the rates and fees levied by each respective fund. The Water Fund Enterprise has been stable for many years. However, due to increased SFPUC rates and debt issuance over the increased capital cost of water tank construction, the City projects a negative fund balance beginning FY 25-26. The San Bruno City Council approved the annual water rate increases over a five-year period that were recommended in the 2023 Water and Sewer Rate study beginning January 1, 2024, to ensure funding for ongoing operations and capital improvements.

The Wastewater Enterprise has typically been balanced, but the City projects a shortfall beginning in FY 24-25. The San Bruno City Council approved the annual sewer rate increases over a five-year period that were recommended in the 2023 Rate Study beginning July 1, 2023 to ensure funding for ongoing operations and capital improvements.

CIP projects for the Enterprise Funds, especially for water and wastewater, are large and complex and require multi-million-dollar investments in a short period of time. Capital improvement projects will be evaluated annually, and some may be delayed during the forecast period to sustain the fund's self-supporting status<sup>31</sup>.

The Stormwater Enterprise has been operating at a deficit for several years. City efforts to increase the \$46.16 per parcel assessment fee have been unsuccessful. Planned stormwater system CIP projects have been funded by the General Fund due to lack of funds and are evaluated annually.

Despite projecting a slight surplus over operating expenditures in FY 23-24, the City has been operating a deficit for several years. As of June 30, 2023, the CityNet Fund has a negative equity balance of \$21.5 million, comprised of negative cash and non-cash liabilities such as unfunded pension liabilities. The negative equity balance includes \$16M owed to the General Fund due to multi-year reliance on advances from the General Fund to sustain operating charges, including franchise fees, internal service allocations, and general overhead allocations<sup>32</sup>. The City has taken several steps to address several steps, including gradually eliminating the equity transfer

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<sup>30</sup> City of San Bruno FY 21-22 ACFR

<sup>31</sup> Correspondence from the City of San Bruno, received 1/31/24.

<sup>32</sup> Correspondence with the City of San Bruno, received 1/31/2024.

the Enterprise has paid toward the General Fund, applying the 5% franchise fee to all Enterprise revenue and increasing subscription rates.

CityNet’s operating revenues are expected to yield a slight surplus over operating expenditures in FY2023-24. However, there is no excess funding for debt services and the General Fund will need to cover the payment for this enterprise fund.

**City of San Bruno Enterprise Funds Revenue & Operating Expenses FY 2020 – FY 2024**

Enterprise Funds	Est. Actual FY 19-20	Est. Actual FY 20-21	Est. Actual FY 21-22	Est. Actual FY 22-23	Budgeted FY 23-24
<b>Water</b>					
Revenue	\$16,359,737	\$17,380,923	\$15,597,000	\$14,792,484	\$14,934,850
Operating Expenses	\$9,044,746	\$10,179,828	\$9,643,991	\$11,021,041	\$13,076,418
<b>Wastewater</b>					
Revenue	\$18,620,132	\$17,816,800	\$17,937,000	\$17,783,271	\$18,551,131
Operating Expenses	\$8,683,150	\$9,101,147	\$8,887,812	\$10,936,750	\$12,950,450
<b>Stormwater</b>					
Revenue	\$675,000	\$657,009	\$642,300	\$668,984	\$1,453,000
Operating Expenses	\$1,026,056	\$1,084,502	\$1,309,434	\$1,605,397	\$1,967,493
<b>CityNet</b>					
Revenue	\$9,591,730	\$9,399,434	\$8,462,511	\$8,058,570	\$8,802,500
Operating Expenses	\$9,512,590	\$9,364,066	\$8,806,358	\$8,701,263	\$8,800,449

*Capital Improvement Program (CIP)*

The City of San Bruno prepares and adopts a Capital Improvement Program (CIP) on an annual basis that identifies projects and funding over a five-year period. The FY 2023-28 CIP identified ninety-five projects and programs and \$243.9M in funding to be programmed over that time. Half of the CIP funding is to implement infrastructure improvements and repairs to the City’s water and sanitary sewer systems.

**City of San Bruno Capital Improvement Projects FY 23-28**

	Est. Carryover from FY 22-23	New Request for FY 23-24	Total FY 23-24 Funding	Total 5-Year Capital Improvement Program
Water	\$19,277,173	\$1,653,393	\$20,930,566	\$98,730,566
Sewer	\$20,191,970	\$13,591,434	\$33,783,404	\$73,483,404
Stormwater	\$987,804	\$1,050,000	\$2,037,804	\$2,037,804
CityNet	\$73,157	\$0	\$73,157	\$73,157
Parks	\$4,441,852	\$1,272,946	\$5,714,798	\$9,961,238
Facilities	\$6,839,764	\$611,695	\$7,451,459	\$8,229,034
Streets	\$17,343,604	\$7,262,214	\$24,605,818	\$48,521,818
Technology	\$1,664,583	\$989,946	\$2,654,529	\$2,904,529
<b>Total</b>	<b>\$70,819,907</b>	<b>\$26,431,629</b>	<b>\$97,251,535</b>	<b>\$243,941,550</b>



### *Pensions & Pension Liability*

Pensions account for 18%, or \$11.5M, of budgeted General Fund Revenues in FY 23-24, which is consistent with prior fiscal years. The only revenue sources to fund employee pensions come from investment earnings, employee contributions and employers' contributions. Although the City has implemented the reduced pension benefits formula (PEPRA), the City will not see the impact of those changes for several more years.

The City reported that their employer's Fiscal Year 2022-23 CalPERS payment totaled \$12,810,830 and that employees do not contribute to the employer's CalPERS UAL.<sup>33</sup>

In January 2013, the City issued a \$13 million bond related to the City's CalPERS unfunded liability obligations.

### *Other Post Employment Benefits (OPEB)*

The City does not record a net OPEB liability because the benefit provider, Teamster's Local 856 Health & Welfare Trust (Trust), is the responsible entity for retiree medical, not the City. All employees receiving health and welfare benefits from the City participate in the Trust.

b) Is the organization lacking adequate reserves to protect against unexpected events or upcoming significant costs?

The City has several reserves, including:

- General Fund Reserve with a goal of 25% of the City's annual budgeted expenditures
- General Fund Capital Reserve with a goal of \$5M annually
- Emergency Disaster Fund with a goal of \$3M
- Central Garage Reserve with a goal with a goal of 25% of fund expenditures
- Building and Facilities Reserve with a goal with a goal of 25% of fund expenditures
- Technology Reserve with a goal with a goal of 25% of fund expenditures
- Self-Insurance Reserve with a goal with a goal of 25% of fund expenditures

The City has not met its annual General Fund reserve goal in four of the last five fiscal years by as little as 1% and as much as 6%. The City has not achieved its target for the Emergency Disaster Fund in the past five fiscal years by less than \$200K in the past 3 fiscal years.

Conversely, the City has maintained a robust General Fund Capital Reserve over the past five fiscal years and projects a reserve balance that is nearly five times greater than its target. All internal service funds are anticipated to achieve the 25% target by the end of FY 2023-24.

c) Is the City'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 City reviews and updates the Master Fee Schedule annually to ensure that rates and fees are reasonable, recover the cost of delivering services and fund capital improvements to ensure

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<sup>33</sup> Correspondence from the City of San Bruno, received 1/31/24.

the ongoing adequacy of the infrastructure and municipal services. Per the City, a comprehensive fee study is anticipated in the next two years.

The City operates four Enterprise Funds for Water, Wastewater, Stormwater and CityNet. Revenue collected from service fees and charges for each Enterprise are used to fund the operations, maintenance and capital improvements for each respective Enterprise. The City conducted rate studies for water and sewer. The studies noted that the City's rates for each service were in the median range compared to fees and charges levied by other San Mateo County cities. The City Council adopted rate increases for water and sewer to ensure that revenue would be sufficient to fund ongoing operations, maintenance and capital improvements.

The City also amended its franchise agreement with Recology San Bruno 2023 and adopted rate increases to occur on July 1, 2023, and January 1, 2024.

As noted previously in this report, the CityNet Enterprise has been operating in a deficit for nearly ten fiscal years as subscription revenue, its only source of revenue, has been insufficient to cover operations or capital improvements. The City increased CityNet service rates between 9 and 12% effective August 1, 2023, and is exploring additional increases between 2 and 5% to ensure financial stability. City staff is evaluating whether the rate increases are sufficient to begin repayment of the amounts owed to the General Fund. If the recent rate increases are insufficient to repay the amounts owed to the General Fund, the City may consider soliciting a private company to acquire CityNet. The City issued a Request for Interest in December 2023 to gauge the private sector's appetite to acquire CityNet's customer base and infrastructure as part of a broader strategy to ensure continuity of services to the community.<sup>34</sup>

The City has not had success in increasing the assessment fee for the Stormwater Enterprise Fund, which hasn't been increased since 1994. In 2021, the City held a property owner election for a new property-related fee to fund storm drainage and flood protection programs. With 3,310 ballots voting no, the fee failed to meet the majority threshold for the fee to be imposed. During FY 22-23, the City's Community Perceptions Survey asked a statistically significant sample of likely voters if they support a bond measure that would fund infrastructure projects that would include stormwater improvements. Survey results indicate that a bond measure would fail to reach the supermajority requirement necessary to issue general obligation bonds. As a result, the City continues to use its General Fund to address any unmet or emergency stormwater system needs. Currently, the City has identified over \$350M of stormwater infrastructure improvements<sup>35</sup>.

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

Since the CityNet and Stormwater Enterprise Fund are not receiving sufficient revenue to fund operations and capital improvements, the City is unable to plan for and fund the necessary

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<sup>34</sup> Correspondence from the City of San Bruno received 1/31/24.

<sup>35</sup> Proposed Storm Drainage and Flood Protection Fee, April 6, 2021

<https://www.sanbruno.ca.gov/DocumentCenter/View/1010/Proposed-Storm-Drainage-and-Flood-Protection-Fee-Presentation--April-6-2021-PDF>

infrastructure maintenance and replacements for these two services. Capital improvements are reviewed annually for priority/urgency and funded when Enterprise and/or General Fund revenue is available.

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

The City of San Bruno has adopted several policies to ensure its continued financial accountability and stability, including policies regarding revenue, capital assets, accounting, budgeting, investments, debt management and reserve funds<sup>36</sup>.

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

The City of San Bruno has maintained high ratings on debt issuances due to the City's financial management practices (e.g., appropriate reserve levels, plans to reduce liabilities, and fiscal policies)<sup>37</sup>. The City has a debt management policy that establishes legal debt limits (equal to 15% of the assessed value of all real and personal City property), establishes financial limits and identifying guidelines regarding the structuring of debt. As of June 30, 2022, the City had \$51.3M total outstanding debt, which complies with and is under the current policy limits.

The FY 2023-24 budget notes that the City of San Bruno's debt portfolio consists of seven issuances, including debt to support critical capital infrastructure. In addition, the City's debt portfolio includes pension obligation bonds, the Police Building lease revenue bonds, and leasing for two new fire engines.

The City does not intend to issue any new debt or refinance any existing debt in FY 2023-24.

### **Financial Ability MSR Determination**

LAFCo staff has not identified any issues with the City's budgeting practices. The City of San Bruno prepares an annual operating and capital improvement program (CIP) budget for the upcoming fiscal year that gets adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report (ACFR) that is reviewed by City Council.

