

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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

Action Minutes San Mateo Local Agency Formation Commission Meeting May 15, 2019

In the Board of Supervisors' Chambers, 400 County Center, Redwood City, California, Chair Draper called the Wednesday, May 15, 2019 meeting of the Local Agency Formation Commission (LAFCo) to order at 2:30 pm.

1. Roll Call

Members Present: Commissioners Joshua Cosgrove, Rich Garbarino, Don Horsley, Ric Lohman, Mike O'Neill, Warren Slocum, and Chair Ann Draper

Chair Draper noted that Alternate Commissioners Kati Martin, Special District, and James O'Neill, Public, were present in the audience.

Staff Present: Martha Poyatos, Executive Officer
Rob Bartoli, Management Analyst
Rebecca Archer, Legal Counsel
Janeth Lujan, Commission Clerk

2. Consent Agenda

- a. Approval of Action Minutes: March 20, 2019
- b. LAFCo File 19-02-Proposed Annexation of 180 Bear Gulch Drive, Portola Valley (APN 079-122-270) to West Bay Sanitary District and Subsequent Annexation to the On-site Wastewater Disposal Zone

Commission Action: Commissioner Lohman moved to approve the consent agenda consisting of the Action Minutes for March 20, 2019, and LAFCo File 19-02- Proposed annexation of 180 Bear Gulch Drive, Portola Valley (APN 079-122-270) to West Bay Sanitary District and subsequent annexation to the On-site Wastewater Disposal Zone. Commissioner Horsley seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

COMMISSIONERS: ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBORINO, CITY
DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

ALTERNATES: KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

3. Public Comment for Items Not on the Agenda

None

4. Consideration of Adoption of Proposed Work Program and LAFCo Budget for Fiscal Year 2019-20

Executive Officer Poyatos highlighted from the May 28 staff report including the state mandated process for adopting the Commission's budget in two separate hearings, the funding formula to apportion, the net operating budget in thirds to the County, 20 cities and 21 independent special districts, the recommended work program, the current year estimated year end budget and the recommended adopted 2019-20 fiscal year budget. She said that the recommended appropriations budget was \$614,469 noting an incorrect budget amount was shown in the fee revision report.

Ms. Poyatos noted that the Commission's budget was based on costs associated with LAFCo's contract with the County of San Mateo for staffing, offices, supplies, legal counsel, and other services. She said the 2019-20 fiscal year budget reflected the first full year of 2.5 FTE staffing that included the Executive Officer, Management Analyst and shared Administrative Assistant. She said the Commission approved the proposed draft budget at its March meeting. She said that a public notice was published in the San Mateo County Times and the proposed budget was sent to affected agencies. She reviewed the revisions since then to the proposed budget that were based on finalized County charges and revised membership costs. She said LAFCo's reserve was based on 3% and increased from \$17,756 to \$17,897.

Ms. Poyatos said a priority of the 2019-20 fiscal year work program would be Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates focusing on those agencies not yet reviewed. She said staff would also begin second round MSRs for south county and Coastside cities and districts. She said the second round of updates were expected to be less extensive than the first-round reviews as they would focus on issues identified in prior studies and any changes in service demands and finances. She noted the staff report included a table of agencies to be studied and staff was working with the Commission's Legislative and Policy Committee on updating policies and procedures.

Ms. Poyatos highlighted other items on the proposed Work Program including outreach to affected cities regarding annexation plans and agreements, responding to pre-application inquiries, processing boundary change applications and on-going update of the LAFCO Directory of Local Agencies on the LAFCo website. She noted that other activities include ongoing discussions with San Francisco Public Utilities Commission (SFPUC) staff regarding transfer of properties directly connected to the SFPUC transmission line to a local retail provider, discussion with the City of South San Francisco regarding requests for sewer connections in Unincorporated Country Club Park and pre-application discussion regarding a proposal to annex

Pescadero High School to CSA 11 to mitigate an inadequate well and to provide water service to a County fire station proposed to be constructed at the high school site.

Commissioner Horsley asked about Cordilleras Mutual Water District customers annexing to Redwood City. Ms. Poyatos noted the different water companies in that immediate area. She said the effort to transfer these customers was ongoing.

Chair Draper opened the public hearing and closed it as there were no speakers.

Commission Action: Commissioner O'Neill moved to adopt the Work Program and the Recommended Final Budget for 2019-20 of \$614,469 as proposed, and direct the Executive Officer to distribute the budget to the County, cities, and independent special districts and forward it to the County Controller. Commissioner Lohman seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

5. Consideration of Adoption of Revised LAFCo Schedule of Processing Fees

Management Analyst Bartoli said the recommendation on the first page of the staff report for the revised LAFCo Schedule of Processing Fees was in error as it related to the budget adoption and cited an incorrect budget amount. He said the correct recommendation was found on second page of the staff report, which was to adopt the revised LAFCo Schedule of Processing Fees.

