



December 12, 2013

TO: Members, Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: Supplemental Report: LAFCo File No. 13-5--Proposed Reorganization of Granada Sanitary District into a Community Services District adding the Service of Park and Recreation (Continued from November 20, 2013)

### **Summary**

The Granada Sanitary District (GSD) filed an application with LAFCO to reorganize into community services district in order to provide park and recreation service in El Granada, Princeton and Miramar in addition to the District's current services of sanitary sewer and garbage collection. The April 2013 application also requests amendment of the District's sphere of influence boundaries. GSD adopted a mitigated negative declaration (MND) as lead agency. LAFCo as responsible agency would rely on the MND if the Commission approves the proposal. On May 17, 2013 LAFCo issued a certificate of incomplete application to allow the District additional time for affected public agency and community outreach. On October 22, a Certificate of Filing was issued.

At the November 20, 2013 LAFCo hearing the Commission received the November 14, 2013 staff report which is attached and incorporated herein. The report contains background on community services district enabling legislation (Government Code Section 61000)<sup>1</sup>, GSD outreach efforts, comments from affected agencies, groups and individuals and staff analysis of the proposal. In summary, the application proposes funding park and recreation service in the unincorporated portion of the District with existing property tax revenue. Because GSD boundaries overlap the northern portion of the City of Half Moon Bay, the application proposes

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<sup>1</sup> GCS 61000 provides that a community services district may provide all municipal services provided by a city except land use. Once formed, inactive services of community services districts require application to LAFCo.

a property tax pass-through agreement between the community services district and the City for the area of the District located in the City.<sup>2</sup>

At the November 20, 2013 hearing the Commission received the Executive Officer's report, opened the public hearing, accepted comments, and continued the hearing to allow staff and the District time to respond to questions and requests for information received at the hearing. Specifically the Commission directed that GSD provide more specific information on park projects that would be implemented, how shifting property tax in a phased approach to park and recreation would impact sewer rates and that GSD initiate discussion with Montara Water and Sanitary District regarding consolidation. Since that time, LAFCo staff has received additional information from San Mateo County Parks, formal response from Granada Sanitary District including revised budgets, and additional comments from others.

Based on information received, staff recommends that the Commission receive this supplemental report, additional comment at the continued public hearing and take one of the following actions:

- a) Tentatively approve the proposal with the following conditions and continue the hearing to allow GSD and affected agencies to confer regarding conditions of approval as follows:
  - 1) GSD establishing the County's Midcoast Action Plan for Parks and Recreation as a guiding document as a Community Service District
  - 2) GSD amending the revised budget from a "Sample Budget" to "Proposed Budget" as a document voters can rely on as a reasonable representation of sewer service charges and revenues directed to park and recreation services
  - 3) Agreement with the City of Half Moon Bay regarding pass through of property tax revenue for "overlap area" for the purpose of park and recreation
  - 4) Memorandum of Understanding with the San Mateo County Farm Bureau
  - 5) Memorandum of Understanding with the San Mateo County Resource Conservation District
  - 6) Short-term Agreement with the County of San Mateo Parks Department to implement the Midcoast Action Plan for Parks and Recreation as interim plan as described below
  - 7) GSD letter to the Montara Water and Sanitary District requesting establishment of a joint consolidation committee
- b) Deny the application without prejudice waiving the one year waiting period for a similar proposal.

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<sup>2</sup> The overlap area represents 18.2% of the total property tax revenue generated within GSD boundaries. GSD proposes a pass through agreement of 18.2% of property tax revenue appropriated for Park and Recreation annually.

**Report and Recommendation:**

The following section summarizes GSD responses, additional information from SMC Parks Department and other comments received.

**Response from Granada Sanitary District (December 11, 2013)**

**Request to Initiate Consolidation Discussions with Montara Water and Sanitary District (MWSD)**

The GSD response suggests that reorganization into a community services district can serve as a stepping stone to further consolidation of like services along the Midcoast. The District does not provide indication that it has or will contact MWSD regarding consolidation. In LAFCo follow up to the District's letter, the District indicated that the long established opposition to consolidation on the part of utility districts and the complexity of individual district finances, debt, infrastructure condition, rate methodology, and range of service presented obstacles to consolidation. For these reasons, the District maintains that meeting park and recreation needs should not be conditioned upon consolidation.

**Property Tax Allocation for Park and Recreation and Impact on Sewer Service Charges:**

GSD's comment letter includes a revised budget with a status quo budget for GSD as a sanitary district and a budget as a CSD with sewer, garbage franchise and park and recreation service. In doing so, the District illustrates the difference in the sewer rates under current sanitary district status versus sewer rates if GSD is reorganized into a community services district, shifting a portion of property tax to fund park and recreation in a phased approach. The revised budget is based on the following assumptions:

- The baseline status quo budget assumes no increase in sewer service charges due to a balanced budget
- Additional revenue from repayment of advance by District to Assessment District.
- Retirement of long term debt of \$94,000 in FY 2015-16
- Allocation of property tax to Parks & Recreation services increases each year by \$50,000
- Sewer Authority Midcoastside (SAM)<sup>3</sup> is in the process of preparing a 5 Year Capital Plan. The unknown GSD contribution and impact to sewer fees is not included in either budget

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<sup>3</sup> As noted in the November 14, 2013 report, SAM is a joint power agency consisting of GSD, Montara Water and Sanitary District and City of Half Moon Bay. The SAM governing board includes members from each agency and sets rates and adopts a capital plan. SAM operates the sewage treatment plan and the sewage collection system of all three agencies.

As shown in the District’s response letter and revised status quo and proposed community services district budgets, the following compares current estimated rates as a sanitary district versus community services district. The community services district budget (revised from the November 20<sup>th</sup> version) shows the transfer of a portion of property tax from sewer operations to parks and recreation services. The effect of transferring property on the sewer service charge is illustrated below.

	FY <u>2014</u>	FY <u>2015</u>	FY <u>2016</u>	FY <u>2017</u>	FY <u>2018</u>	FY <u>2019</u>
Sewer Service Charge-Baseline	\$402	\$402	\$402	\$402	\$402	\$402
Sewer Service Charge with Parks and Recreation Services	\$402	\$415	\$440	\$450	\$460	\$485

The baseline budget with no addition of parks and recreation services shows the sewer service charge remaining at \$402 for the next five years, and maintenance of a district reserve of \$3.4 million. The key difference between sewer fees in the original CSD budget submitted with the application and revised CSD budget is that the original budget projected building a reserve over five years and the revised budget projects maintaining the reserve at \$3.4 million. The District therefore projects no rate increase based upon the five year baseline budget if parks and recreation services are not added. However, as noted above, neither budget reflects the increase in sewer rates that would result from the GSD share of the SAM 5 Year Capital Budget which is not yet available.

From the LAFCo perspective, providing a status quo budget in addition to the proposed community services district budget that includes park and recreation provides for “apples to apples” comparison of a sewer rates under both scenarios. Based on these assumptions, the projected impact of transferring property tax to park and recreation service over five years is a 20% increase in annual sewer service charges by the fifth year of operation as a community services district. In either case, sewer rates would likely be higher upon adoption and implementation of the SAM 5 Year Capital Plan based on GSD’s share of the capital plan. In addition, the District’s reserve is impacted in that stabilization of rates relies on maintaining a flat reserve rather than building a reserve over time.

The proposed budget for park and recreation shows: \$50,000 property tax revenue in Year 1 with no parks expenditures but allocation to reserve; \$100,000 property tax revenue in Year 2 with \$55,000 in park expenditures and \$45,000 to reserve; \$150,000 property tax revenue in Year 3 with \$64,000 park expenditures and \$87,000 to reserve<sup>4</sup>; \$200,000 in property tax revenue in Year 4 with \$200,000 in property tax revenue and \$72,000 in park expenditures and \$129,000 to reserve; and \$250,000 in property tax revenue in Year 5 with \$80,000 in park

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<sup>4</sup> Years 3-5 also include miscellaneous revenue also \$1,000 contributed to reserve

expenditures and \$171,00 to reserve. The ending Parks and Recreation Reserve is projected at \$282,000 with \$200,000 additionally set aside for capital projects. Each year individual park expenditures reflect partnering with the County on Quarry Park, Cabrillo Unified School District on field maintenance, City of Half Moon Bay property tax pass through, and maintenance of the District's Burnham Strip parcel. With the exception of the City of Half Moon Bay, the partnering allocations are relatively small amounts. Consideration could be given to alternating partnering with individual agencies to fund larger individual initiatives each year.

If the proposal is approved by LAFCo, impartial analysis for the election required for formation of a community services district would include rate information contained in the proposal. Additionally, if the District is formed subsequent rate increases would be subject to Proposition 218 which provides that sewer rates may not be increased if there is a simple majority protest of sewer fee increases. In both cases, the rate payers and voters are given the opportunity to weigh the merits of funding park and recreation with property tax that would otherwise subsidize sewer fees.