The City has not adopted a balanced budget in the last five fiscal years, it has been able to reduce some general fund expenditures and draw from its reserves to fund ongoing operations while maintaining a positive fund balance.

Looking ahead, the City intends to make additional adjustments and look for opportunities to address its structural deficits. City staff intends to present a long-range forecast to the City Council in FY 23-24 that explores new revenue opportunities.

The City has not met its annual General Fund reserve goal in four of the last five fiscal years by as little as 1% and as much as 6%. The City has not achieved its target for the Emergency Disaster Fund in the past five fiscal years by less than \$200K in the past 3 fiscal years.

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<sup>36</sup> City of San Bruno FY 23-24 Budget

<sup>37</sup> City of San Bruno FY 21-22 ACFR

Enterprise funds such as the Wastewater Enterprise Fund, Stormwater Enterprise Fund, and CityNet Fund have experienced shortfalls in revenue over the last few years. In the case of the Stormwater Enterprise Fund and CityNet Fund, these funds have had to utilize funds from the City’s General Fund in order to sustain operation and capital costs.

The City is engaged in ongoing litigation with the State regarding the allocation of sales tax to the City. If the City was to lose the litigation, the City would owe up to approximately \$15.3 million to the State, which would impact the City’s General Fund.

The City of San Bruno has maintained high ratings on debt issuances due to the City’s financial management practices.

*Recommendations:*

- 1) LAFCo encourages the City to continue to explore options regarding CityNet, including potential revenue increases or the transfer of the service to another operator.
- 2) LAFCo encourages the City to continue to review potential revenue increases or the creation of a dedicated revenue source for stormwater projects.
- 3) LAFCo encourages the City to continue explore revenue and expenditure options related to the City’ General Fund in order to adopt a balance annual budget.

**5) Shared Service and Facilities**

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

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

Fire Department: The San Bruno Fire Department participates in a shared services agreement with the Central County Fire Department for the training of all fire department personnel.<sup>38</sup>

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<sup>38</sup> Correspondence from the City of San Bruno received 1/31/2024.

**Animal Control:** Along with 20 other San Mateo County Cites, San Bruno 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 provide a variety of other related services.

**Wastewater Treatment:** San Bruno is part of a Joint Powers Agreement with the City of South San Francisco to treat wastewater at the South San Francisco/San Bruno Water Quality Control Plant. The treatment plant is located in South San Francisco and is operated by the City of South San Francisco. Treated wastewater is discharged into the Bay via an outfall pipe that is shared by San Bruno, South San Francisco, Millbrae, Burlingame, Colma and SFO.

**Police Department:** The San Bruno Police Station located at 177 Huntington Avenue is owned by BART. BART leases a portion of the station to the City of San Bruno.

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 any additional opportunities for the City of San Bruno to share services or facilities with neighboring or overlapping organizations that are not currently being utilized.

c) Are there governance options to allow appropriate facilities and/or resources to be shared, make excess capacity available to others, avoid the construction of extra or unnecessary infrastructure or eliminate duplicative resources?

Staff has not identified any governance options that would reduce duplication of resources, facilities, or infrastructure.

**Shared Services MSR Determination**

The City of San Bruno partners with several agencies to share resources and reduce costs. LAFCo staff has not identified other opportunities that the City could engage in to share costs and/or reduce duplication of resources, facilities, or infrastructure.

**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 restructuring 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:**

San Bruno is a general law city governed by a Mayor and four City Council members. The Mayor is elected to a 2-year term in accordance with Measure K adopted in 1977. City council members serve overlapping 4-year terms. On March 22, 2022, the San Bruno City Council adopted Ordinance #1907 establishing the City’s first district map for City Council elections. The Ordinance implemented by-district elections of four City Council Members effective November 2022. San Bruno’s first by-district election began with representatives for Districts 1 and 4 during the November 2022 election, with elections for Districts 2 and 3 to occur in November 2024. Each district Council Member serves a four-year term and must live in their respective district.

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

The City Council meets in person at the San Bruno Senior Center located at 1555 Crystal Springs Road on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of every month, except for the 4<sup>th</sup> Tuesday in December, at 7 pm. Regular meetings are also accessible for viewing to the public via Zoom, the City of San Bruno YouTube Channel and CityNet Channels 1 and 10. Agendas, agenda packets and meeting presentations are posted to the City website at least 72 hours prior to meeting dates. However, meeting minutes are inconsistently published on the City website and in future agenda packets, which can make it challenging for the public to be aware of actions taken at City Council meetings.

Neither the San Bruno City Clerk's Office or LAFCo staff were able to identify any failures by the City to comply with disclosure laws and the Brown Act.

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

In FY 21-22, the City reported a total of 262.5 FTE employees and experienced a turnover rate of 15.63% in calendar year (CY) 2023 and 9.59% in CY 202. In FY 21-22, an unfilled position resulted in the delayed completion of the Annual Comprehensive Financial Report (ACFR)<sup>39</sup>,

<sup>39</sup> City of San Bruno FY 21-22 ACFR (Page 11)

which has since been published. The City acknowledges there have been staff turnover issues and is looking at opportunities to improve efficiencies and reduce staff turnovers in the future by streamlining processes, automating when possible and appropriate, improving accountability and focusing on customer service.<sup>40</sup>

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

The City of San Bruno regularly prepares an annual budget and contracts with an accounting firm to conduct an annual ACFR, both of which are presented to the City Council at a public hearing and are published on the City’s website.

d-f) Changes in governance structure:

LAFCo staff does not recommend any changes to or restructuring options of the City’s governance structure that would increase accountability and efficiencies, enhance services and/or eliminate deficiencies. If the cities of San Bruno and Millbrae so desire, there could be a detachment of Capuchino High School from the City of San Bruno and annex the property to the City of Millbrae to help address irregular boundaries in the southern portion of San Bruno.

**Accountability, Structure, and Efficiencies MSR Determination**

The City of San Bruno ensures that public meetings are accessible and well-publicized. LAFCo staff is not aware of any failures to comply with disclosure laws or the Brown Act. The City has experienced staff turnover in recent years but there are no issues related to operational efficiencies. The City prepares and adopts an annual budget, and annual independent audits are reviewed at a City Council meeting. LAFCo staff does not recommend any changes to the City’s governmental structure or operations that will increase accountability and efficiency.

*Recommendation:*

- 1) LAFCo staff recommends publishing and posting City Council meeting minutes on the City’s website more frequently and/or in a more consistent manner so that the public can easily locate information on the actions taken at City Council meetings.

**7) Other**

Any other matter related to effective or efficient service delivery, as required by commission policy.	Yes	Maybe	No
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		

<sup>40</sup> Correspondence from the City of San Bruno received 1/31/24.

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.

While not a service delivery issue, Monte Verde Elementary School, part of the South San Francisco Unified School District is split by the City of San Bruno – City of South San Francisco city boundary line (Attachment B). In the future, the cities may wish to consider submitting an application to LAFCo to adjust the boundary so that the city boundary no longer splits the school site.

b) Water Resiliency and Climate Change

San Bruno is a partner of One Shoreline, an independent government agency that secures and leverages public and private resources to plan for and build solutions to the climate change impacts of sea level rise, flooding, and coastal erosion. One Shoreline is exploring solutions to address significant flooding issues that occur within the San Bruno Creek Flood Zone, especially during severe weather events. Potential projects that are under consideration include a pump station that would carry excess flows around the existing tide gate where the Creek meets the San Francisco Bay, rehabilitation of two existing pump stations and construction of a new detention basin to increase storm water capacity during intense rainfall.<sup>41</sup>

The City does not have an adopted Climate Action Plan but has taken recent steps towards reducing greenhouse gas emissions by adopting a Reach Code Ordinance to reduce emissions during construction alongside updates to the 2022 California Building Code. The city recently issued a request for proposal (RFP) for the preparation of a Climate Action Plan. If approved in the 2024/25 budget, preparation of the document will begin in July 2024 and is anticipated to take approximately 18 months to complete. In addition, the City adopted a Floodplain Management Requirements Ordinance in 2019.<sup>42</sup>

c) Natural Hazards and Mitigation Planning

<sup>41</sup> <https://oneshoreline.org/projects/san-bruno-creek-flood-zone/>

<sup>42</sup> Correspondence from the City of San Bruno received 1/31/24.



Along with the County and other San Mateo County cities, San Bruno participated in the 2021 Local Hazard Mitigation Plan (LHMP) that assessed hazard vulnerabilities and identified opportunities for mitigation to reduce the level of injury, property damage and community disruption that could occur in manmade and natural disasters.

In addition to participation in the LHMP, the City reports that it has commissioned a Wildfire Threat Study and is in the process of developing a Crestmoor Canyon Wildfire Mitigation Plan.

Along with a few other jurisdictions in San Mateo County, the City is in the process of updating the Safety Element of the General Plan, scheduled for completion in mid-2025.

### **Other Issues MSR Determination**

The City of San Bruno is engaged in activities to address hazard mitigation, wildfire prevention and sea level rise for City residents and businesses, including engagement with One Shoreline.

While not a service delivery issue, Monte Verde Elementary School, part of the South San Francisco Unified School District is split by the City of San Bruno – City of South San Francisco city boundary line. In the future, the cities may wish to consider submitting an application to LAFCo to adjust the boundary so that the city boundary no longer splits the school site.

#### *Recommendation:*

- 1) LAFCo encourages the City of San Bruno to continue its work in the areas of natural hazard mitigation and sea level rise and continue to coordinate with partner agencies.
- 2) In the future, the City of San Bruno and the City of South San Francisco may wish to consider submitting an application to LAFCo to adjust the city boundary so that this line follows property boundaries of the Monte Verde Elementary School site.

## **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, the capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and the 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.**

San Bruno's SOI spans approximately 6.1 square miles, including the San Francisco County Jail and the San Francisco International Airport. The City's land use is primarily residential with some open space, office, commercial, and industrial uses. There is no agricultural land within the City's SOI.

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

The City of San Bruno's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.

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

The City currently provides adequate public services to its residents, including fire and police protection, water, sanitary sewer, and storm water services. In addition, the City routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the City’s 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 disadvantaged unincorporated communities within the City of San Bruno’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 City of San Bruno’s SOI is proposed at this time.

On the basis of the Municipal Service Review:

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

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

**Appendix A. City of San Bruno Fact Sheet**

*City Manager:* Alex D. McIntyre

*Address:* 567 El Camino Real, San Bruno, CA 94066

*Phone Number & Email Address:* 650-616-7056

*Date of Incorporation:* December 23, 1914

*City Councilmembers:*

<b>Mayor &amp; Councilmembers</b>	<b>Term Expiration Date</b>
Rico E. Medina, Mayor	December 2024
Tom Hamilton, Vice Mayor	December 2024
Sandy Alvarez, District 1	December 2026
Marty Medina, District 4	December 2026
Michael Salazar	December 2024

*Compensation:* The mayor and city council members receive a stipend of \$1,166 per month and may elect to receive medical, dental, and life insurance benefits.

*Public Meetings:* Second and fourth Tuesday of every month, except for the 4th December in December, at 7 pm.