Mr. Bartoli said as part of the 2019-20 budget process, staff had reviewed the existing fee schedule, which had last been updated in 2014. He said the proposed revised schedule of processing fees was unanimously recommended for approval by the Commission at its March 20 meeting and included a recommendation to review processing fees on a biannual basis. He said notice of the hearing to revise the LAFCo Schedule of Processing Fees was published in the San Mateo County Times as a public notice and distributed to affected agencies. He said no public comments were received. He noted that if approved the revised fee schedule would go into effect on July 15, 2019.

Chair Draper opened the public hearing and closed it as there were no speakers.

Commission Action: Commissioner Horsley moved to adopt the 2019 LAFCo Processing Fee Schedule. Commissioner Garbarino seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O'Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

6. Legislative and Policy Committee

a. Overview of Municipal Service Reviews and Sphere of Influence Updates–Information only

Executive Officer Poyatos reviewed the history of the legal requirements for MSRs and SOIs. She said the staff report listed San Mateo County's 20 cities, 22 independent special districts, and 11 County or city governed special districts subject to SOI designations and MSRs. She said some districts because of their enabling legislation were not subject to SOI but MSRs were done on those districts to make sure there was a full report on the pattern of service delivery in the studied area. She said an MSR was a comprehensive study designed to inform LAFCo and local agencies, and the community about the provision of municipal services. She reviewed MSR determinations and explained that the definition for what was a "disadvantaged unincorporated community" excluded unincorporated communities in San Mateo County but the Commission had discretion to address areas that were disadvantaged for instance in those communities needing more adequate water and sewer service.

Management Analyst Bartoli spoke about the financial ability of agencies to provide services and highlighted pension liabilities and long-term costs to jurisdictions. He noted the critical difference between unfunded pension liabilities and unfunded pension plan. He said the MSR also looked at how agencies were able to gain revenues.

Executive Officer Poyatos reviewed the remaining determinations to be made in an MSR. She noted that item g in the policy document states: "Any other matter related to effective or efficient service delivery as required by Commission policy". She noted provision allows the the Commission to enhance its policies to address local conditions or environmental changes. She said the Commission's Water Resiliency Climate Change policy statement was originally adopted as a standalone statement that would now move into the MSR policies as a consideration. She said it would be a way to address the extent to which the agency being studied was preparing for climate change. She noted that this also applies to hazard mitigation and disaster planning.

Ms. Poyatos said the Commission had five determinations to make for SOIs. She said these determinations were more general than the technical analysis made in the MSR and the MSR was the basis for many of the SOI determinations. She provided examples of some outcomes from MSRs. She said staff and the Commission's Legislative and Policy committee were reviewing and updating MSR and SOI policies and welcomed Commission input.

Chair Draper said as MSRs and SOIs were such a great part of what the Commission did that the Legislative and Policies Committee thought it would be good to bring this overview forward and hear Commissioner questions or suggestions. She asked staff to keep the Commission informed on trending issues from their state LAFCo counterparts.

b. Legislative Report

Executive Officer Poyatos referred to the May 7 report on pending legislation affecting LAFCOs, the CALAFCo daily legislative report, and information on AB 818 and AB 600. She said the report also included a table summarizing tracked bills and bills for which the Commission had submitted position letters. She said the report also highlighted AB 825 (Mullin), which was legislation to form the San Mateo County Flood and Sea Level Rise Resiliency District.

c. Consideration of letter of support for AB 818 (Cooley) and letter of opposition to AB 600(Chu)

Commission Action: Commissioner Horsley moved to approve a letter of support for AB 818 (Cooley) and letter of opposition to AB 600 (Chu). Commissioner O’Neill seconded the motion, which passed unanimously. (Ayes: Commissioners Cosgrove, Garbarino, Horsley, Lohman, O’Neill, Slocum, and Chair Draper. Abstentions: None; Noes: None.)

7. Commissioner/Staff Reports

Executive Officer Poyatos said staff attended the CALAFCo workshop April 10 – 12 in San Jose. She highlighted sessions that staff attended and a panel she sat on that deal with avoiding the pitfalls of potential misinterpretation of some of the provisions of Cortese Knox Hertzberg Act.

8. Adjournment

Chair Draper adjourned the meeting at 3:02 p.m.