#### Proposed Park and Recreation Facilities and Programs

The GSD response to the request for more detail on proposed park facilities and programs references the Midcoast Action Plan for Parks and Recreation-Planning Team Report, July 31, 2007 and lists potential projects from the Plan including: park structures (picnic benches, swings, playground equipment) in pocket parks located on the broad medians of El Granada; funding for Quarry Park and including expansion of tot lot and benches and maintenance; funding on-going maintenance or enhancement of school sports fields to accommodate increased use; cost sharing with the City of Half Moon Bay for programs benefiting residents in the Granada Sanitary District; improvements on the District's 6 acre parcel on the Burnham strip based on site analysis; making space in the District's existing office building for community center services such as ping pong, pool, educational programs for local residents.<sup>5</sup>

From the LAFCo perspective, while the proposed parks projects lack detail that would be found in the project description for a specific park, they do meet the requirements for a Plan for Service required in a LAFCo application. In this regard, the GSD Plan for Service is similar to a Program Environmental Impact Report (EIR) which is prepared for a series of projects that are related and authorized under the same statutory authority, versus a project EIR which analyses individual projects such as construction or development in which footprint and construction specifications are known. Staff believes that identification of projects in the paragraph above could be incorporated in LAFCo approval of reorganization approval, especially if the County's Midcoast Action Plan For Parks And Recreation is established as the guiding document for the reorganized district.

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<sup>5</sup> The District currently allows several organizations to use the District's meeting room. These include MidCoast Community Council, Midcoast Parklands, Friends of Quarry Park and the County of San Mateo.

Related supplemental correspondence from the County Parks Department dated November 25, 2013 and December 10, 2013 (attached) detail Park Department park planning and improvement efforts on the Midcoast since 2002 and the Midcoast Park Mitigation Fee Fund.<sup>6</sup> Excluding Fitzgerald Marine Reserve which is a regional park, projects and improvements benefiting the Midcoast include the following. (Projects with an asterisk are Midcoast Action Plan Projects and funded with Midcoast Park funds and in many cases augmented with additional grants.)

- 2002 Midcoast Recreational Needs Assessment
- 2003 Midcoast Park Mitigation Fee approved and implemented
- 2005 Mirada Surf East and West acquired
- 2008 County acquired Quarry Park, improved Quarry Park community garden and created a Midcoast Parks Operations District within the Parks operations structure
- 2009 Mirada Surf CA Coastal Trail Phase 1 and 2 constructed  
El Granada Elementary playfield installed\*
- 2010 Quarry Park Tree House constructed  
CA Coastal Trail from Half Moon Bay to Princeton approved  
CA Coastal Trail signs installed from Ritz Carlton to Princeton\*  
Highway 1 Safety and mobility Improvement Project Phase 1 approved
- 2011 Quarry Park playground and parking lot constructed\*
- 2012 Highway 1 Safety and Mobility Improvement Project Phase 2 approved  
400' gap in CA Coastal Trail at Surfers Beach grant secured, and meetings with CalTrans facilitated to collaborate in the future\*
- 2013 Mirada Surf Coastal Trail Phase 3 and bathroom constructed  
Moss Beach Park Acquired\*
- 2014 Moss Beach Park bathroom installation (February)\*  
Devils Slide CA Coastal Trail and interpretive sign construction (March)  
Vicente Creek habitat enhancement and cypress forest management to be approved and first phase implemented (December)  
Green Valley trail easement secured and trail designed and permitted.  
Funding to be secured for construction

Given the established presence of the County Parks Department on the Midcoast and the Department's expertise and organizational structure, consideration could be given to a condition of approval requiring an initial five-year contract between the CSD and the County Parks Department, in which the County Parks Department could continue to implement the Midcoast action plan leveraging CSD property tax revenue designated for parks with the Midcoast Mitigation Fund and the County's ability to secure grant funding. This short term contract would take advantage of the County Parks Department expertise related to the action plan, established departmental structure and relationship with park related entities on the Midcoast. It could also serve as a bridge while GSD and MWSD work toward consolidation into

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<sup>6</sup> As of 6/30/13 the balance of the fund was \$492,920 of which \$440,000 is currently allocated for project listed below.

a Midcoast-wide community services district to include the existing services of the two districts as well as park and recreation. A short term contract would recognize the County Parks Department's long range focus on regional versus neighborhood parks and provide for a transition of community park service by the County to a locally governed Midcoast Community Services District with the powers of sewer, water, solid waste and park and recreation.

**Other Correspondence:**

**City of Half Moon Bay:**

City of Half Moon Bay's comment letter received at the Commission's November 20 LAFCo meeting expressed concern about lack of project specificity and impact on sewer rates described above and as well as a request that a proposal for reorganization be conditioned upon an agreement between the District and City of Half Moon Bay that would to ensure that a proportional share of property tax currently allocated to GSD for parcels within Half Moon Bay would be reallocated to the City of Half Moon Bay based on the Community Services District total shift of property tax to park and recreation annually.

As noted in the November 14, 2013 report, GSD proposes a pass through agreement with the City of Half Moon Bay that would result in the City receiving 18% of the total property tax revenue GSD allocates for parks and recreation. This formula reflects the proportion of property tax the overlap area bears to total property tax received by the District. This allocation is shown in the Five Year Budget under "Partner with Half Moon Bay". The individual allocation in Years 2 through 4 exceeds the 18% formula and allocation in Year 5 equals 18% of the annual property tax revenue allocated for park and recreation. An agreement with this language would be a permissible condition of LAFCo approval.

**San Mateo County Association of Realtors (SAMCAR):**

On December 5, 2013 LAFCo received the November 19, 2013 letter of opposition from SAMCAR, stating that the proposal represents more duplication of government services and the region already suffers from too many overlapping districts. The letter also cites lack of specificity of how park and recreation would be improved, that GSD is not involved with other groups already providing park and recreation, GSD is the wrong government model to accomplish this goal and asks the Commission to reject the proposal.

**Cabrillo Unified School District:**

Following the November 20, 2013 LAFCo meeting, LAFCo staff renewed the request for comment from the Cabrillo Unified School District and was informed via e-mail that "the Cabrillo Unified School District and its Governing Board have no comments to contribute. GSD presented an informational item to the Board and the Board had no comment."

The fact that the Cabrillo Unified School District accepted funding of field improvements from the County indicates that there is benefit to the District of such revenues being available. However, lacking comments from the School District or Board, it is not clear if the School District or Board on behalf of affected constituents would be willing to work with a reorganized community services district in collaborating on park related improvements on school facilities or use of school facilities for recreational programs.

San Mateo County Resource Conservation District (RCD):

The RCD has provided LAFCo with a draft Memorandum of Understanding (MOU) that would provide for appropriation at the beginning of each fiscal year by the reorganized CSD to contract with RCD to identify resource management work on CSD lands. The RCD requests that execution of the MOU be a condition of LAFCo approval.

San Mateo County Farm Bureau:

Please see November 14, 2013 report regarding MOU between GSD and the Farm Bureau.

**Analysis:**

The GSD proposal requires the Commission to weigh the benefits of shifting property tax from subsidizing an enterprise activity to fund demonstrated park and recreation needs against the proposal failing to fully implement the LAFCo adopted Midcoast sphere designation of a community services district for the entire unincorporated Midcoast.

The proposal to shift property tax for park and recreation is supported by State policy directing that property tax be used for non-enterprise activities and that enterprise districts establish rates that cover the cost of providing service. In essence, Proposition 13 enacted in 1978,<sup>7</sup> changed special district funding in that enterprise districts lost the ability to raise revenue through property tax other than the limited property tax that was distributed to enterprise districts when Proposition 13 was implemented. Government Code Section 16270 states: *The Legislature finds and declares that many special districts have the ability to raise revenue through user charges and fees and that their ability to raise revenue directly from the property tax for district operations has been eliminated by Article XIII A of the California Constitution. It is the intent of the Legislature that such districts rely on user fees and charges for raising revenue due to the lack of the availability of property tax revenues after the 1978-79 fiscal year. Such districts are encouraged to begin the transition to user fees and charges during the 1978-79 fiscal year.*

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<sup>7</sup> Proposition 13 limited property tax to 1% of assessed value and limited reassessment to 2% per year unless property is improved or sold. The impact of Proposition 13 on local government revenues and services was catastrophic and permanent, particularly impacting non-enterprise activities such as park and recreation.



The proposal to create a community services district with sewer, solid waste and park and recreation power for a portion of the Midcoast does not fully implement the adopted sphere and underscores the obstacles to coordinating governmental collaboration, leveraging resources and creating efficiencies in the study area of approximately 12,000 persons owing to the number and fragmentation of government agencies. Consolidation of GSD and MWSD would not only facilitate implementing a park and recreation program for the entire Midcoast but would eliminate the arbitrary sewer service boundary separating the communities of El Granada, Princeton and Miramar from Moss Beach and Montara. Furthermore, consolidation of GSD and MWSD would encourage a Midcoast Community Services District with water power to collaborate with Coastside County Water District, the County, LAFCo and the Coastal Commission on how to best serve urban territory currently excluded from the boundaries of either water agency. Please see Page 11 for service area map.

Reorganization of GSD as a community services district could be considered a first step in implementing adopted spheres of influence because if approved with conditions set forth below, would provide funding for park and recreation in the District's boundaries and promote future consolidation.