*Services Provided:* Police, Fire, Water, Sanitary Sewer, Stormwater Control, Telecommunications, Streets & Sidewalks, Lighting, Parks & Recreation

*Agency staff:* 281 Full-time equivalent employees

*Area Served:* City of San Bruno

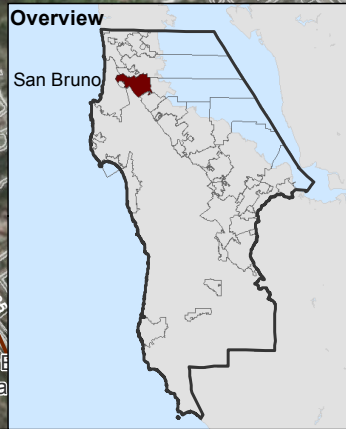
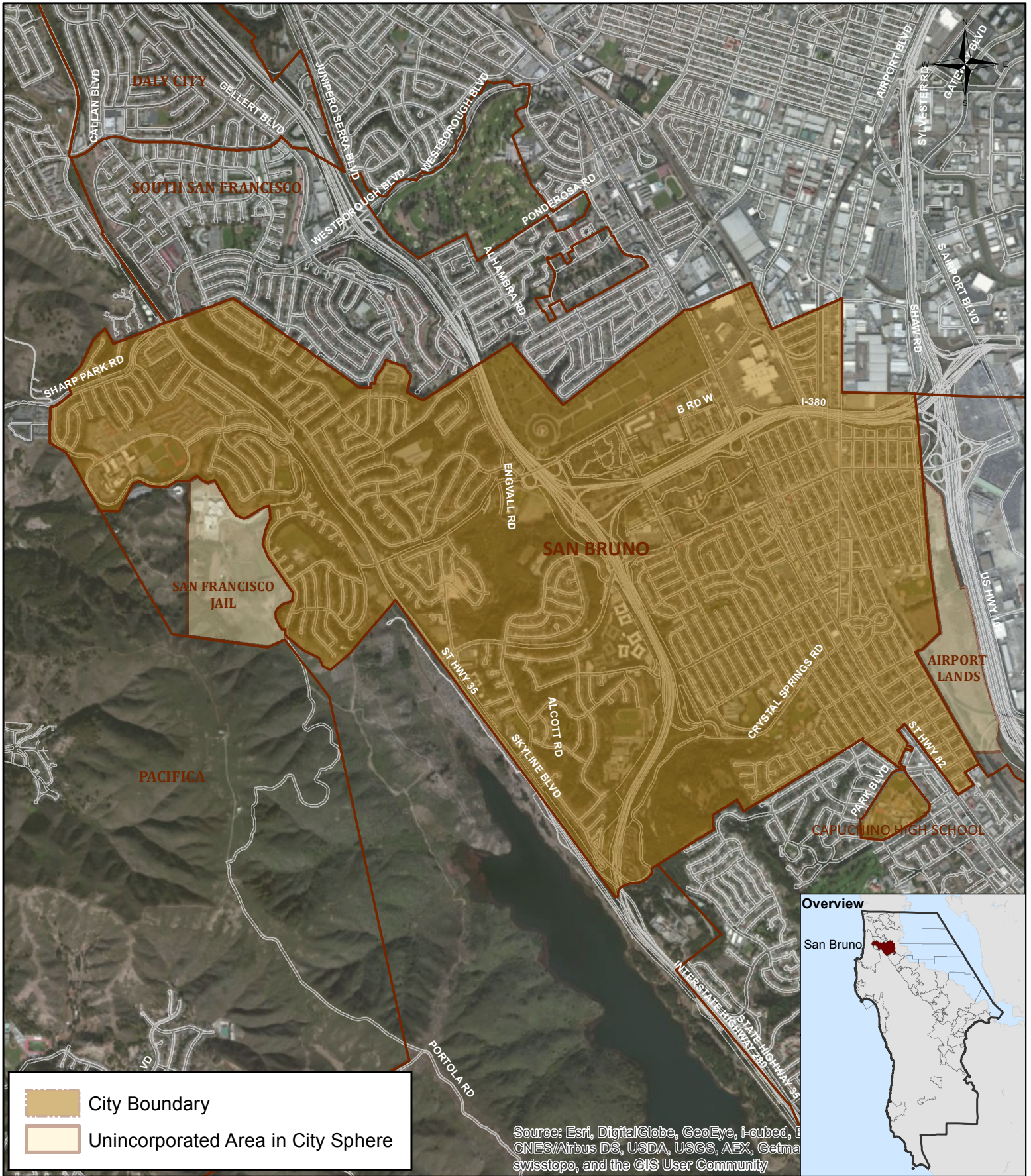
*Population:* 43,908

*Sphere of Influence:* Boundaries of San Bruno and the unincorporated areas of the SFO airport lands and San Francisco County Jail #3

*FY 2023-24 Budget:* \$234M, including \$132M for Operating Expenditures and \$102M for the Capital Improvement Program

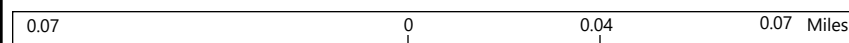
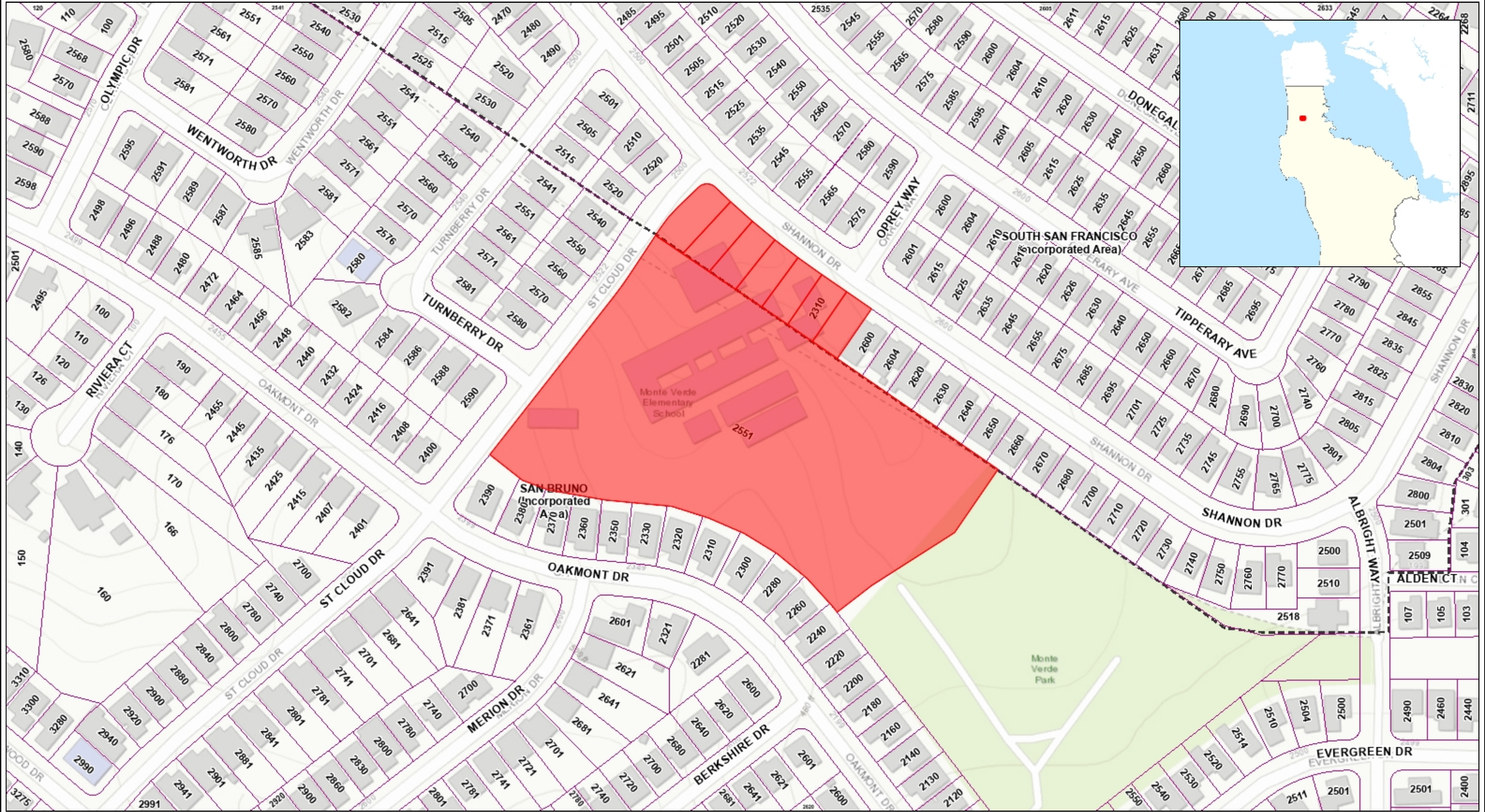
**Appendix B. References**





# SAN BRUNO SPHERE OF INFLUENCE





WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
 © Latitude Geographics Group Ltd.

1: 2,257  
 LAFCo Meeting  
 Packet Page 146

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SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

**March 13, 2024**

**To:** LAFCo Commission

**From:** Rob Bartoli, Executive Officer

**Subject:** Consideration of Adoption of Proposed Work Program and Draft LAFCo Budget for Fiscal Year 2024-2025

## **Budget Review Schedule and Background**

Section 56381 of Cortese-Knox-Hertzberg Act (CKH or The Act), which covers adoption of the LAFCo budget requires Commission consideration of both a proposed and final budget at the following intervals:

1. By May 1, the Commission shall adopt a “proposed” net operating budget at a noticed public hearing.
2. By June 15, the Commission shall adopt a “final” net operating budget at a noticed public hearing following circulation of the recommended final budget to the County, all cities and all independent special districts.

The Act also provides that the proposed and final budgets shall be equal to the budget adopted for the previous fiscal year unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purposes and programs of The Act. There is also a provision for carryover of unused funds to the subsequent year’s budget and requires that the LAFCo net operating budget be apportioned in thirds to the County, cities and independent special districts<sup>1</sup>. Also, because the Proposed Budget and Adopted Budget are adopted before the end of the fiscal year and include an estimate of fund balance carry over, once the current fiscal year closes and the actual fund balance carry over is determined, it is necessary for the Commission to determine how excess or reduced fund balance shall be

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<sup>1</sup> Apportionment of the one-third shares to individual cities and special districts is calculated by the County Controller based on proportionate share of revenues reported in the most recent edition of the State Controller’s reports on cities and special districts. For estimation purposes, agencies can use apportionment rates used by the Controller for the current Fiscal Year.

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

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

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

applied to the LAFCo budget. In 2021 the Commission adopted a policy that any difference in fund balance shall be reconciled in the Commission’s reserve by the County Budget Office and that the Executive Officer will update the Commission on the actual year end fund balance after the fiscal year closes.

**Proposed 2024-25 Budget**

The attached draft budget includes actual expenditures for FY2022-23, adopted and estimated actual for FY2023-24 and the draft proposed FY2024-25 Budget of \$816,415. Key items addressed in more detail below include a programed increase salary and benefits the Executive Officer, \$60,000 for legal services due to anticipated litigation, increases related to charges for future office temporary relocation, programed computer upgrades, and increases in costs for the CALAFCO conference and workshop.

