



**SAN MATEO LAFCO**  
Municipal Service Review  
Broadmoor Police Protection District  
Tuesday, April 9, 2024



**CORTESE—KNOX—HERTZBERG**  
**LOCAL GOVERNMENT REORGANIZATION ACT OF 2000**

# Municipal Service Reviews

- The municipal service reviews are intended to serve as a tool to help LAFCo, the public and other agencies better understand public service governance and delivery and evaluate options for the provision of efficient and effective public services.
- Municipal Service Reviews (MSR) are intended to support spheres of influence.

# Background

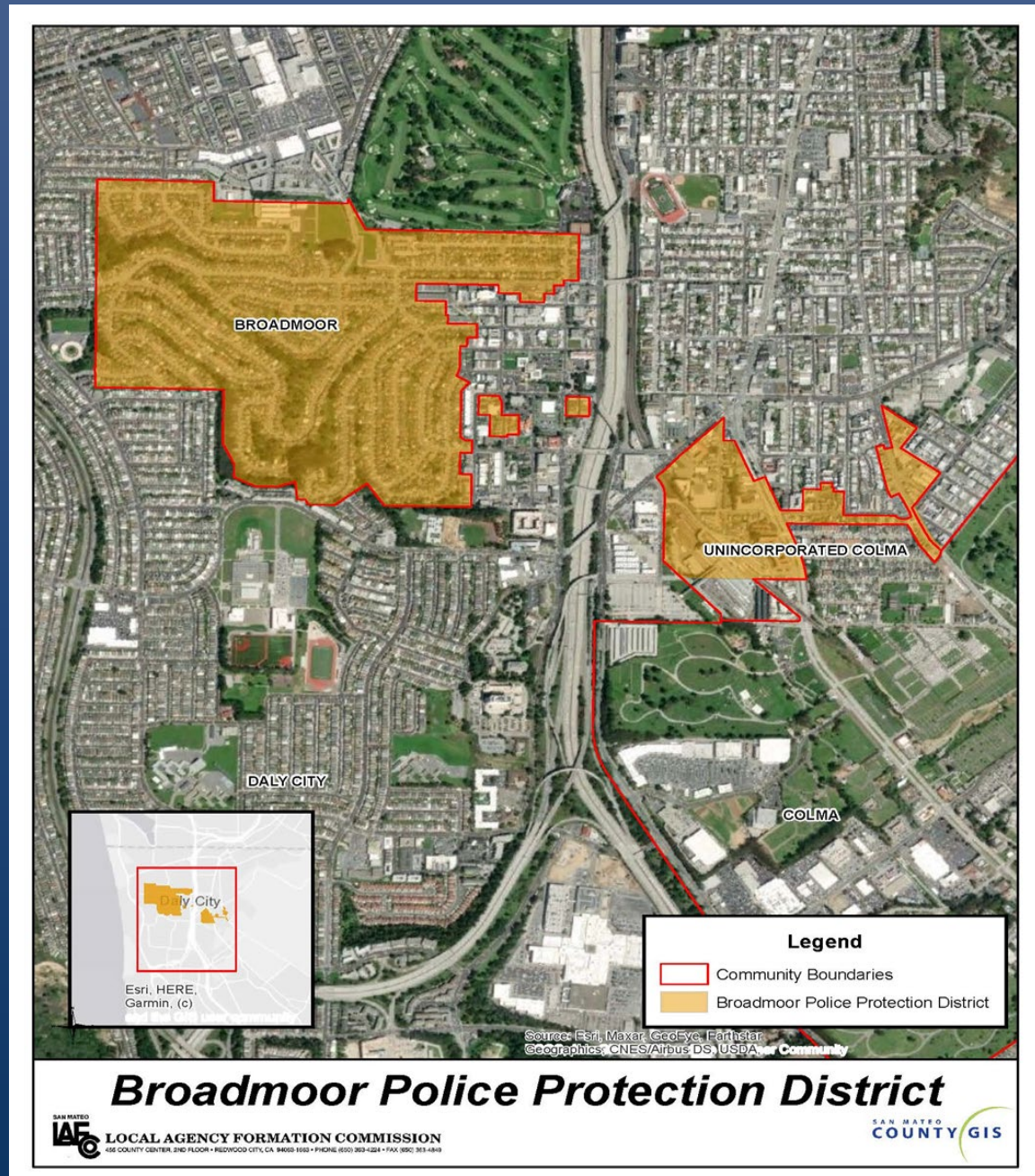
- 2015 North County Cities and Special District Municipal Service Review
- 2023 Special Study for Broadmoor Police Protection District (BPPD)
- Monthly updates to LAFCo Commission in 2023 on BPPD
- LAFCo requested this MSR to consolidate these monthly updates, evaluate the current status of BPPD, and reviewing the status of the implementation of LAFCo recommendations from the Special Study
- LAFCo Commission reviewed a draft MSR in March 2024

# Key Issues

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.
2. BPPD has made dramatic cuts to spending since the start of FY23-24. 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. 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 Just two months after the adoption of the FY23-24 Budget, BPPD approved and later rescinded a resolution that declared that BPPD was insolvent and facing a fiscal emergency.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.

# Broadmoor Police Protection District

- Formed in 1948 to provide police and ambulance services to the unincorporated community of Broadmoor and surrounding unincorporated area
- Service area
  - 0.55 square miles
  - Approximately 7,206 residents reside in the District
- The BPPD is the only operational police district in California that employs its own officers
- The District is governed by is a three-member board



# MSR Determinations and Recommendations

## 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.
- BPPD carries 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.

# FY17-FY24 Year-end Revenues and Expenditures

	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	\$920,274	\$2,495,139	\$2,294,409	\$2,233,012	\$1,739,329
Office expenses	\$142,650	\$136,200	\$126,038		\$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
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>
<b>Surplus (loss)</b>	<b>(\$355,784)</b>	<b>(\$253,792)</b>	<b>(\$299,554)</b>	<b>\$13,829</b>	<b>(\$454,280)</b>	<b>(\$350,737)</b>	<b>(\$239,262)</b>	<b>(\$48,811)</b>

# MSR Determinations and Recommendations

- Due to these mounting financial challenges, the District took several actions shortly after adoption of the FY 23-24 budget, including:
  - 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)
  - Implemented efforts to reduce overtime expenditures.
  - Reinstated the Reserve Police Officer program (currently have 1 reserve officer with 2 in the immediate hiring phase).
- 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.



# MSR Determinations and Recommendations

- 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.

# MSR Determinations and Recommendations

- 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.
- The District is looking to contract with an accounting firm regarding a financial analysis for the potential tax measure. As part of this process, BPPD staff has stated that they will providing budgeting projections.

# MSR Determinations and Recommendations

- Recommendations:
  - Budgeting process and documents
  - Explore ways to reduce reliance on Excess ERAF
  - Long-term fiscal plans
  - Explore ways to address budget shortfalls and unbalanced budgets
  - Review of audit documents
  - Transparency

# 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.
  - *Status Quo*
  - *Merge Broadmoor Police Protection District with City of Daly City*
  - *Formation of a County Service Area (CSA) or a Community Services District (CSD) and Contract with the County or Daly City for Services*
  - *Contracting with Another Agency without Reorganization*
  - *Dissolution*
  - *Bankruptcy*

# Next Steps

- LAFCo Commission reviewed the Draft MSR on March 20, 2024. The Commission will adopt the final report on May 15, 2024.
- LAFCo is asking for comments by May 1, 2024

# Comments on Special Study

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