### **Recommendation**

It is recommended that the Commission receive the Executive Officer's report, open the public hearing and take one of the following actions:

- a) Tentatively approve the proposal with the following conditions and continue the hearing to allow GSD and affected agencies to confer regarding conditions of approval as follows:
  - 1) GSD establishing the County's Midcoast Action Plan for Parks and Recreation as a guiding document as a Community Service District
  - 2) GSD amending the revised budget from a "Sample Budget" to "Proposed Budget" as a document voters can rely on as a reasonable representation of sewer service charges and revenues directed to park and recreation services
  - 3) Agreement with the City of Half Moon Bay regarding pass through of property tax revenue for "overlap area" for the purpose of park and recreation
  - 4) Memorandum of Understanding with the San Mateo County Farm Bureau
  - 5) Memorandum of Understanding with the San Mateo County Resource Conservation District
  - 6) Short-term Agreement with the County of San Mateo Parks Department to implement the Midcoast Action Plan for Parks and Recreation as interim plan as described below
  - 7) GSD letter to the Montara Water and Sanitary District requesting establishment of a joint consolidation committee

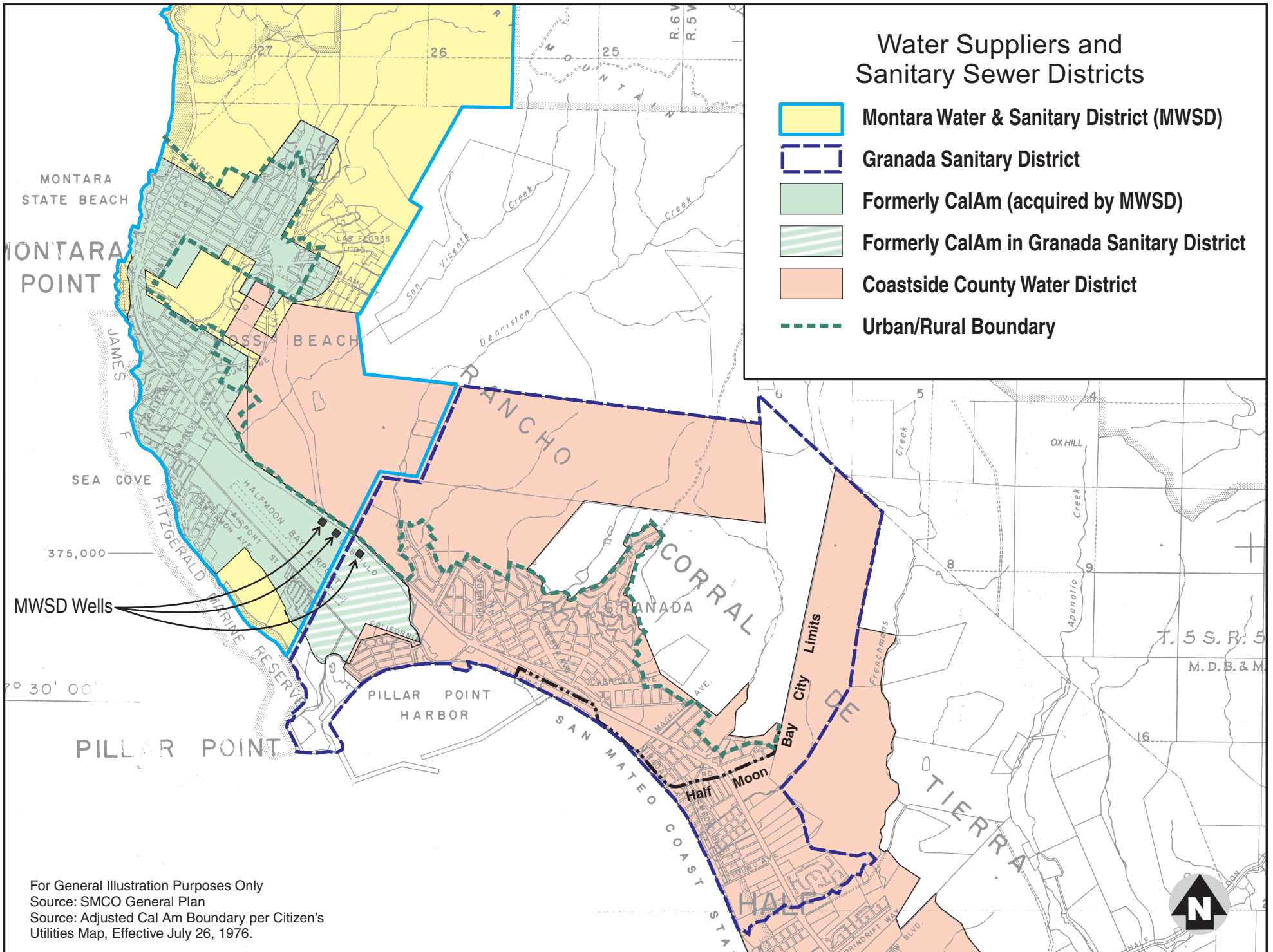
- b) Deny the application without prejudice waiving the one year waiting period for a similar proposal.

If the Commission approves the tentatively approves the proposal, at the January 15, 2014 meeting considerations for final action would include:

- Certification that the Commission has considered the GSD Mitigated Negative Declaration.
- Acceptance of the Executive Officer's report and supplemental report
- Adoption of a statement of determinations concerning the sphere of influence amendment and establishing active services of sewer, garbage collection and park and recreation as described in the November 14 staff report on pages 14 and 15
- Adoption of a resolution amending the sphere of influence and approving with conditions LAFCo File 13-05—Proposed Reorganization of Granada Sanitary District as a Community Services District Adding Park and Recreation Service
- Direction and delegation to the Executive Officer to conduct protest proceedings pursuant to Government Code Section 57000 et seq.

Attachments:

- Attachment A: GSD Response Letter  
Attachment B: November 25, 2013 and December 11, 2013 SMC Parks Correspondence  
Attachment C: Comment letters received after November 20, 2013  
Attachment D: November 14, 2013 staff report and attachments





GRANADA SANITARY DISTRICT  
OF SAN MATEO COUNTY

Attachment A

*Board of Directors*

*Leonard Woren, President*

*Matthew Clark, Vice President*

*Ric Lohman, Secretary*

*Gael Erickson, Treasurer*

*Jim Blanchard, Board Member*

December 11, 2013

Martha Poyatos, Executive Officer  
Local Agency Formation Commission  
455 County Center, 2nd Floor  
Redwood City, CA 94063-1663

**Re: Application for Reorganization of Granada Sanitary District into a Community Services District in Order to Add Parks and Recreation Services – Response to Comments from the LAFCo November 20<sup>th</sup> Public Hearing**

Dear Martha,

This letter is written to summarize and respond to the comments received in conjunction with the November 20<sup>th</sup> LAFCo Public Hearing to consider the District's proposed reorganization into a community services district. The Commission continued the public hearing and requested additional information on increased specifics for the proposed projects listed in the application, as well as more information on the effects that the transfer of property tax revenue to parks and recreation services will have on sewer operations and the annual sewer service charge.

The addition of parks and recreation services would enable the district to provide a wide variety of activities for all residents. It would assist families and community organizations in planning and scheduling personal, private and special recreational opportunities. Programming areas could include instructional classes, youth and adult sports, teen activities, camps, special needs programs, and special events.

The reorganization application lists multiple proposed projects from the Midcoast Action Plan for Parks and Recreation drafted by the County of San Mateo Task Force. Attached to this letter are some excerpts from the Midcoast Action Plan. The list of potential projects includes:

- Development of neighborhood parks along the broad avenues of El Granada, as originally intended in architect Daniel Burnham's design of El Granada – The avenues and boulevards within El Granada contain broad median areas which are well suited for construction of neighborhood playgrounds. Hardscaping such as picnic benches, swings, and other playground equipment can be employed in these pocket park areas.
- Partnering opportunities with the County of San Mateo including Quarry Park and/or the County owned Mirada Surf properties – Quarry Park has had an uneven history of operations, with various non-profit groups helping to operate the park along with the County. The County recently used funds from its Midcoast Park Mitigation Fee Fund to construct improvements to the Quarry Park playground and bathrooms. However, this Mitigation Fund is for capital projects only, and cannot be used to fund operations and maintenance of improvements. Partnering with a newly formed Granada CSD to provide locally controlled park operations would provide a steady

and stable revenue source. The existing benches and tot lot could be expanded and maintained with funding from the CSD.

- Partnering opportunities with the Cabrillo Unified School District – Multiple local sports organizations such as the Half Moon Bay AYSO and the Half Moon Bay Little League utilize school district fields for their operations. Funds from the Midcoast Park Mitigation Fee Fund were used to construct improvements to the Granada Elementary School sports field. A Granada CSD partnering with the school district could help leverage funding for enhanced services for parks and recreation and for the maintenance or enhancement of these fields due to increased use.
- Partnering opportunities with the City of Half Moon Bay – The City of Half Moon Bay has long borne the burden as the primary agency responsible for local parks and recreation on the Midcoast. Reorganizing an existing neighboring agency with parks and recreation powers for the unincorporated Midcoast, with its own funding source, would provide a substantial benefit to both the City and residents within a Granada CSD. Cost sharing for existing or enhanced program management activities would benefit all residents of the Midcoast.
- Use of the parcel on the Burnham Strip owned by GSD – GSD owns a 6 acre parcel on the Burnham Strip. The sub-surface land is utilized by the Sewer Authority Midcoastside for a wet weather flow management system, but the surface land is free to be used in any manner consistent with parks and recreation services. Further site analysis would be needed to determine the best uses for this parcel.
- Community Center services – Should a Granada CSD be formed, it would have the ability to rent additional space in its existing office building to partner with an entity like the Boys & Girls Club to offer community center services such as ping pong, pool, educational programs, etc. to local residents. GSD currently allows agencies such as the Midcoast Community Council, Midcoast Parklands, Friends of Quarry Park, and the County, to utilize its meeting room for meetings and other community functions.