The appropriations budget and net operating budget decreased by \$29,615. However, due to the allocation of fund balance in FY23-24, the 1/3 apportionment will be required to increase by 10% compared to the prior fiscal year.

	<b>Final FY 23-24 Budget</b>	<b>Draft Proposed FY 23-24 Budget</b>	<b>Change</b>
<b>Appropriations Budget</b>	\$786,030	\$756,415	-\$29,615 (-4%)
<b>Net Operating Budget</b>	\$846,030	\$816,415	-\$29,615 (-3%)
<b>One-third Apportionment</b>	\$184,374	\$204,497	\$20,123 (10%)

**Proposed Work Program**

The following draft work plan includes a summary of recent activities and upcoming goals/objectives, such as preparing Municipal Service Reviews (MSRs)/Sphere of Influence (SOI) updates and special studies, updating the Commission’s policies and procedures, and other projects and activities.

MSRs/SOI Updates - LAFCo law provides that every five years the Commission shall, as necessary, review and update each SOI [Gov. Code §56425(g)]. The statute also provides that in order to prepare and update an SOI, the Commission shall conduct an MSR.



Task	Progress	Comments
<p>Prepare Municipal Service Reviews and Sphere of Influence Studies. A draft five-year MSR work plan is attached as Attachment C. The workplan prioritizes agencies based upon the date of their last MSRs. Attachment D shows the year each agency last had an MSR completed.</p>	<p>On-going</p>	<p>All studies will include administrative and public hearing drafts. FY24-25 are proposed to be completed by LAFCo staff. Time will also be allocated to following up with agencies regarding the status the implementations of recommendations.</p>
<p>Process applications for boundary changes in a responsive, professional and efficient manner</p>	<p>On-going</p>	<p>Priority is given to applications for economic development, public health and safety, or other urgent needs. Potential proposals include:</p> <ul style="list-style-type: none"> <li>• CSA-11 annexation</li> <li>• City of East Palo Alto proposal to establish East Palo Alto Sanitary District as a subsidiary district of the City</li> <li>• Belmont annexations in Harbor Industrial Area</li> <li>• Annexations to San Carlos</li> </ul>
<p>Complete annual audits (FY 22-23)</p>	<p>On-going</p>	
<p>Comment on potential LAFCo applications, relevant projects &amp; development proposals, city General Plan updates and/or related environmental documents</p>	<p>On-going as needed</p>	
<p>Initiate informal meetings to discuss budget and policy issues with Cities, Special Districts, and County, as appropriate</p>	<p>On-going</p>	
<p>Review of contract with County</p>	<p>On-going</p>	<p>Review as needed</p>
<p>Post public information on the LAFCo website and review website layout, graphics, and content for ease of public use</p>	<p>On-going</p>	
<p>Provide Commission with regular updates of laws, policies, and procedures</p>	<p>On-going</p>	

Provide quarterly budget updates	On-going	Provide timely quarterly updates on budget to Commission after budget adoption
Participate in regional activities for which LAFCo has indirect or direct responsibilities, such as Plan Bay Area and Regional Housing Needs Allocation	On-going	
Promote San Mateo LAFCo's interests in statewide issues through active participation in the California Association of Local Agency Formation Commissions (CALAFCO)	On-going	
Digital Archiving	On-going	Staff continues to digitize proposal files, meeting agendas, and meeting minutes. Staff coordinates with County staff regarding converting annexation records into digital format and potential cost estimate for that work.
Mapping program	On-going	Continue to coordinate with County staff to update maps of agencies and provide them on the LAFCo website
Policies and Procedures Updates	On-going	
Update of Commissioner Handbook	On-going	

**Estimated Actual 2023-24 Budget**

The 2023-24 Adopted Budget includes appropriations for the Executive Officer, Management Analyst, and shared Administrative Secretary; Commission meetings; County Attorney's Office; general operating expenditures including rent, supplies, etc.; travel; meetings and legal counsel. In addition, the budget includes a one-time consultant expense for the peer review of the City of East Palo Alto's proposal to establish the East Palo Alto Sanitary District as a subsidiary of the city, which was paid through application fees from the City.

Staff is conservatively estimating County Attorney's Office actual charges based on the complexity of the several anticipated applications and the potential of litigation. Some costs savings will be achieved due to the currently vacant Management Analyst position and the previously vacant Administrative Secretary position. Revenues include fund balance carry over, application fees and the intergovernmental revenue from the County, cities and special districts.

As noted below, based on estimated revenues and expenditures, the estimated fund balance carryover to be applied to the 2024-25 fiscal year is \$159,924.

## **Proposed 2024-25 Budget**

### **Salary and Benefits**

Salary and benefits of \$484,085 reflects the Executive Officer position, Management Analyst, and Commissioner stipend. On a limited basis, this account is charged for extra-help staff time to assist LAFCo staff with website updates. The shared administrative secretary position charges do not appear in payroll and instead appear in Account 5838.

### **Services and Supplies**

The Commission's contract with the County of San Mateo includes staffing, office space, and related services. With the exception of the Controller Administrative Fees (Account 5872) which are estimated charges, expenditures reflect service charges provided by County departments.

As staff has transitioned back into a hybrid work model, the budget contains services and supplies to support in-office and remote work.

The San Mateo County Planning and Building Department has informed LAFCo that in FY24-25, the 2<sup>nd</sup> Floor of 455 County Center, where both LAFCo and County Planning and Building are located, will undergo renovations. These renovations will require that LAFCo vacate its current office space during construction. It is anticipated the temporary location will be within one of office buildings in the County Center. Once the renovations are complete, LAFCo staff will move back into the 2<sup>nd</sup> Floor office space. For the upcoming fiscal year, funds have been budgeted for moving offices and for any required upgrades at the temporary space. It is anticipated that many costs associated with construction and new office furniture will be charged to LAFCo in FY25-26.

Charges from outside agencies include Memberships (Account 5331), which includes California Association of Local Agency Formation Commissions (CALAFCO) membership and California Special Districts Association (CSDA) membership and liability insurance (Account 6725) purchased from the California Special District Risk Management Authority (SDRMA). Membership with CALAFCO allows staff and the Commission access to LAFCo focused trainings, conferences, and legislative updates. Along with access to SDRMA, membership with CSDA keeps staff apprised of issues of interest to special districts and LAFCo.

### **Meetings and Conferences**

CALAFCO Fall 2024 (Yosemite/Fish Camp, CA) and a staff workshop in Spring 2024 (Riverside County). The Meetings and Conference appropriation is estimated at \$19,000 based on estimates provided by CALAFCO.

### **County Service Charges including Rent, Information Services, Controller**

Controller charges are estimates pending the actual costs associated with the Controller invoicing and collecting LAFCo apportionment. Rent (Account 6714) is budgeted at \$17,059 for two workstations for LAFCo staff. The allocation for County Attorney (Account 6732) has been increased to \$60,000 in anticipation of complex proposals this fiscal year that may require additional legal review and the potential of litigation. The proposed budget includes \$4,200 for the recording of LAFCo meetings (Account 5858).

### A-87 Charges/County Cost Allocation

A-87 is an Office of Management and Budget (OMB) circular or guideline that sets forth principles and standards for the determination of costs applicable to County programs funded by the Federal and State governments. Under the circular, the County has to observe uniformity in its allocation of costs, that is, the County cannot be selective in the allocation process whereby externally (State and Federal) funded programs are not charged equitably. Also referred to as the Countywide Cost Allocation Plan, the County uses A-87 guidelines to obtain reimbursement from Federal, State, and non-General Fund programs for departments that do not charge directly for services rendered. For example, the Controller's Office does not charge departments for payroll services. However, the cost of providing payroll services to Non-General Fund Departments and programs receiving funds from the Federal and State governments for this specific purpose is recovered through County Cost Allocation. The A-87 charge for FY24-25 is \$27,000.

### Reserve

Staff recommends making no additional appropriation to the reserve of \$60,000. This allows the Commission to use the fund balance to offset agency contributions.

### Application of Fund Balance Carry Over

The Commission's practice regarding fund balance has been to appropriate all or a portion of it for consulting and/or special reserve and use a portion to offset the net operating budget thereby reducing the funding obligation of the County, cities and special districts to the extent possible. In preparing the annual budget, staff has been mindful of balancing the fiscal impact of the LAFCo budget to funding entities with the Commission's mandate to carry out processing of reorganization applications and preparation of municipal service reviews and sphere studies.

This year's estimated fund balance carry over is \$159,924 to offset agency costs. The proposed draft budget includes an apportionment of \$60,000 to maintain the FY23-24 reserve amount.

### Review by Budget Committee

On March 11, 2024, the LAFCo Budget Committee reviewed the draft budget and work plan. The Committee did not have proposed changes to the draft budget. For the work plan, the Committee recommended adding the FY23-24 MSRs that have been completed or anticipated to be completed this year. A task for MSR regrading follow up related to the implementation by agencies of recommendations in the MSRs.

### Recommendation:

1. Open the public hearing and accept public comment.
2. Consider and approve by resolution the attached Proposed Budget of \$816,415 and LAFCo Work Plan.
3. Direct the Executive Officer to schedule the Final 2024-25 Budget for a public hearing at the May 15, 2024 Commission meeting and circulate it with any necessary amendments to the County, cities, and independent special districts.

**Attachments**

- A. Budget Narrative for FY24-25
- B. Budget Spreadsheet for FY24-25, inclusive of the Draft Adopted Budget, estimated expenditures for FY23-24, and actual expenditures for FY22-23
- C. MSR Workplan
- D. List of last adopted MSRs for agencies

### **LAFCO PROPOSED 2024-25 BUDGET NARRATIVE**

The following provides a narrative to the budget spreadsheet and reflects costs associated with LAFCo's contract with the County of San Mateo for staffing, office space, supplies and legal counsel.

#### **Salary & Benefits (4111 through 4161 and 4512)**

Salary and benefits of \$484,085 includes the County position of Principal Management Analyst that serves as Executive Officer by contract with the County, Management Analyst salary and benefits, administrative leave cash out, experience pay for positions per County HR, workers compensation charges, and Commissioner stipend of \$100 per bi-monthly meeting. Salary and benefits increase reflects the County's Salary Schedule. As the Management Analyst position is currently vacant, the position has been budgeted at the middle salary step, Step 3, in accordance with best practices. The shared Administrative Secretary position charges appear in Account 5838 and not in payroll.

#### **Services & Supplies**

##### **Internet/Communications (5132)**

Appropriation of \$100 for internet and communication tools and services to support LAFCo staff.

##### **Outside Printing (5191)**

Appropriation of \$1,000 for copying and printing by outside print shops for special community mailings or workshop distribution of MSRs that cannot be distributed electronically.

##### **General Office Supplies (5193)**

A flat appropriation of \$500 for incidental office supplies provided to LAFCo.

##### **Photocopy (5196)**

A flat appropriation of \$500 for incidental copies made from the Planning Department copier where the LAFCo office is located.

##### **Postage & Mailing (5197)**

Appropriation of \$1,000 for postage/ mailing service through the County mailroom.

##### **Computer Supplies (5211)**

Appropriation of \$500 for computer supplies including the use of internet hotspots to support teleworking for staff.

##### **Computer Equipment under \$5,000 (5212)**

Appropriation of \$4,000 for computer equipment.

##### **Software License (5215)**

Appropriation of \$1,000 for two Microsoft 365 and Adobe licenses.

Records Storage (5218)

Appropriation of \$700 for offsite records storage.

Office Furniture/Equipment (5234)

Appropriations of \$7,500 for moving of LAFCo offices to temporary space while construction occurs. These funds would also cover any upgrades needed to the temporary office space.

Memberships (5331)

Estimated dues of \$16,000 for CALAFCO and California Special Districts Association (CSDA). Membership with CALAFCO allows staff and the Commission access to LAFCo focused trainings, conferences, and legislative updates. Along with access to SDRMA, membership with CSDA keeps staff apprised of issues of interest to special districts and LAFCo.

Legal Advertising (5341)

Appropriation of \$2,500 for legal notices published in newspapers for LAFCo hearing items that require notice.

Mileage Allowance (5712)

Appropriation of \$1,000 for mileage reimbursement.

Meetings & Conferences (5721)

The Meetings and Conference appropriation is estimated at \$19,000 for costs associated with attending the in-person 2024 CALAFCO Conference in Fish Camp, CA and Staff Workshop in 2024.

Training (5733)

Appropriation of \$250 for educational classes, workshops, or training related to LAFCo or CEQA.

Signage (5443)

Appropriation of \$200 for name plates for new LAFCo Commissioners and staff.

Fiscal Office Specialist (5814)

Appropriation of \$1,840 for a County Fiscal Office Specialist to process LAFCo accounts receivable, accounts payable, and payroll. This is an estimated cost.

.5 FTE LAFCo Clerk (5838)

Appropriation of \$61,881 for part-time contracted Executive Secretary position. This amount includes salary, benefits, and administrative overhead charges from County Planning. This is an estimated cost.

Outside Auditing Services (5842)

Allocation of \$9,800 for the anticipated FY23 audit.

Graphics/GIS (5848)

Appropriation of \$4,000 for GIS and other mapping services for LAFCo studies and sphere updates.

Video Recording of Commission Meetings (5858)

\$4,200 based six regular meetings of various duration and one potential additional meeting.

DPW/GIS Mapping (5861)

Appropriation of \$1,000 for special work completed by ISD/Public Works GIS mapping related to LAFCo applications or studies.

Fingerprinting new employee (5866)

Appropriation of \$0 for fingerprinting services.

Controller Admin (5872)

Estimated Cost of \$8,500 for administering the apportionment and collection of LAFCo budget to County, cities, and special districts.

Telephone (6712)

This Account has been zeroed out. Telephone charges have been moved to Account 6713.

Other Information Services Department (ISD) Services (6713)

An estimate of \$10,000 for telephone, computer support, connectivity, etc. This includes the ongoing cell service plan for the Executive Officer.

Rent (6714)

Rent for two office spaces is \$17,059.

Motor Pool (6717)

Appropriation of \$78 for use of the County's vehicle fleet.

General Liability (6725)

Estimated appropriation of \$9,600 for insurance through CSDA for the Commission and employee insurance with County of San Mateo.

Bond Insurance (6727)

Estimated appropriation of \$72 for bond insurance.

County Attorney's Office (6732)

Appropriation of \$60,000 for County Attorney charges.

Human Resources (6733)

Estimated appropriation of \$100 for online Learning Management Services.

Countywide Security (6738)

Estimated of \$180 for countywide security provided by the Sheriff's office.



All Other Charges - OFAS (Account 6739)

Appropriation of \$320 for the County accounting software (OFAS).

Card Key Services (Account 6751)

Appropriation of \$250 for card key services.

A-87 Charges/County Cost Allocation (6821)

A-87 is an Office of Management and Budget (OMB) circular or guideline that sets forth principles and standards for the determination of costs applicable to County programs funded by the Federal and State governments. Under the circular, the County has to observe uniformity in its allocation of costs, that is, the County cannot be selective in the allocation process whereby externally (State and Federal) funded programs are not charged equitably. Also referred to as the Countywide Cost Allocation Plan, the County uses A-87 guidelines to obtain reimbursement from Federal, State, and non-General Fund programs for departments that do not charge directly for services rendered. For example, the Controller's Office does not charge departments for payroll services. However, the cost of providing payroll services to Non-General Fund Departments and programs receiving funds from the Federal and State governments for this specific purpose is recovered through County Cost Allocation. The A-87 charge for FY2024-25 is \$27,000.

Reserve (8612)

Staff recommends appropriating \$60,000 of the fund balance to reserve, consistent with the current level of reserves. As this is an allocation from the fund balance, no additional agency apportionments are required. Commission authorization is required to spend reserve.

Application of Fund Balance Carry Over

The Commission's practice regarding fund balance has been to appropriate all or a portion of it for consulting and/or special reserve and use a portion to offset the net operating budget thereby reducing the funding obligation of the County, cities, and special districts to the extent possible. In preparing the annual budget, staff has been mindful of balancing the fiscal impact of the LAFCo budget to funding entities with the Commission's mandate to carry out processing of reorganization applications and preparation of municipal service reviews and sphere studies.

This year's estimated fund balance carry over is \$159,924 to offset agency costs.

## Attachment B

LAFCo	Draft FY 24-25 Budget	Final Actuals FY 22-23	Adopted FY 23-24	Estimated Actuals FY 23-24	Draft Proposed FY 24-25
	<b>Expenditures</b>				
4111	Salary & Benefits Executive Officer	247,480	261,732	261,732	287,997
4111	Salary & Benefits Management Analyst	179,094	188,199	141,150	184,353
4141	Admin. Leave Cash Out	1,202	5,790	0	5,800
4161	Commissioner Compensation	4,794	5,000	4,800	5,000
4628	Wellness Dividend	500	500	250	500
4512	Workers Compensation Experience	282	294	294	435
<b>4000</b>	<b>SALARIES &amp; BENEFITS SUBTOTAL</b>	<b>433,352</b>	<b>461,515</b>	<b>408,226</b>	<b>484,085</b>
5132	Internet/Communications	1,330	1,200	1,300	100
5184	Refund for application	0	0	2,028	0
5191	Outside Printing (other special printing)	0	1,000	0	1,000
5193	General Office Supplies	756	550	550	550
5196	Photocopy - in-house copier	500	550	550	550
5197	Postage & Mailing Service	198	1,000	400	1,000
5211	Computer Supplies	0	500	0	500
5212	Computer Equipment under \$5,000	0	0	0	4,000
5215	Software License	594	700	1,000	1,000
5218	Corovan Records Storage	271	700	350	700
5234	Office Furniture/Equipment	815	0	0	7,500
5331	Memberships (CALAFCo/CSDA)	12,921	16,000	13,936	16,000
5341	Legal Advertising	1,958	2,000	4,000	2,500
5712	Mileage Allowance	1,399	250	200	1,000
5721	Meetings & Conferences	5,362	11,000	8,500	19,000
5733	Training	0	250	0	250
5443	Signage	1,024	0	82	200
5814	Fiscal Office Specialist	1,676	1,676	1,676	1,840
5838	.5 FTE LAFCo Clerk	59,585	66,055	49,500	61,881
5842	Outside Auditing Services	6,335	9,800	9,800	9,800
5848	Graphics	0	1,500	0	1,500
5856	Consulting	1,692	100,000	1,692	0
5858	Other Professional Contract Services (Recording of Meetings)	260	4,000	2,500	4,200
5861	DPW/GIS Mapping	4,612	4,000	4,000	4,000
5866	Fingerprinting new employee	0	0	50	0

LAFCo	Draft FY 24-25 Budget	Final Actuals FY 22-23	Adopted FY 23-24	Estimated Actuals FY 23-24	Draft Proposed FY 24-25
5872	Controller Admin	7,177	8,000	8,000	8,500
5969	Other special dept expense	400	0	50	100
<b>5000</b>	<b>SERVICES &amp; SUPPLIES SUBTOTAL</b>	<b>108,866</b>	<b>230,731</b>	<b>110,164</b>	<b>147,671</b>
6712	Telephone	383	0	0	0
6713	ISD (Automation Services)	10,412	8,842	8,842	10,000
6714	Rent	14,000	16,744	16,744	17,059
6717	Motor Pool	0	78	78	78
6725	Gen'l Liability	7,970	9,500	8,542	9,600
6727	Bond Insurance	66	70	70	72
6732	County Attorney's Office	16,124	40,000	60,000	60,000
6733	Human Resources	67	100	72	100
6738	Countywide Security	142	150	149	180
6739	All Other Charges (Accounting Software)	131	100	120	320
6751	Card key services	157	200	190	250
6821	A 87 Charges/County Cost Allocation	15,743	18,000	15,100	27,000
<b>6000</b>	<b>OTHER CHARGES SUBTOTAL</b>	<b>65,196</b>	<b>93,784</b>	<b>109,907</b>	<b>124,659</b>
	<b>Subtotal Appropriations</b>	<b>607,414</b>	<b>786,030</b>	<b>628,297</b>	<b>756,415</b>
<b>8612</b>	<b>Reserve</b>	0	60,000	0	60,000
	Special Reserve	0	0	0	0
	<b>Total Appropriations Budget</b>	<b>607,414</b>	<b>846,030</b>	<b>628,297</b>	<b>816,415</b>
	<b>Revenues</b>				
3333	Fund Balance	219,431	257,707	159,924	159,924
2421	Application Fees	29,958	35,000	40,000	35,000
2600	Miscellaneous Revenue	5,499	0	75	0
1521	Interest	10,332	200	17,000	8,000
	<b>Intergov. Rev. (County/City/Dist)</b>	<b>548,825</b>	<b>553,122</b>	<b>553,122</b>	<b>613,491</b>
	<b>Total Revenues</b>	<b>814,045</b>	<b>846,029</b>	<b>770,121</b>	<b>816,415</b>
	<b>City/District/County 1/3 Apportionment</b>	<b>182,942</b>	<b>184,374</b>	<b>184,374</b>	<b>204,497</b>

## Draft MSR Workplans for Fiscal Years 2023-2030

Fiscal Year	By Region and Service Type
23-24	<ol style="list-style-type: none"> <li>1. City of Burlingame – <i>Adopted October 2023</i></li> <li>2. City of Hillsborough - <i>Adopted October 2023</i></li> <li>3. City of San Bruno – <i>Proposed Adoption in May 2024</i></li> <li>4. Broadmoor Police Protection District - <i>Proposed Adoption in May 2024</i></li> <li>5. City of Foster City - <i>Proposed Adoption in September 2024</i></li> <li>6. City of Millbrae - <i>Proposed Adoption in September 2024</i></li> <li>7. San Mateo County Harbor District Update - <i>Proposed Adoption in September 2024</i></li> </ol>
24-25	<ol style="list-style-type: none"> <li>1. Coastside Fire Protection District</li> <li>2. Ladera Recreation District and Highlands Recreation District</li> <li>3. South County Part 1 -               <ol style="list-style-type: none"> <li>a. Town of Portola Valley</li> <li>b. Town of Woodside</li> <li>c. Los Trancos Maintenance District</li> <li>d. CSA 7</li> </ol> </li> <li>La Honda Lighting Maintenance District</li> </ol>
25-26	<ol style="list-style-type: none"> <li>1. South County Part 2 -               <ol style="list-style-type: none"> <li>a. Town of Atherton</li> <li>b. Atherton Channel Drainage District</li> <li>c. City of Menlo Park and Special Districts</li> <li>d. Menlo Park Highway Lighting District</li> </ol> </li> <li>2. Menlo Park Fire Protection District and Woodside Fire Protection District</li> </ol>
26-27	<ol style="list-style-type: none"> <li>1. Coastside:               <ol style="list-style-type: none"> <li>a. City of Half Moon Bay</li> <li>b. CSAs 6, 10, 11, and 12</li> <li>c. Coastside County Water District</li> <li>d. Granada Community Services District</li> <li>e. Granada Highway Lighting District</li> <li>f. Montara Highway Lighting District</li> <li>g. Montara Water and Sanitary District</li> </ol> </li> <li>2. Midpeninsula Regional Open Space District</li> </ol>