Reorganization into a CSD will allow proper discussion and public input for any projects proposed for the benefit of the community.

In response to questions concerning the potential effects that a transfer of property tax revenue to parks and recreation services would have on sewer operations and the annual sewer service charge, I have attached two representative budgets. The baseline budget (newly created) shows the sewer service charge assuming no parks and recreation services. The second budget (revised from the November 20<sup>th</sup> version) shows the transfer of some property tax to parks and recreation services. The resultant effect on the sewer service charge is summarized below.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Sewer Service Charge-Baseline	\$402	\$402	\$402	\$402	\$402	\$402
Sewer Service Charge with Parks and Recreation Services	\$402	\$415	\$440	\$450	\$460	\$485

The baseline budget with no addition of parks and recreation services shows the sewer service charge remaining at \$402 for the next five years, and a district reserve of \$3.4

million at the end of five years. The District would therefore not expect to raise rates based upon this five year baseline budget if parks and recreation services are not added.

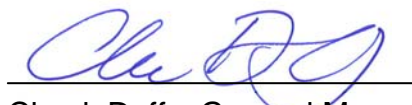
The revised budget with parks and recreation services shows a re-allocation of some portion of the property taxes received to the parks and recreation budget. In this version, sewer service charges would have to increase from \$402 to \$485 over the course of five years in order to maintain the district reserve at \$3.4 million (allowing for an apples to apples comparison between the two budgets). Both the new baseline budget and the revised budget showing allocation of funds to parks and recreation services are included as attachments to this letter.

At its essence, this proposed reorganization is a proposal to bring parks and recreation services to the unincorporated Midcoast, an area that by all accounts is sorely underserved. It is a proposal to direct property tax revenues towards the funding of governmental services such as parks and recreation, in accordance with the State legislature's intent. This action would bring a new source of substantial funding to the Midcoast to complement the existing recreational organizations and agencies. The proposed reorganization provides an efficient means of delivering public services to the Midcoast, and can serve as a stepping stone to further consolidation of like services along the Midcoast.

The District has spent significant time and effort over the past several years conducting public outreach and in presenting the proposed reorganization to other agencies. We appreciate the opportunity to again appear before the Commission to discuss this proposed reorganization. Should this proposal be approved by the Commission, we believe it would provide a unique opportunity to allow the residents of the District to decide their own fate regarding parks and recreation along the Midcoast.

Sincerely,

Granada Sanitary District



Chuck Duffy, General Manager

## **Excerpts from the Midcoast Action Plan for Parks and Recreation drafted by the County of San Mateo Task Force**

### Description

The park and recreation resources envisioned in this Action Plan include neighborhood parks, community parks with playfields, a community recreation building and a Midcoast trail system.

### Quarry Park / Wicklow

Quarry Park is (was) operated by Midcoast Park Lands in a partnership with the County and the Cabrillo School District. Quarry Park is virtually surrounded by the POST Wicklow property and the two together have a long term potential as a trails and passive recreation park. The existing tot lot, improvements to the open meadow and proximity to a POST meadow area make the need for improved restroom facilities critical. This Park serves several needs for the local community of El Granada, as well as the Midcoast.

### Neighborhood Parks

Areas with recreation structures and/or picnic tables and grass areas are an important component of neighborhoods. They are developed with neighborhood consensus and support.

### El Granada Avenues

The broad avenues in El Granada provide informal passive recreation opportunities today. These are representative of what could be an expanding number of community play sites serving local neighborhoods. Recreational use of these Avenues was identified in the original land use plan for El Granada prepared by Daniel Burnham.

### Burnham Strip

There is significant community interest in the community use of the Burnham Strip to provide a view shed to the oceans as well as a passive park area. Ownership issues and perspectives of multiple groups make planning near term use of this area difficult.

Two important parts of a longer term plan for Midcoast recreation should be mentioned:

### Community Center

This is an expensive facility and also one difficult to site. It is a key component in the overall long-term plan. Locations for a Community Center include the Etheldore Triangle, Princeton Area and Old Navy Base sites.

12-11-2013 BASELINE SAMPLE GRANADA SANITARY DISTRICT  
5 YEAR BUDGET NO PARKS AND RECREATION SERVICES

Budget assumptions:

1. No increase is sewer service charge necessary due to balanced budget.
2. Additional funding from repayment of monies advanced to the Assessment District.
3. Retirement of long term debt payment of \$94,000 in FY 2015/16
4. Baseline budget shows no need for increase in sewer service charge.
5. SAM is in the process of preparing a 5 Year Capital Budget which is not reflected here but affects both versions of the budget equally.

Sewer Service Charge	<u>FY 2013/14</u> \$402	<u>FY 2014/15</u> \$402	<u>FY 2015/16</u> \$402	<u>FY 2016/17</u> \$402	<u>FY 2017/18</u> \$402	<u>FY 2018/19</u> \$402
<b><u>SEWER SYSTEM OPERATING REVENUES</u></b>						
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
1 . Property Tax Allocation	\$480,000	\$480,000	\$480,000	\$480,000	\$480,000	\$480,000
2 . Annual Sewer Service Charges	\$1,257,000	\$1,259,000	\$1,261,000	\$1,263,000	\$1,265,000	\$1,267,000
3 . Reim. from A.D. - Salary and Overhead	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
4 . Recology of the Coast Franchise Fee	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
5 . Miscellaneous	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
SEWER SYSTEM TOTAL NON-OPERATING REVENUES	\$1,776,000	\$1,778,000	\$1,780,000	\$1,782,000	\$1,784,000	\$1,786,000
<b><u>SEWER SYSTEM NON-OPERATING REVENUES</u></b>						
1 . Interest on Reserves	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300
2 . Connection Fees	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800
3 . SAM Refund from Prior Year Allocation	\$101,000	\$86,000	\$71,000	\$56,000	\$41,000	\$26,000
4 . Repayment of Monies Advanced to the Assessment District	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
5 . ERAF Refund from Prior Year	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
SEWER SYSTEM TOTAL NON-OPERATING REVENUES	\$317,100	\$302,100	\$287,100	\$272,100	\$257,100	\$242,100
<b>SEWER SYSTEM TOTAL REVENUES</b>	<b>\$2,093,100</b>	<b>\$2,080,100</b>	<b>\$2,067,100</b>	<b>\$2,054,100</b>	<b>\$2,041,100</b>	<b>\$2,028,100</b>
<b><u>SEWER SYSTEM OPERATING and ADMINISTRATIVE EXPENDITURES</u></b>						
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
<b><u>OPERATIONS</u></b>						
1 . SAM General (Treatment and Admin.)	\$949,473	\$949,473	\$949,473	\$949,473	\$949,473	\$949,473
2 . SAM Collections	\$232,527	\$237,178	\$241,921	\$246,760	\$251,695	\$256,729
3 . Plant Shortfall Debt Service (COP)	\$94,000	\$94,000	\$94,000	\$0	\$0	\$0
Sub-Total Operations Expenditures	\$1,276,000	\$1,280,651	\$1,285,394	\$1,196,233	\$1,201,168	\$1,206,202
<b><u>ADMINISTRATION</u></b>						
1 . Sub-Total Administration Expenditures	\$517,900	\$528,158	\$538,621	\$549,294	\$560,180	\$571,285
<b>SEWER SYSTEM TOTAL OPERATING EXPENDITURE</b>	<b>\$1,793,900</b>	<b>\$1,808,809</b>	<b>\$1,824,015</b>	<b>\$1,745,526</b>	<b>\$1,761,348</b>	<b>\$1,777,487</b>



12-11-2013 BASELINE SAMPLE GRANADA SANITARY DISTRICT  
5 YEAR BUDGET **NO PARKS AND RECREATION SERVICES**

<b>NET TO/(FROM) SEWER SYSTEM RESERVES</b>	<b>\$299,200</b>	<b>\$271,291</b>	<b>\$243,085</b>	<b>\$308,574</b>	<b>\$279,752</b>	<b>\$250,613</b>
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12-11-2013 BASELINE SAMPLE GRANADA SANITARY DISTRICT  
5 YEAR BUDGET NO PARKS AND RECREATION SERVICES

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
<u>SEWER SYSTEM NON-OPERATING REVENUES</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
1 . Interest on Reserves	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300
2 . Connection Fees	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800
3 . SAM Refund from Prior Year Allocation	\$101,000	\$86,000	\$71,000	\$56,000	\$41,000	\$26,000
4 . Repayment of Monies Advanced to the Assessment District	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
5 . ERAF Refund from Prior Year	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
<b>SEWER SYSTEM TOTAL NON-OPERATING REVENUE</b>	<b>\$317,100</b>	<b>\$302,100</b>	<b>\$287,100</b>	<b>\$272,100</b>	<b>\$257,100</b>	<b>\$242,100</b>

**SEWER SYSTEM CAPITAL PROJECTS AND RESERVE FUND BALANCE**

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
<u>SEWER SYSTEM CAPITAL PROJECTS</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
1 . Mainline System Repairs and Investigation	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
2 . Sewer Main Replacement CIP	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
3 . SAM - Projects	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
<b>TOTAL CAPITAL IMPROVEMENT PROJECTS</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>
 <b><u>SEWER SYSTEM CAPITAL RESERVE FUND</u></b>						
1 . Beginning Balance on July 1	\$3,444,000	\$3,473,200	\$3,474,491	\$3,447,576	\$3,486,150	\$3,495,902
2 . Capital Projects	(\$270,000)	(\$270,000)	(\$270,000)	(\$270,000)	(\$270,000)	(\$270,000)
3 . Transfer (to)/from Operating Budget	\$299,200	\$271,291	\$243,085	\$308,574	\$279,752	\$250,613
<b>SEWER SYSTEM RESERVE AT END OF FISCAL YEAR</b>	<b>\$3,473,200</b>	<b>\$3,474,491</b>	<b>\$3,447,576</b>	<b>\$3,486,150</b>	<b>\$3,495,902</b>	<b>\$3,476,515</b>

12-11-2013 REVISED SAMPLE GRANADA COMMUNITY SERVICES DISTRICT  
5 YEAR BUDGET WITH PARKS AND RECREATION SERVICES

Budget assumptions:

1. No increase is sewer service charge necessary due to balanced budget.
2. Additional funding from repayment of monies advanced to the Assessment District.
3. Retirement of long term debt payment of \$94,000 in FY 2015/16.
4. Sample allocation of property taxes to Parks and Recreation services increases each year by \$50,000.
5. SAM is in the process of preparing a 5 Year Capital Budget which is not reflected here but affects both versions of the budget equally.