<p style="text-align: center;"><b>27-28</b></p>	<p>1. South/Central County –</p> <ul style="list-style-type: none"> <li>a. City of Redwood City</li> <li>b. City of San Carlos</li> <li>c. City of Belmont</li> <li>d. Edgewood Sewer Maintenance District</li> <li>e. Emerald Lake Heights Sewer Maintenance District</li> <li>f. Fair Oaks Sewer Maintenance District</li> <li>g. Kensington Square Sewer Maintenance District</li> <li>h. Oak Knoll Sewer Maintenance District</li> <li>i. Emerald Lake Heights Highway Lighting District</li> <li>j. CSA 8</li> <li>k. Belmont Highway Lighting District</li> <li>l. Harbor Industrial Sewer Maintenance District</li> <li>m. Devonshire Co. Sanitation District</li> <li>n. Scenic Heights County Sanitation District</li> <li>o. Belmont Fire Protection District</li> </ul> <p>2. Mid-Peninsula Water District</p>
<p style="text-align: center;"><b>28-29</b></p>	<p>1. San Mateo County Mosquito &amp; Vector Control District</p> <p>2. Peninsula Health Care District and Sequoia Healthcare District (Consultant)</p> <p>3. Central County –</p> <ul style="list-style-type: none"> <li>a. City of San Mateo</li> <li>b. City of Burlingame</li> <li>c. Town of Hillsborough</li> <li>d. City of Foster City</li> <li>e. Estero Municipal Improvement District</li> <li>f. Burlingame Hills Sewer Maintenance District</li> <li>g. Crystal Springs County Sanitation District</li> <li>h. Bel-Aire Lighting Maintenance District</li> <li>i. Enchanted Hills Lighting Maintenance District</li> <li>j. County Service Area No. 1</li> </ul>
<p style="text-align: center;"><b>29-30</b></p>	<p>North County Part 1 –</p> <ul style="list-style-type: none"> <li>a. City of Daly City</li> <li>b. Town of Colma</li> <li>c. City of Brisbane</li> <li>d. City of Pacifica</li> <li>e. North San Mateo County Sanitation District</li> <li>f. Broadmoor Police Protection District</li> <li>g. Colma Fire Protection District</li> <li>h. Guadalupe Valley Municipal Improvement District</li> <li>i. Bayshore Sanitary District</li> <li>j. Colma Highway Lighting District</li> </ul>

**Not Yet  
Scheduled**

- South County Part 3 –
- a. City of East Palo Alto
  - b. West Bay Sanitary District
  - c. East Palo Alto Sanitary District

- North County Part 2 –
- a. City of San Bruno
  - b. City of Millbrae
  - c. City of South San Francisco
  - d. Westborough Water District
- San Mateo Resource Conversation  
San Mateo County Harbor District

List of Completed Municipal Service Reviews (MSR)		
Agency	Date of Last MSR	Type of MSR
		Requested by community (As Half Moon Bay Fire Protection District and Point Montara Fire Protection District)
Coastside Fire Protection District	2005	
Los Trancos Maintenance District	2006	
Town of Portola Valley	2007	South County
Town of Woodside	2007	South County
Ladera Recreation District	2007	South County
Town of Atherton, Atherton Channel Drainage District	2008	South County
City of Half Moon Bay	2008	Coastside
County Service Area No. 6 (Princeton-by-the-Sea)	2008	Coastside
County Service Area No. 10 (Montara Parks)	2008	Coastside
County Service Area No. 12 (Montara/Moss Beach)	2008	Coastside
Coastside County Water District	2008	Coastside
Granada Community Services District	2008	Coastside
Montara Water and Sanitary District	2008	Coastside
Montara Highway Lighting District	2008	Coastside
Granada Highway Lighting District	2008	Coastside
City of Menlo Park/Menlo Park Highway Lighting District	2009	South County
Menlo Park Fire Protection District	2009	South County
Woodside Fire Protection District	2009	South County
City of Redwood City/Edgewood Sewer Maintenance District/Emerald Lake Heights Sewer Maintenance District/Fair Oaks Sewer Maintenance District/Kensington Square Sewer Maintenance District/Oak Knoll Sewer Maintenance District/Emerald Lake Heights Highway Lighting District, County Service Area No 8 (North Fair Oaks)	2011	South County
City of Belmont/Belmont Highway Lighting District/Harbor Industrial Sewer Maintenance District	2011	South County
City of San Carlos /Devonshire Co. Sanitation Dist/Scenic Heights County Sanitation Dist.	2011	South County
County Service Area No. 7 (Sam McDonald Park)/La Honda Lighting Maintenance District	2011	South County
Mid-Peninsula Water District	2011	Rural Coast
Belmont Fire Protection District	2011	South County
Highlands Recreation District	2012	Central County
San Mateo County Mosquito and Vector Control District	2012	Regional (also in 2003)
City of San Mateo	2013	South County
Crystal Springs County Sanitation District/Bel-Aire Lighting Maintenance District/Enchanted Hills Lighting Maintenance District	2013	Central County
County Service Area No. 1 (Highlands)	2013	Central County
Midpeninsula Regional Open Space District	2013	Regional (also in 2003)
City of Brisbane	2015	Central County
City of Daly City	2015	North County
City of Pacifica	2015	North County
North San Mateo County Sanitation District	2015	North County
North Coast County Water District	2015	North County
Bayshore Sanitary District	2015	North County
Guadalupe Valley Municipal Improvement District	2015	North County
San Mateo County Harbor District	2015	Regional (also in 2006)

**List of Completed Municipal Service Reviews (MSR)**

<b>Agency</b>	<b>Date of Last MSR</b>	<b>Type of MSR</b>
Colma Highway Lighting District	2015	Requested by Town/Regional (also in 2007)
Town of Colma	2015	Requested by agency (2007) and North County (2015)
Colma Fire Protection District	2015	Requested by Town of Colma/Regional (also in 2007)
Peninsula Health Care District	2017	Regional (also in 2007)
Sequoia Healthcare District	2017	Regional (also in 2007)
San Mateo County Resource Conservation District	2021	Regional (also in 2006)
City of South San Francisco	2022	
Westborough Water District	2022	
City of East Palo Alto	2022	South County (also in 2009)
East Palo Alto Sanitary District	2022	South County (also in 2009)
West Bay Sanitary District	2022	South County (also in 2009)
County Service Area No. 11 (Pescadero)/Pescadero Highway Lighting District	2022	Rural Coast (also in 2011)
Town of Hillsborough	2023	
Broadmoor Police Protection District	2023	Requested by Town of Colma/Regional (also in 2007 and 2015)
City of Burlingame/Burlingame Hills Sewer Maintenance District	2024	
City of Foster City/Estero Municipal Improvement District	2024	
City of Millbrae	2024	
City of San Bruno	2024	



SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

**March 13, 2024**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Legislative Report – Information Only

## Summary

### *Legislative tracker*

As of March 11, 2024, CALAFCO is tracking 15 bills. Legislation that is of interest to San Mateo LAFCo includes:

- **AB 3277** is the annual CALAFCO Omnibus bill for 2024. The bill would add language that clarifies that a financial analysis would only be needed to be conducted by LAFCo and a project applicant in those instances where a portion of the ad valorem property taxes is being sought by an agency. Currently, the section of law would be applicable even in cases where an agency waives any portion of the ad valorem taxes as part of their application. CALAFCO is requesting letters of support for this bill. (*CALAFCO – Support/Sponsor*)
- **SB 1209** would authorize a LAFCo to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCo. CALAFCO sponsored bill in response to a 2022 appellate decision out of San Luis Obispo that held that LAFCOs could not use indemnification provisions in applications because indemnifications are a form of agreement that LAFCOs are currently not authorized to enter into. As introduced, the bill would allow LAFCOs to use provisions similar to counties and cities. CALAFCO is requesting letters of support for this bill. (*CALAFCO – Support/Sponsor*)
- **AB 805** would set up a program in which the state would provide technical, managerial, administrative, and financial assistance, where applicable, to disadvantaged communities. CALAFCO's position on the bill was changed to support if amended if the bill includes a provision requiring the state board to consult with the local LAFCO

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

**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

regarding the sewer system. This bill was amended in late January and no longer addresses consolidation of waste water systems. (*CALAFCO – Support if Amended*)

**Recommendation**

Receive the report.

**Attachments**

- A. Legislative Daily 3/11/2024

### CALAFCO List of Current Bills 3/11/2024

**AB 805**

**(Arambula D) Sewer service: disadvantaged communities.**

**Current Text:** Amended: 1/22/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 1/22/2024

**Status:** 1/30/2024-Read third time. Urgency clause adopted. Passed. Ordered to the Senate. (Ayes 76. Noes 0.). In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 1/30/2024-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Under current law, the State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality in accordance with the Porter-Cologne Water Quality Control Act and the federal Clean Water Act. Current law authorizes a regional board to order the provision of sewer service by a receiving sewer system, as defined, to a disadvantaged community served by an inadequate onsite sewage treatment system, as defined. This bill would authorize the state board to require a sewer service provider to contract with an administrator designated or approved by the state board for administrative, technical, operational, legal, or managerial services to assist a designated sewer system with the provision of adequate sewer service, as defined. The bill would also authorize the state board to order a designated sewer system to accept those services, including full management and control of all aspects of the designated sewer system, from an administrator. The bill would define "designated sewer system" for these purposes as a sewer system that serves a disadvantaged community and that the state board finds to be either an inadequate sewage treatment system or a sewer system that has demonstrated difficulty in maintaining technical, managerial, and financial capacity to prevent fraud and mismanagement, or a sewer system that voluntarily accepts financial assistance for the provision of adequate sewer service.

**Position**

Support if Amended

**Subject**

Disadvantaged  
Communities, Waste  
Water

**CALAFCO Comments:** 1/26/2024: Support, if amended, approved. Amendment requested is the inclusion of language requiring the state board to consult with the local LAFCO.

1/22/2024: Gutted and amended. No longer addresses consolidation of waste water systems but, rather, would set up a program in which the state would provide technical, managerial, administrative, and financial assistance, where applicable, to disadvantaged communities. Position changed to support if amended to include a provision requiring the state board to consult with the local LAFCO regarding the system.

As introduced, this bill would have authorized 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. It failed to meet 2023 deadlines and became a 2 year bill that cannot be acted upon until January, 2024.