Sewer Service Charge	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>	<u>FY 2018/19</u>
	\$402	\$415	\$440	\$450	\$460	\$485
<u>SEWER SYSTEM OPERATING REVENUES</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
1 . Property Tax Allocation	\$480,000	\$430,000	\$380,000	\$330,000	\$280,000	\$230,000
2 . Annual Sewer Service Charges	\$ 1,257,000	\$ 1,299,000	\$ 1,380,000	\$ 1,413,000	\$ 1,447,000	\$ 1,528,000
3 . Reim. from A.D. - Salary and Overhead	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
4 . Recology of the Coast Franchise Fee	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
5 . Miscellaneous	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
SEWER SYSTEM TOTAL NON-OPERATING REVENUES	\$1,776,000	\$1,768,000	\$1,799,000	\$1,782,000	\$1,766,000	\$1,797,000
<u>SEWER SYSTEM NON-OPERATING REVENUES</u>						
1 . Interest on Reserves	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300
2 . Connection Fees	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800
3 . SAM Refund from Prior Year Allocation	\$101,000	\$86,000	\$71,000	\$56,000	\$41,000	\$26,000
4 . Repayment of Monies Advanced to the Assessment District	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
5 . ERAF Refund from Prior Year	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
SEWER SYSTEM TOTAL NON-OPERATING REVENUES	\$317,100	\$302,100	\$287,100	\$272,100	\$257,100	\$242,100
SEWER SYSTEM TOTAL REVENUES	\$2,093,100	\$2,070,100	\$2,086,100	\$2,054,100	\$2,023,100	\$2,039,100
<u>SEWER SYSTEM OPERATING and ADMINISTRATIVE EXPENDITURES</u>						
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
<u>OPERATIONS</u>						
1 . SAM General (Treatment and Admin.)	\$949,473	\$949,473	\$949,473	\$949,473	\$949,473	\$949,473
2 . SAM Collections	\$232,527	\$237,178	\$241,921	\$246,760	\$251,695	\$256,729
3 . Plant Shortfall Debt Service (COP)	\$94,000	\$94,000	\$94,000	\$0	\$0	\$0
Sub-Total Operations Expenditures	\$1,276,000	\$1,280,651	\$1,285,394	\$1,196,233	\$1,201,168	\$1,206,202
<u>ADMINISTRATION</u>						
1 . Sub-Total Administration Expenditures	\$517,900	\$528,158	\$538,621	\$549,294	\$560,180	\$571,285
SEWER SYSTEM TOTAL OPERATING EXPENDITURE	\$1,793,900	\$1,808,809	\$1,824,015	\$1,745,526	\$1,761,348	\$1,777,487

12-11-2013 REVISED SAMPLE GRANADA COMMUNITY SERVICES DISTRICT  
5 YEAR BUDGET **WITH PARKS AND RECREATION SERVICES**

<b>NET TO/(FROM) SEWER SYSTEM RESERVES</b>	<b>\$299,200</b>	<b>\$261,291</b>	<b>\$262,085</b>	<b>\$308,574</b>	<b>\$261,752</b>	<b>\$261,613</b>
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12-11-2013 REVISED SAMPLE GRANADA COMMUNITY SERVICES DISTRICT  
5 YEAR BUDGET WITH PARKS AND RECREATION SERVICES

	<b>FY 2013/14</b>	<b>FY 2014/15</b>	<b>FY 2015/16</b>	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>
<b><u>SEWER SYSTEM NON-OPERATING REVENUES</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
1 . Interest on Reserves	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300
2 . Connection Fees	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800	\$18,800
3 . SAM Refund from Prior Year Allocation	\$101,000	\$86,000	\$71,000	\$56,000	\$41,000	\$26,000
4 . Repayment of Monies Advanced to the Assessment District	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
5 . ERAF Refund from Prior Year	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
<b>SEWER SYSTEM TOTAL NON-OPERATING REVENUE</b>	<b>\$317,100</b>	<b>\$302,100</b>	<b>\$287,100</b>	<b>\$272,100</b>	<b>\$257,100</b>	<b>\$242,100</b>

**SEWER SYSTEM CAPITAL PROJECTS AND RESERVE FUND BALANCE**

	<b>FY 2013/14</b>	<b>FY 2014/15</b>	<b>FY 2015/16</b>	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>
<b><u>SEWER SYSTEM CAPITAL PROJECTS</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
1 . Mainline System Repairs and Investigation	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
2 . Sewer Main Replacement CIP	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
3 . SAM - Projects	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
<b>TOTAL CAPITAL IMPROVEMENT PROJECTS</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>	<b>\$270,000</b>
<b><u>SEWER SYSTEM CAPITAL RESERVE FUND</u></b>						
1 . Beginning Balance on July 1	\$3,444,000	\$3,473,200	\$3,464,491	\$3,456,576	\$3,495,150	\$3,486,902
2 . Capital Projects	(\$270,000)	(\$270,000)	(\$270,000)	(\$270,000)	(\$270,000)	(\$270,000)
3 . Transfer (to)/from Operating Budget	\$299,200	\$261,291	\$262,085	\$308,574	\$261,752	\$261,613
<b>SEWER SYSTEM RESERVE AT END OF FISCAL YEAR</b>	<b>\$3,473,200</b>	<b>\$3,464,491</b>	<b>\$3,456,576</b>	<b>\$3,495,150</b>	<b>\$3,486,902</b>	<b>\$3,478,515</b>

12-11-2013 REVISED SAMPLE GRANADA COMMUNITY SERVICES DISTRICT  
5 YEAR BUDGET WITH PARKS AND RECREATION SERVICES

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
<b><u>PARKS AND RECREATION OPERATING REVENUES</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
1 . Property Tax Allocation	\$0	\$50,000	\$100,000	\$150,000	\$200,000	\$250,000
2 . Miscellaneous	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$100,000</b>	<b>\$151,000</b>	<b>\$201,000</b>	<b>\$251,000</b>
<b><u>PARKS AND RECREATION OPERATING EXPENDITURES</u></b>						
1 . SAMPLE Operating expenses						
a. Partner with County on maintenance of Quarry Park	\$0	\$0	\$10,000	\$11,000	\$12,000	\$13,000
b. Partner with Cabrillo Unified on field maintenance	\$0	\$0	\$10,000	\$11,000	\$12,000	\$13,000
c. Partner with Half Moon Bay on parks and recreation programs	\$0	\$0	\$30,000	\$35,000	\$40,000	\$45,000
d. Maintenance of District's portion of Burnham Strip property	\$0	\$0	\$5,000	\$6,000	\$7,000	\$8,000
2 . Miscellaneous	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
<b>TOTAL EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,000</b>	<b>\$64,000</b>	<b>\$72,000</b>	<b>\$80,000</b>
<b>NET TO/(FROM) PARKS AND RECREATION RESERVE</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$45,000</b>	<b>\$87,000</b>	<b>\$129,000</b>	<b>\$171,000</b>
<b><u>PARKS AND RECREATION CAPITAL RESERVE FUND</u></b>						
1 . Beginning Balance on July 1	\$0	\$0	\$50,000	\$60,000	\$92,000	\$166,000
2 . Capital Projects	\$0	\$0	(\$35,000)	(\$55,000)	(\$55,000)	(\$55,000)
3 . Transfer (to)/from Operating Revenues	\$0	\$50,000	\$45,000	\$87,000	\$129,000	\$171,000
<b>PARKS AND RECREATION RESERVE AT FYE</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$60,000</b>	<b>\$92,000</b>	<b>\$166,000</b>	<b>\$282,000</b>



Attachment B

**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

**Department of Parks**

**DATE:** December 10, 2013

**TO:** Martha Poyatos, LAFCO  
**FROM:** Marlene Finley, Director  
**SUBJECT:** Midcoast Park Project Update

For the past 13 years San Mateo County Parks has been involved in extensive park improvement efforts in the Midcoast listed as follows:

<u>Date</u>	<u>Plan or Improvement</u>
2002	Midcoast Recreational Needs Assessment completed. Fitzgerald Marine Reserve Resource Assessment completed.
2003	Midcoast Park Mitigation Fee approved and implemented.
2004	Fitzgerald Final Master Plan approved. Fitzgerald Interpretive Concept Plan approved.
2005	Mirada Surf East and West acquired.
2007	Midcoast Park and Recreation Action Plan approved.
2008	County acquired Quarry Park from Midcoast Parklands. Quarry Park community garden improved. County Parks created Midcoast Park District.
2009	Fitzgerald Marine Reserve interpretive signage approved. Mirada Surf CA Coastal Trail Phase I and II constructed. El Granada Elementary playfield installed.*
2010	Quarry Park tree house constructed. CA Coastal Trail Conceptual Plan from Half Moon Bay to Princeton approved. CA Coastal Trail signs installed from Ritz Carlton to Princeton.* Fitzgerald Marine Reserve Seal Cove stairway constructed. Highway 1 Safety and Mobility Improvement Project Phase I approved.
2011	Quarry Park playground and parking lot constructed.*
2012	Highway 1 Safety and Mobility Improvement Project Phase II approved. 400' gap in CA Coastal Trail at Surfers Beach grant secured, and meetings with CalTrans facilitated to collaborate in the future.*
2013	Mirada Surf CA Coastal Trail Phase III and bathroom constructed (December). * Moss Beach Park acquired (December).

- 2014 Moss Beach Park bathroom installed (February). \*
- Devils Slide CA Coastal Trail and interpretive signs constructed (March)
- Fitzgerald parking lot to be improved for storm water control (tbd).
- Fitzgerald Marine Reserve Vegetation Management Plan for San Vicente creek habitat enhancement and Cypress forest management to be approved and first phase implemented (December).
- Green Valley trail easement secured and trail designed and permitted.
- Funding to be secured for construction.

The Midcoast Park and Recreation Action Plan of 2007 has been a significant milestone guiding much of the improvements. Most of the funding for these improvements is a result of County Parks securing Federal, State and local public grants, and privately raised Park Foundation funding for design, permitting and construction/implementation. Midcoast Park Funds have been used to fund improvements identified in the Midcoast Park and Recreation Action Plan (\*), but in many cases augmented by additional grant funding.

Funding from Midcoast Park Mitigation Fees cannot be used for staff or maintenance, so in many cases County Parks has been assuming maintenance until another entity interested in park and recreation improvements in the Midcoast (i.e. Special District) can assume some of the responsibilities for park improvements similar to what a City would have usually provided.

cc: Dave Holland, Assistant County Manager  
Gary Lockman, Superintendent, Parks Division  
Sam Herzberg, Senior Planner





**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

**Department of Parks**

**DATE:** November 25, 2013

**TO:** Martha Poyatos, LAFCO  
**FROM:** Sam Herzberg, Senior Planner  
**SUBJECT:** Midcoast Park Mitigation Fee

In October 2002 the County Parks Department completed a Midcoast Park and Recreation Needs Assessment to provide the Mid-Coast with a strategy for creating and implementing such a system. The report was prepared following extensive public outreach, and acknowledged that the County Park Department's mission is to operate a regional park system and not neighborhood parks or provide active park and recreation programs. Key findings were that the Midcoast community population was 10,356, which was very close in size to Half Moon Bay 11,000. The Midcoast at full build out is expected to be yield a population of 18,700. Recreation services have been mostly provided by the City of Half Moon Bay. The City of Half Moon Bay could not provide the level of recreational programming that they do without the population of the Midcoast. As a result of the Midcoast Recreational Needs Assessment several developments took place:

1. In October 2002 Midcoast Park Development Fees were adopted by the Board of Supervisors based on new construction and remodels in the Midcoast. The Board established a standard of 2 acres of parks per 1000 residents, and set a fee of \$1.17 per square foot of residential development. This fee is collected by the County Building Department for the Parks Department.
2. In July 2007, following extensive public input, a Midcoast Park and Recreation Action Plan was approved by the Board of Supervisors regarding how to spend the Midcoast Park Development Fees on park capital improvements projects. It is important to note that these Park Development Fees cannot pay for operations and maintenance of capital improvements.
3. In 2007 County Parks reorganized to create a Midcoast District to provide increased regional park services to the Midcoast community.

4. Highway 1 Safety and Mobility Improvement Plans Phases I (April, 2010) and II (November, 2012) were completed to improve access across and adjacent to Highway 1.
5. April 24, 2013 County Park staff gave a presentation to the Midcoast Community Council regarding the status of its park planning and improvements in the Midcoast (see attached).

It is important to note that current Midcoast Park and Development fees are paying for park improvements that currently benefit Midcoast residents, but are paid for by property owners completing new construction or remodels in the area. Other than the park mitigation fees there is no funding source for neighborhood park and recreation services in the Unincorporated Midcoast.

The following park improvements have been funded using some portion of the Midcoast Park Mitigation Fee Fund: Fitzgerald Coastal Trail, Quarry Park playground and bathroom improvements, and Granada Elementary School sport field improvements.

As of 6/30/13 the balance was \$492,920 of which \$440,000 are currently allocated for projects such as Moss Beach Park restroom, Mirada Surf Coastal Trail Phase III, Farralones View School sports field improvements, and Surfers Beach Coastal Trail.

cc: Gary Lockman, Superintendent, Parks Department



# San Mateo County Association of REALTORS®

rec'd 12/5/13

Attachment D

November 19, 2013

Martha Poyatos, Executive Director  
San Mateo Local Agency Formation Committee (LAFCo)  
455 County Center, 2<sup>nd</sup> Floor  
Redwood City, CA 94063

**RE: LAFCo File No. 13-05—Proposed Sphere of Influence Amendment and Reorganization of Granada Sanitary District into the Granada Community Services District**

Ms. Poyatos;

On behalf of the San Mateo County Association of REALTORS® (SAMCAR), I am writing to express our opposition to the proposed reorganization of the Granada Sanitary District (GSD) into a community services district. There are two primary areas for our opposition:

- 1) Such a reorganization would create more duplication of government services, **not a reduction as should be the goal for these types of requests**. The region already suffers from too many overlapping districts and the resulting duplication of staff and funding requirements... not to mention the seeming constant disputes over policy and jurisdiction by these overlying agencies. (For example, there are **five** water and sanitary agencies to cover 25,000 users on the coast.)
- 2) We note the proposal offered by GSD conspicuously mentions open space and wetlands as elements of the new community services district authorities. However, their proposal lacks a plan for improving recreational services, providing out-of-doors picnic and meeting areas, playing fields, or for outreach to existing groups that are involved in recreational activities within the coastal community. The GSD and its Board are not involved with the many groups that are currently providing coastal recreational services and maintaining public facilities. Upon analysis, this is the wrong government model to accomplish that goal.

SAMCAR respectfully urges the LAFCo Board to reject the proposed Sphere of Influence amendment and reorganization of the Granada Sanitary District into the Granada Community Services District. Thank you for the opportunity to provide our input.

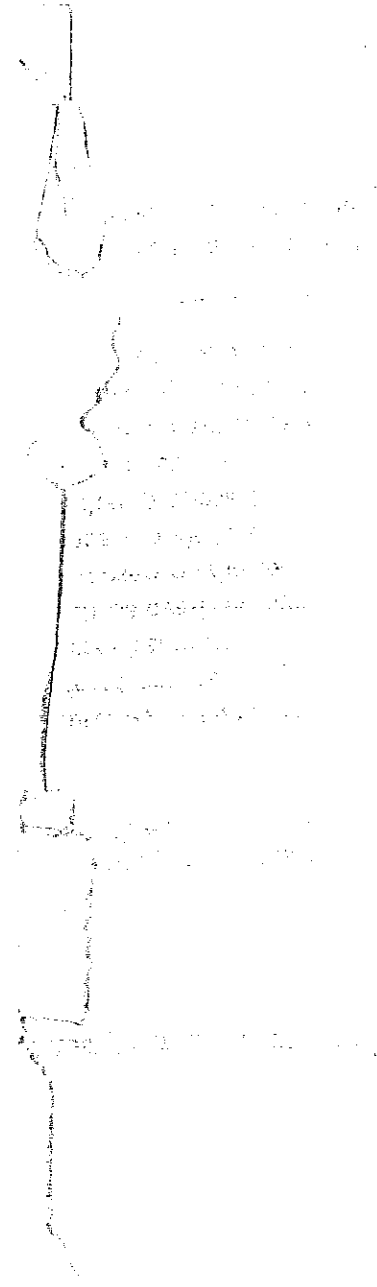
Respectfully,

Paul Stewart  
Government Affairs Director  
San Mateo County Association of REALTORS®



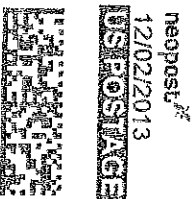
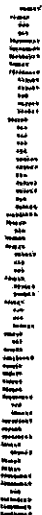
**San Mateo County**  
*Association of REALTORS®*

850 Woodside Way • San Mateo, California 94401



Martha Poyatos, Executive Director  
San Mateo Local Agency Formation Committee  
(LAFCo)  
455 County Center, 2nd Floor  
Redwood City, CA 94063

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FIRST CLASS PERM  
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**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN THE SAN MATEO COUNTY RESOURCES CONSERVATION DISTRICT**  
**AND GRANADA SANITARY DISTRICT**

WHEREAS, upon mutually beneficial discussions between their respective representatives, the Granada Sanitary District is entering into and carrying out this Memorandum of Understanding with the San Mateo County Resource Conservation District in consideration of the Resource Conservation District supporting Granada Sanitary District's application for Reorganization enabling the provision of parks and recreation services as filed on April 19, 2013.