**AB 817**

**(Pacheco D) Open meetings: teleconferencing: subsidiary body.**

**Current Text:** Amended: 1/17/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 1/17/2024

**Status:** 1/25/2024-Read third time. Passed. Ordered to the Senate. (Ayes 54. Noes 8.) In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 1/25/2024-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	<b>Policy</b>	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Ralph M. Brown Act requires, with specified exceptions, each legislative body of a local agency to provide notice of the time and place for its regular meetings and an agenda containing a brief general description of each item of business to be transacted. The act also requires 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. Existing 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. Current law authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency (emergency provisions) and, until January 1, 2026, 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 (nonemergency provisions). This bill, until January 1, 2026, would authorize a subsidiary body, as defined, to use similar alternative teleconferencing provisions and would impose requirements for notice, agenda, and public participation, as prescribed. In order to use teleconferencing pursuant to this 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:** 1/25/2024; Moved out of the Assembly. Waiting on assignment from Senate Rules Committee.

1/17/2024: Amended to add a Sunset date of January 1, 2026.

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.

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: 1/11/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 1/11/2024

**Status:** 1/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 47. Noes 15.) In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 1/29/2024-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	<b>Policy</b>	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered

LAFCo Meeting  
Packet Page 168

1st House	2nd House	
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**Summary:** The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, 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 terms “managed wetland” and “small community water system.”

**Position**

None at this time

**Subject**

Water

**CALAFCO Comments:** 1/11/24: Amended to strike provisions regarding small community water systems serving disadvantaged communities and pivots to groundwater sustainability agencies with provisions that go into effect on January 1, 2028, that address spacing requirements on new groundwater wells, extraction controls, authorization for temporary and permanent transfers with an agency's boundaries, and to establish accounting rules.

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.

As introduced, would add definitions for Managed Wetlands, and Small community water system to Water Code Section 10721.

**AB 930**

**(Friedman D) Local government: Reinvestment in Infrastructure for a Sustainable and Equitable California (RISE) districts.**

**Current Text:** Amended: 1/22/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amend:** 1/22/2024

**Status:** 1/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 52. Noes 16.) In Senate. Read first time. To Com. on RLS. for assignment.

**Location:** 1/29/2024-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	<b>Policy</b>	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** 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. The bill would require the Office of Planning and Research (OPR) to develop guidelines for the formation of RISE districts no later than November 30, 2026. The bill would provide for the establishment of a governing board of a RISE district with representatives of each participating local government.

**Position**

Neutral

**Subject**

Special District  
Principle Acts

**CALAFCO Comments:** 1/22/2024 Amended to remove section of definitions, change the word "standards" to "guidelines", and to strike section 62412 relative to the elements of a RISE development plan to be reviewed.

Missed 2023 deadlines and became a 2 year bill.

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, it focuses 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.

**[AB 1928](#)**

**(Sanchez R) Worker classification: employees and independent contractors.**

**Current Text:** Amended: 3/4/2024 [html](#) [pdf](#)

**Introduced:** 1/25/2024

**Last Amend:** 3/4/2024

**Status:** 3/6/2024-Re-referred to Com. on L. & E.

**Location:** 2/12/2024-A. L. & E.

Desk	<b>Policy</b>	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law, as established in the case of Dynamex Operations W. v. Superior Court (2018) 4 Cal.5th 903 (Dynamex), creates a presumption that a worker who performs services for a hirer is an employee for purposes of claims for wages and benefits arising under wage orders issued by the Industrial Welfare Commission. Current law requires a 3-part test, commonly known as the "ABC" test, to determine if workers are employees or independent contractors for those purposes. Current law establishes that, for purposes of the Labor Code, the Unemployment Insurance Code, and the wage orders of the Industrial Welfare Commission, a person providing labor or services for remuneration is considered an employee rather than an independent contractor unless the hiring entity demonstrates that the person is free from the control and direction of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity's business, and the person is customarily engaged in an independently established trade, occupation, or business. This test is known as the "ABC" test, as described above. This bill would repeal the above-described provisions that codify the ABC test. The bill would declare that its purpose is to suspend and nullify the California Supreme Court's decision in Dynamex and provide that this decision does not apply for purposes of California law.

**Position**

**Subject**

**CALAFCO Comments:** Of interest to CALAFCO because of its potential effect on operations.

1/25/2024, bill introduced. AB 1928 would repeal the provisions that were enacted by the passage of AB 5 in 2019. Known as the Gig Worker law, AB 5 reclassified which workers could be considered as contractors. A limited number of professional categories were set aside and excluded from the law. However, those not included in the exclusions were required, under new reclassification requirements, to be considered as employees regardless of whether they were performing the services in connection to an ongoing business. The shift required CALAFCO to amend its internal practices to re-classify its contractors to employees, resulting in increased costs, as well as extra reporting requirements.

**[AB 1987](#)**

**(Bennett D) Local government.**

**Current Text:** Introduced: 1/30/2024 [html](#) [pdf](#)

**Introduced:** 1/30/2024

**Status:** 1/31/2024-From printer. May be heard in committee March 1.

**Location:** 1/30/2024-A. PRINT

<b>Desk</b>	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law sets forth provisions for the formation, duties, and other authorizations, among other things, relating to cities, counties, cities and counties, and other local agencies. This bill would state the intent of the Legislature to enact legislation relating to local government.

**Position**

**Subject**

None at this time

**CALAFCO Comments:** Spot holder bill relative to local government. Monitoring because of its topic.

**[AB 2302](#)**

**(Addis D) Open meetings: local agencies: teleconferences.**

**Current Text:** Introduced: 2/12/2024 [html](#) [pdf](#)

**Introduced:** 2/12/2024

**Status:** 2/26/2024-Referred to Com. on L. GOV.

**Location:** 2/26/2024-A. L. GOV.

Desk	<b>Policy</b>	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Ralph M. Brown 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. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in specified circumstances if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, and the legislative body complies with prescribed requirements. Current law imposes prescribed restrictions on remote participation by a member under these alternative teleconferencing provisions, including establishing limits on the number of meetings a member may participate in solely by teleconference from a remote location, prohibiting such participation for a period of more than 3 consecutive months or 20% of the regular meetings for the local agency within a calendar year, or more than 2 meetings if the legislative body regularly meets fewer than 10 times per calendar year. This bill would revise those limits, instead prohibiting such participation for more than a specified number of meetings per year, based on how frequently the legislative body regularly meets.

**Position**

Watch

**Subject**

Brown Act

**CALAFCO Comments:** Introduced on 2/12/2024, this bill would enact changes to Brown Act provisions that allow members of legislative bodies to teleconference for meetings. Currently, the law limits teleconferencing to no more than 3 consecutive months, 20% of the regular meetings in a calendar year, or 2 meetings for bodies that meet less than 10 times in a calendar year. This bill redefines those limits as 2 meetings per year for bodies meeting monthly or less; 5 meetings per year for those meeting twice per month; or 7 meetings per year if the body meetings three times or more per month.

[AB 2557](#)

**(Ortega D) Local agencies: legislative bodies.**

**Current Text:** Introduced: 2/14/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Status:** 2/15/2024-From printer. May be heard in committee March 16.

**Location:** 2/14/2024-A. PRINT

<b>Desk</b>	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law defines the term "legislative body" for purposes of laws relating to cities, counties, and other local agencies. This bill would make a nonsubstantive change to that definition.

**Position**

Placeholder - Spot Bill

**Subject**

**CALAFCO Comments:** Spotholder relative to GC section 53000. Monitoring.

[AB 2596](#)

**(Lee D) Government operations.**

**Current Text:** Introduced: 2/14/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Status:** 2/15/2024-From printer. May be heard in committee March 16.

**Location:** 2/14/2024-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law establishes the Government Operations Agency, which consists of several departments, including the Department of General Services. Current law requires the department to develop and enforce policy and procedures and institute or cause the institution of those investigations and proceedings as it deems proper to assure effective operation of all functions performed by the department and to conserve the rights and interests of the state. This bill would state the intent of the Legislature to enact legislation related to government operations.

**Position**

Placeholder - Spot Bill

**Subject**

**CALAFCO Comments:** Spotholder as introduced on 2/14/2024. Monitoring for changes as the Leg Counsel description mentions CKH.

**[AB 2715](#)**

**(Boerner D) Ralph M. Brown Act: closed sessions.**

**Current Text:** Introduced: 2/14/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Status:** 3/4/2024-Referred to Com. on L. GOV.

**Location:** 3/4/2024-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Ralph M. Brown Act generally requires that all meetings of a legislative body of a local agency be open and public and that all persons be permitted to attend and participate. Current law authorizes a legislative body to hold a closed session on, among other things, matters posing a threat to the security of essential public services, as specified. This bill would additionally authorize a closed session to consider or evaluate matters related to cybersecurity, as specified, provided that any action taken on those matters is done in open session.

**Position**

None at this time

**Subject**

Brown Act

**CALAFCO Comments:** As introduced on 2/14/2024, would make minor changes in the Brown Act. Monitoring.

**[AB 3152](#)**

**(Jones-Sawyer D) Local government.**

**Current Text:** Introduced: 2/16/2024 [html](#) [pdf](#)

**Introduced:** 2/16/2024

**Status:** 2/17/2024-From printer. May be heard in committee March 18.

**Location:** 2/16/2024-A. PRINT

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 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 nonsubstantive changes to those provisions.

**Position**

Placeholder - Spot Bill

**Subject**

**CALAFCO Comments:** Spotholder bill that references GC 56000.



**[AB 3277](#)**

**(Committee on Local Government) Local agency formation commission: districts: property tax.**

**Current Text:** Introduced: 2/27/2024 [html](#) [pdf](#)

**Introduced:** 2/27/2024

**Status:** 2/28/2024-From printer. May be heard in committee March 29.

**Location:** 2/27/2024-A. PRINT

<b>Desk</b>	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 establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Current law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Current law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined. This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes.

**Position**

Sponsor

**Subject**

Incorporation  
Proceedings

**CALAFCO Comments:** CALAFCO's 2024 Omnibus bill.

**[SB 537](#)**

**(Becker D) Open meetings: multijurisdictional, cross-county agencies: teleconferences.**

**Current Text:** Amended: 9/5/2023 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amend:** 9/5/2023

**Status:** 9/14/2023-Ordered to inactive file on request of Assembly Member Bryan.

**Location:** 9/14/2023-A. INACTIVE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	<b>Floor</b>	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 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: State Air Resources Board: vehicle miles traveled: study.**

**Current Text:** Amended: 1/11/2024 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Last Amend:** 1/11/2024

**Status:** 1/29/2024-Read third time. Passed. (Ayes 34. Noes 4.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

**Location:** 1/29/2024-A. DESK

Desk	Policy	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. Current law requires the Office of Planning and Research to prepare, develop, and transmit to the Secretary of the Natural Resources Agency for certification and adoption proposed revisions to guidelines establishing criteria for determining the significance of transportation impacts of projects within transit priority areas to promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Current law creates the State Air Resources Board as the state agency charged with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles, which is the major source of air pollution in many areas of the state. Existing law authorizes the state board to do those acts as may be necessary for the proper execution of the powers and duties granted to, and imposed upon, the state board. This bill would require the state board, by January 1, 2026, to conduct and submit to the Legislature a study on how vehicle miles traveled is used as a metric for measuring transportation impacts pursuant to CEQA, as specified.