**Comment [KN1]:** See comment below about not taking a position on the reorganization.

WHEREAS, the purpose of the San Mateo County Resource Conservation District ("RCD") is to secure the adoption of conservation practices addressing local resource conservation needs including but not limited to soil, water, air, wildlife, recreation, watersheds, and water quality on lands not limited to farm, range, open space, urban development, and woodlands~~includes soil and water conservation, the control of runoff, the prevention and control of soil erosion, and erosion stabilization, including, but not limited to, these purposes in open areas, agricultural areas, urban development, wildlife areas, recreational developments, watershed management, the protection of water quality and water reclamation, the development of storage and distribution of water, and the treatment of each acre of land according to its needs;~~ and

WHEREAS, the Granada Sanitary District ("GSD") has filed an application with the San Mateo County Local Agency Formation Commission ("LAFCo") to reorganize into the Granada Community Services District ("GCSD") and add parks and recreation services; and

WHEREAS, resource management may be necessary or desirable to protect or enhance ecosystem function and wildlife habitat, reduce erosion, manage stormwater and runoff, protect or enhance water quality, minimize the risk of catastrophic fire, plan for and adapt to climate change, and otherwise protect or improve soil, water, air, wildlife, and other watershed resources, and the potential addition of recreational trails and the impacts of recreational use may require mitigation to protect and enhance habitats and other valuable natural resources; and

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WHEREAS, the RCD and GSD have a history of partnership towards protection of water quality in local creeks and beaches and now desire to work together cooperatively to engage in appropriate resource management and conservation practices on any parks and recreation lands acquired or operated by the newly formed GCSD; and

WHEREAS, the RCD and GSD believe that by such cooperative efforts the RCD will help enable the GCSD to better accomplish its mission of providing parks and recreation services for the benefit of its constituents and all residents of San Mateo County; and

**Comment [KN2]:** Again, avoiding a position but supporting the mission.

WHEREAS, the GSD desires to consult with the RCD in planning for parks and recreation services to collaboratively identify beneficial projects on lands (trails, parks, etc.) acquired or operated by the GCSD, and to to conduct resource management work on such lands in an ongoing fashion; and

**Comment [KN3]:** Deleted "to contract with" clause because that action is the agreements listed below and more appropriate there, and because the way it was written in this section implied that the contract would not include/ reimburse RCD for identifying and developing projects.

WHEREAS, GSD desires to offset any financial impacts to the RCD from reduction in property taxes due to any future land acquisitions for parks and recreation purposes by the GCSD; and

WHEREAS, it is the joint desire of the RCD and GSD to enter into this Memorandum of Understanding in order to formalize the goals and understandings of both parties;

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and conditions herein, the RCD and GSD agree as follows:

1. The Parties understand and expressly agree that the promises, covenants and conditions of this Agreement shall only become effective upon the recordation of a Certificate of Completion issued by LAFCo for the Reorganization Project of GSD into the GCSD.
2. ~~At Before~~ the beginning of each fiscal year, ~~the Board of Directors of the~~ GCSD shall consult with RCD and thereafter vote to establish a resource management or conservation practices budget appropriation for contracting with the RCD to collaboratively identify and develop beneficial projects on lands (trails, parks, etc.) acquired or operated by the GCSD for parks and recreation purposes, and for RCD to conduct appropriate resource management work on said lands for the subject fiscal year.
3. At the beginning of each fiscal year, ~~the Board of Directors GCSD~~ shall also consult with RCD and thereafter vote to establish a lump sum payment to RCD to offset any financial impacts to RCD from reductions in property taxes due to GSD acquisitions or activities ~~based on RCD's receipt of approximately 0.0475% of the 1% property tax.~~
4. ~~The RCD agrees to support the Granada Sanitary District's proposed reorganization, as this MOU will help protect resource conservation in the County.~~

**Comment [KN4]:** Consultation should happen before the beginning of the fiscal year so that an appropriate budget can be approved.

**Comment [KN5]:** It would be out of character and typically undesirable for the RCD to take a position for or against the reorganization of a special district. If we were to take a position, we would need more time to review the issues involved beyond those that directly affect us (addressed by the MOU). In lieu of this statement of support, I added language in the WHEREAS clauses about the collaborative partnership that we have with GSD now that is supportive of resource conservation/ protection work.

**GRANADA SANITARY DISTRICT**

**SAN MATEO COUNTY RESOURCE CONSERVATION DISTRICT**

Chuck Duffy,  
General Manager

Kellyx Nelson,  
Executive Director

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

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

**ATTEST:** \_\_\_\_\_, Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Granada Sanitary District

\_\_\_\_\_  
RCD General Counsel

**Comment [KN6]:** We don't typically have counsel review MOUs and contracts simply because we don't have the funding for that.



November 14, 2013

TO: Members, Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: LAFCo File No. 13-5--Proposed Reorganization of Granada Sanitary District into a Community Services District adding the Service of Park and Recreation

### **Summary**

The Granada Sanitary District (GSD) has filed an application with LAFCo to reorganize into community services district in order to provide park and recreation service in El Granada, Princeton and Miramar in addition to the current services of sanitary sewer and garbage collection. In adopting the application, which also requests amendment of the District's sphere of influence boundaries, GSD adopted a mitigated negative declaration which is attached to this report. Community services districts are authorized by Government Code Section 61000 which provides that a community services district may provide all municipal services provided by a city except land use. If the reorganization is approved, provision of any additional service beyond sewer, garbage collection and park and recreation would require application to LAFCo. District reorganization is subject to registered voter approval if the proposal is approved by LAFCo. The application proposes funding park and recreation service in the unincorporated portion of the District with existing property tax revenue. Because GSD boundaries overlap the northern portion of the City of Half Moon Bay, the application proposes a property tax pass-through agreement between the community services district and the City for the area of the District located in the City.<sup>1</sup>

It is anticipated that the Commission will receive additional public comment at your hearing of November 20 and it is recommended that the Commission receive the Executive Officer's report, open the public hearing, accept comment, and continue the hearing to allow staff and the District time to respond to questions and requests for information received at the hearing prior to formulating a recommendation to the Commission.

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<sup>1</sup> The overlap area represents 18.2% of the total property tax revenue generated within GSD boundaries. GSD proposes a pass through agreement of 18.2% of property tax revenue appropriated for Park and Recreation annually.

### **Background/Project Description**

GSD is one of four independent special districts that provide essential municipal services to the unincorporated Midcoast. Sewer service is provided by GSD for El Granada, Princeton and Moss Beach and the northern portion of Half Moon Bay and by Montara Water and Sanitary District (MWSD) in areas to the north of GSD. Water Service is provided by Coastside County Water District within the City of Half Moon Bay and the GSD boundaries and by MWSD to the majority of the developed urban area in the boundaries of MWSD except the Pillar Ridge Mobile Home Park, the Half Moon Bay Airport and many residential parcels are served by wells. The Coastside Fire Protection District includes the City of Half Moon Bay, surrounding rural unincorporated areas to the east and south and the urban Midcoast from El Granada to Montara and rural areas to the east and north. Garbage collection service for unincorporated areas is provided by franchise by GSD and MWSD.<sup>2</sup> The County of San Mateo is responsible for sheriff services, roads, street lighting and limited storm drain infrastructure in the unincorporated area. The County's Parks Department operates regional parks including Fitzgerald Marine Reserve in Moss Beach and Quarry Park in El Granada.

Other regional, single-purpose special districts that include the study area are: San Mateo County Harbor District which operates Pillar Point Marina, San Mateo County Resource Conservation District, San Mateo County Mosquito and Vector Control District and Midpeninsula Regional Open Space District.

The District's proposal is for a sphere of influence amendment and reorganization into a community services district to add the service of park and recreation for the urban unincorporated area in GSD boundaries. (Please see application including plan for providing services, budget-map Attachment A). The District has adopted a mitigated negative declaration addressing the potential impacts of the reorganization. The District's application includes a plan for service identifying potential park and recreation facilities on lands including the broad medians in El Granada, Quarry Park, Mirada Surf property and school lands. The plan for services also cites partnering/contracting with the Cabrillo Unified School District, City of Half Moon Bay and Midpeninsula Regional Open Space District. The Plan for Service indicates that the level and range of service would initially involve maintaining District owned lands and would expand in a phased approach and developed based on community input.

### **Process:**

GSD's resolution of application was submitted to LAFCo in April of 2013 and LAFCo subsequently collected data and comments from affected agencies and parties. On May 17, 2013 LAFCo issued a certificate of incomplete application indicating that while the application contained the required application materials, additional time was necessary for the District to

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<sup>2</sup> GSD territory in the City of Half Moon Bay is covered under the City of Half Moon Bay Franchise.



conduct outreach with the public and affected agencies. In response, the District sought input from affected agencies and the application was on the agenda of the following public agencies:

County Parks and Recreation Committee, June 6, 2013

HMB Parks Commission, August 28, 2013

Midcoast Community Council, August 28, 2013

Cabrillo Unified School District, September 12, 2013

HMB City Council October 15, 2013

County Agricultural Advisory Committee Meeting, October 15, 2013<sup>3</sup>

GSD Special “Town Hall Meeting” at El Granada Elementary School, October 17, 2013

Coastside Fire Protection District, October 23, 2013

On October 22, 2013, LAFCo issued a certificate of complete application, scheduled the application for hearing and published notice in a 1/8 page display advertisement in the Half Moon Bay Review.