**Position**

**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.

1/11/2024: Gutted and Amended. Topic now specific to a study by the state regarding vehicle miles traveled in CEQA studies. Continuing to monitor for any detrimental changes to CEQA but, at this time, bill is not a concern to CALAFCO.

**SB 1209**

**(Cortese D) Local agency formation commission: indemnification.**

**Current Text:** Introduced: 2/15/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Status:** 2/29/2024-Referred to Com. on L. GOV.

**Location:** 2/29/2024-S. L. GOV.

Desk	<b>Policy</b>	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 continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified. This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

**Position**  
 Sponsor

**Subject**  
 LAFCo  
 Administration

**CALAFCO Comments:** CALAFCO sponsored bill in response to a 2022 appellate decision out of San Luis Obispo that held that LAFCOs could not use indemnification provisions in applications because indemnifications are a form of agreement that LAFCOs are currently not authorized to enter into. As introduced, the bill would allow LAFCOs to use provisions similar to counties and cities.

**Total Measures: 15**

**Total Tracking Forms: 15**

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

**March 13, 2024**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Request to Authorize LAFCo Staff to Submit Letters of Support for AB 3277 and SB 1209 to Both Legislative Houses and to the Governor

## Summary

CALAFCO has requested letter of support for AB 3277 (Annual CALAFCO Omnibus bill) and for SB 1209 (LAFCo Indemnification). San Mateo LAFCo has drafted two letters of support of each bill. If the letters of support are approved by the Commission, it is recommended that the Commission authorize LAFCo staff to submit the letters to both legislative houses and to the Governor as the bills move through the legislative process.

## Recommendation by Legislative and Policy Committee

On March 8, 2024 the Legislative and Policy Committee recommended that the Commission approve the letter of support for AB 3277 and SB 1209.

## Recommendation

By motion, authorize LAFCo staff to submit letters of support for AB 3277 and SB 1209 to both legislative houses and to the Governor.

## Attachments

- A. Text of AB 3277
- B. Letter of Support for AB 3277
- C. Text of SB 1209
- D. Letter of Support for SB 1209

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

**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



**AB-3277 Local agency formation commission: districts: property tax.** (2023-2024)

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Date Published: 02/27/2024 09:00 PM

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 3277**

**Introduced by Committee on Local Government**

**February 27, 2024**

An act to amend Section 56810 of the Government Code, relating to local government.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 3277, as introduced, Committee on Local Government. Local agency formation commission: districts: property tax.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Existing law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Existing law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined.

This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes. By adding to the duties of a local agency formation commission, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 56810 of the Government Code is amended to read:

**56810.** (a) (1) If the proposal includes the incorporation of a city, as defined in Section 56043, the commission shall determine the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section and Section 56815.

(2) If the proposal includes the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, *and if the applicant is seeking a share of the 1 percent ad valorem property taxes*, the commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section.

(b) The commission shall notify the county auditor of the proposal and the services which the new jurisdiction proposes to assume within the area, and identify for the auditor the existing service providers within the area subject to the proposal.

(c) If the proposal would not transfer all of an affected agency's service responsibilities to the proposed city or district, the commission and the county auditor shall do all of the following:

(1) The county auditor shall determine the proportion that the amount of property tax revenue derived by each affected local agency pursuant to subdivision (b) of Section 93 of the Revenue and Taxation Code bears to the total amount of revenue from all sources, available for general purposes, received by each affected local agency in the prior fiscal year. For purposes of making this determination and the determination required by paragraph (3), "total amount of revenue from all sources available for general purposes" means the total amount of revenue which an affected local agency may use on a discretionary basis for any purpose and does not include any of the following:

(A) Revenue which, by statute, is required to be used for a specific purpose.

(B) Revenue from fees, charges, or assessments which are levied to specifically offset the cost of particular services and do not exceed the cost reasonably borne in providing these services.

(C) Revenue received from the federal government which is required to be used for a specific purpose.

(2) The commission shall determine, based on information submitted by each affected local agency, an amount equal to the total net cost to each affected local agency during the prior fiscal year of providing those services which the new jurisdiction will assume within the area subject to the proposal. For purposes of this paragraph, "total net cost" means the total direct and indirect costs that were funded by general purpose revenues of the affected local agency and excludes any portion of the total cost that was funded by any revenues of that agency that are specified in subparagraphs (A), (B), and (C) of paragraph (1).

(3) The commission shall multiply the amount determined pursuant to paragraph (2) for each affected local agency by the corresponding proportion determined pursuant to paragraph (1) to derive the amount of property tax revenue used to provide services by each affected local agency during the prior fiscal year within the area subject to the proposal. The county auditor shall adjust the amount described in the previous sentence by the annual tax increment according to the procedures set forth in Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code, to the fiscal year in which the new city or district receives its initial allocation of property taxes.

(4) For purposes of this subdivision, in any county in which, prior to the adoption of Article XIII A of the California Constitution, and continuing thereafter, a separate fund or funds were established consisting of revenues derived from the unincorporated area of the county and from which fund or funds services rendered in the unincorporated area have been paid, the amount of property tax revenues derived pursuant to paragraph (3), may, at the discretion of the commission, be transferred to the proposed city over a period not to exceed 12 fiscal years following its incorporation. In determining whether the transfer of the amount of property tax revenues determined pursuant to paragraph (3) shall occur entirely within the fiscal year immediately following the incorporation of the proposed city or shall be phased in over a period not to exceed 12 full fiscal years following the incorporation, the commission shall consider each of the following:

(A) The total amount of revenue from all sources available to the proposed city.

(B) The fiscal impact of the proposed transfer on the transferring agency.

(C) Any other relevant facts which interested parties to the exchange may present to the commission in written form.

The decision of the commission shall be supported by written findings setting forth the basis for its decision.

(d) If the proposal would transfer all of an affected agency's service responsibilities to the proposed city or district, the commission shall request the auditor to determine the property tax revenue generated for the affected service providers by tax rate area, or portion thereof, and transmit that information to the commission.

(e) The executive officer shall notify the auditor of the amount determined pursuant to paragraph (3) of subdivision (c) or subdivision (d), as the case may be, and, where applicable, the period of time within which and the procedure by which the transfer of property tax revenues will be effected pursuant to paragraph (4) of subdivision (c), at the time the executive officer records a certificate of completion pursuant to Section 57203 for any proposal described in subdivision (a), and the auditor shall transfer that amount to the new jurisdiction.

(f) The amendments to this section enacted during the 1985–86 Regular Session of the Legislature shall apply to any proposal described in subdivision (a) for which a certificate of completion is recorded with the county recorder on or after January 1, 1987.

(g) For purposes of this section, "prior fiscal year" means the most recent fiscal year for which data on actual direct and indirect costs and revenues needed to perform the calculations required by this section are available preceding the issuance of the certificate of filing.

(h) An action brought by a city or district to contest any determinations of the county auditor or the commission with regard to the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section shall be commenced within three years of the effective date of the city's incorporation or the district's formation. These actions may be brought by any city that incorporated or by any district that formed on or after January 1, 1986.

(i) This section applies to any city that incorporated or district that formed on or after January 1, 1986.

(j) The calculations and procedures specified in this section shall be made prior to and shall be incorporated into the calculations specified in Section 56815.

**SEC. 2.** If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.



**LOCAL AGENCY FORMATION COMMISSION**

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

DATE HERE

Honorable Juan Carrillo, Chair  
Assembly Local Government Committee  
1020 N St.  
Rm. 157  
Sacramento, CA 95814

RE: SUPPORT of AB 3277, Local agency formation commission: districts: property tax

Dear Senator Carillo,

The San Mateo Local Agency Formation Commission (LAFCo) is pleased to **Support Assembly Bill 3277**, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), which makes a clarifying change to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

Under existing statute, a commission must perform a financial analysis of ad valorem property taxes when a proposal is received that includes the incorporation of a city and the formation of a district. The only purpose of the analysis is to determine how best to apportion the property taxes between the agencies. However, occasionally, an application is received in which the district waives any portion of the ad valorem taxes. In those situations, no analysis is needed for the process, yet it remains required by statute.

This bill will add language that clarifies that the performance of the financial analysis in that situation only needs to be performed in those instances where a portion of the ad valorem property taxes is being sought.

By making this minor change, **AB 3277** will apply this time-consuming process only to those applications that require it.

For the reasons noted above, San Mateo LAFCo **Supports AB 3277**.

Please do not hesitate to reach out with questions or concerns about our position.

Yours sincerely,

YOUR NAME  
YOUR TITLE

cc: Members and Consultants, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
René LaRoche, Executive Director, CALAFCO

- COMMISSIONERS:** KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC
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- STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪ DIANE ESTIPONA, CLERK





**SB-1209 Local agency formation commission: indemnification.** (2023-2024)

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Date Published: 02/15/2024 09:00 PM

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

**SENATE BILL**

**NO. 1209**

**Introduced by Senator Cortese**

**February 15, 2024**

An act to add Section 56383.5 to the Government Code, relating to local government.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1209, as introduced, Cortese. Local agency formation commission: indemnification.

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. The act continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified.

This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 56383.5 is added to the Government Code, to read:

**56383.5.** The commission may require, as a condition for processing a change of organization or reorganization, a sphere amendment or a sphere update, or any other action or determination requested from the commission, that the applicant agrees to defend, indemnify, and hold harmless the commission, its agents, officers, and employees from any claim, action, or proceeding against the commission, its agents, officers, or employees arising from or relating to the action or determination by the commission.



**LOCAL AGENCY FORMATION COMMISSION**

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

**DATE HERE**

Honorable David Cortese  
California State Senate  
1021 O Street, Suite 6630  
Sacramento, CA 95814

RE: *SB 1209 (Cortese): Local agency formation commission: indemnification – SUPPORT  
Awaiting hearing – Senate Local Government Committee*

Dear Senator Cortese:

The San Mateo Local Agency Formation Commission (LAFCo) is pleased to support Senate Bill 1209, sponsored by the California Association of Local Agency Formation Commissions (CALAFCo). SB 1209 would add a new section into Government Code authorizing LAFCos to enter into an indemnification agreement with an applicant. Counties and cities are already empowered to require indemnification, and routinely do so with respect to discretionary land-use approvals. SB 1209 would provide LAFCos with the same authority.

This bill addresses a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide explicit authority to require indemnification. Absent indemnification authority, and because LAFCo funding is statutorily required in a specified ratio from the county, cities, and special districts within a county, the costs to defend litigation must be absorbed by all of LAFCo’s funding agencies.

Consequently, **SB 1209** will:

- Provide LAFCos with the ability to use a tool already in use by counties and cities;
- Prevent costs to defend litigation from being shifted to a county, its cities, and its special districts; and
- Remove the possibility that an applicant threatens litigation to coerce a desirable LAFCo determination.

Thus, for the above reasons, San Mateo LAFCo is in strong *support of SB 1209*.

Sincerely,

**YOUR NAME HERE**

**YOUR TITLE HERE**

cc: The Honorable Maria Elena Durazo, Chair, and Members, Senate Local Government Committee  
Anton Favorini-Csorba, Chief Consultant, Senate Local Government Committee  
Ryan Eisberg, Consultant, Senate Republican Caucus  
Rene’ LaRoche, Executive Director, California Association of Local Agency Formation Commissions

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DIANE ESTIPONA, CLERK