### LAFCo Consideration

The Cortese Knox Hertzberg Act gives the Commission discretion to may approve, approve with amendments, approve with conditions, or deny application for reorganization.

If approved, the Act requires that San Mateo LAFCo hold a protest hearing in which landowners and voters from within the annexation area may submit written protest. Unless majority protest is received, Community Services District law requires LAFCo to request the Board of Supervisors call an election on the proposal. Reorganization of GSD as a community services district would require majority approval of registered voters residing in the proposed boundaries of the district.

### Summary of Agency and Departmental Reports

Upon receipt of the District’s application, LAFCo staff forwarded the application to affected agencies for comment and collection of data pertinent to the annexation application. The following summarizes initial comments and data provided.

County Assessor: The net assessed value of the proposed reorganization area is \$1,520,631,247 and includes 3,690 parcels. The boundaries of the proposal do not divide assessment parcels.

County Clerk: The number of registered voters in the annexation area as proposed is 4,373.

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<sup>3</sup> The City Council received a presentation from the District and did not take action to formally comment. It is anticipated that the Council will consider formal comments at the November 19, 2013 meeting and LAFCo staff will prepare a supplemental report .

County Planning Division:

The estimated population of the proposal area is 10,900 persons. Overtime, enhanced recreation services might encourage population growth and /or increase in families with children. Over time the proposal might reduce demand on County Park facilities or State beaches. County general plan land use designations range from general open space, agriculture and public recreation to high density residential, commercial and industrial as stated in part C of the application.

Applicable San Mateo County General Plan policy provisions are:

- a. Policy 6.35 calls for providers of park and recreation facilities to cooperate and coordinate their efforts to achieve efficient and effective park and recreation services which meet identified needs and avoid duplication.
- b. Policy 6.28 discourages conveyance of county park facilities unless certain criteria are met. However, no conveyance is proposed at this time.

San Mateo County Parks & Recreation Division: The Parks Division considered the proposal at the June 6, 2013 Parks Commission meeting. The June 11, 2013 letter (Attachment B) from Interim Parks Director states that following public comment the Commission supports the GSD proposal to use property tax revenues to respond to unmet midcoast park and recreation needs, notes that the proposal does not address the needs of the entire midcoast but could be seen as the first phase towards addressing the needs of the complete midcoast. The letter states that consideration should be given to expanding the boundaries to include the midcoast or at a minimum encourage GSD to with other midcoast jurisdictions in provision of park and recreation services.

As noted in the letter, speakers at the June 6 Parks Commission hearing who supported the GSD proposal included: Leonard Woren, GSD Board; Mike Ferreira, Sierra Club, Loma Prieta Chapter; Lennie Roberts, Committee for Green Foothills and Fran Pollard, El Granada resident.

The letter also noted that individual commissioner comments included the need to consider the needs of all midcoast visitors and not just GSD rate payers and the potential for loss of regional park services oversight and provision.

Comments from other agencies & organizations (Attachment C)

San Mateo County Harbor District

The Harbor District's May 14, 2013 letter cites overlap of the GSD boundaries with service area responsibility of the Harbor District and Harbor District facilities. The letter lists the parcels

owned by the District, references LAFCo policy that discourages overlapping service responsibility and cites the omission in the GSD application of reference to the Harbor District. The Harbor district cites reference in the Midcoast Park and Recreation Governance Alternatives Study of the Pillar Point Harbor as a regional facility that helps satisfy local demand for passive recreation such as beach combing, picnicking and hiking. (Please see discussion below under the heading of GSD responses to comments)

Midcoast Community Council (MCCC): The MCCC letter supports the reorganization and cites the County studies identifying Midcoast park needs, GSD ownership of land in the Burnham strip and the ability of GSD to coordinate efforts to beautify traffic medians throughout El Granada. The letter suggests that a community services district could assist with maintenance of El Granada School playing fields.

Midpeninsula Regional Open Space District (MROSD): MROSD's June 6, 2013 and July 1, 2013 letters indicate support for the GSD proposal based on the numerous studies that identify the need for park and recreation facilities on the Midcoast and based on the assumption that the GSD proposal would fund service with existing property tax.

San Mateo County Resource Conservation District (RCD): RCD commented that there is no apparent plan or budget for resource management or conservation and recommended a memorandum of understanding between GSD and RCD to contract with RCD to conduct resource management on lands acquired by the proposed community services district. RCD also noted that RCD receives limited property tax and that acquisition of land by public agencies further erodes the RCD's limited property tax base. The letter recommends a memorandum of understanding between GSD and RCD for offset of revenues lost due to GSD land acquisitions. The letter requests that both memoranda of understanding be conditions of approval of the application.

Coastside Fire Protection District: None

Cabrillo Unified District: None

Coastside Land Trust:

The Coastside Land Trust is a non-profit organization with a mission to protect the urban region of the San Mateo County coast, which includes lands within the communities and regions of Half Moon Bay north to Montara. The Coastside Land Trust letter indicates support for the GSD proposal in order to fulfill the need for additional parks and recreational facilities on the Midcoast that have been identified in numerous reports. The letter cites the GSD ownership of land in the Burnham Strip and the ability of the proposed district to restore and beautify medians throughout El Granada.

The Burnham Strip Committee of the Midcoast Park Lands

The Burnham Strip Committee supports the GSD proposal and states that the Reorganization of GSD into a community services district is the only logical and least expensive means of achieving park and recreation services.

Louie Figone, Coastside Farmer and Affected Property Owner

Mr. Figone's letter, dated May 13, 2013, expresses concern about the potential use of eminent domain to acquire lands for parks if the community services district is formed. He notes that while he has been assured that the District would only acquire land from willing sellers, he requests GSD enter into a memorandum with the San Mateo County Farm Bureau that the proposed Granada Community Services District will only purchase agricultural property (PAD lands) from willing sellers and that in the event that they locate park land next to agricultural land, that a proper buffer zone be implemented to protect the agricultural operation from any park activities including trails, picnic areas or any other activity that could be detrimental to agricultural. (See discussion below regarding GSD responses to public input.)

GSD Responses to Public Input: GSD has submitted a response to San Mateo County Harbor District comments, responses to public input and provided information regarding a Memorandum of Understanding with the San Mateo County Farm Bureau and provided supplemental mitigation measures related to agricultural resources which are attached and summarized below. (Please see GSD letters-Attachment D)

GSD Response to San Mateo County Harbor District Comments:

GSD's October 18, 2013 letter responding to comments from the Harbor District states that the Harbor District's request to be excluded from the proposed community services district boundaries are not supported. The letter states that the services provided by the community services district are qualitatively different than those provided by the Harbor District noting that the Harbor District's charge to provide shoreline access are not the same as community parks and recreational opportunities. The letter emphasizes that GSD has no intention of competing with the Harbor District but would welcome the opportunity to collaborate with the Harbor District where appropriate.

GSD Response to Public Input at Town Hall Meeting:

On October 17, 2013 GSD held a "town hall hearing" at the El Granada Elementary School Auditorium to solicit public input. GSD's November 12, 2013 letter responds to public comments received at the hearing. The letter notes that some speakers questioned the overlap of GSD in the City of Half Moon Bay and notes that it was explained that the proposed community services district would not provide park and recreation service in the overlap area but would pass property tax revenue through to the city to for park and recreation funding for residents in the overlap area.

The letter also addresses one speaker's concern that the District should focus on sewer service because the beaches near Pillar Point Harbor have a documented pollution problem, noting that the Healthy Beach Report Card cites storm drain run off as the greatest source of pollution to local beaches and that a recent study by the San Mateo County Resource Conservation District found that the main source of fecal pollution at Deer Creek is bovine followed by canine.

In response to comments from several speakers that questioned the lack of detail in projects to be implemented by the proposed community service district, the letter cites the District's application identifying specific projects such as park use on District owned land on the Burnham Strip, pocket parks in the broad avenues of El Granada, construction of a community center and partnering with the County at Quarry Park. The District states that projects cannot be finalized in the application because the District does not yet have park and recreation powers. The letter also notes the District's intent to partner with the City of Half Moon Bay and Cabrillo Unified School District to help efficiently supply parks and recreation services in unincorporated areas and cites several community service district partnerships with cities and school districts around the State.

#### Agricultural Resources:

In responding to concerns about potential impacts of park and recreation facilities and services on agriculture, GSD referred to agreements and mitigation measures implemented by the Midpeninsula Regional Open Space District (MROSD) for the MROSD Coastal Annexation. While the scope and scale of the GSD proposal is much smaller than the MROSD proposal, the spirit and intent of the MROSD agreements and mitigation measures address concerns about the potential impacts the proposal could have on agriculture. Two key actions taken by GSD include adoption of mitigation measures related to agriculture and a memorandum of understanding with the San Mateo County Farm Bureau. (Attachment E)

#### Mitigation Measures:

Mitigation measures related to agricultural resources address CEQA review of individual projects to identify and mitigate potential negative effects on agricultural resources, policies to ensure that projects would not result in conversion of prime agricultural land, provision for buffers between park and agricultural uses, measures related to pesticide use and adoption of project specific land use management plans for protection of rare, threatened and endangered species, ecological systems and resources more specifically described in the Supplemental Mitigation Measures.

#### Memorandum of Understanding with San Mateo County Farm Bureau:

The Memorandum of Understanding with the Farm Bureau includes the following provisions:

- a) GSD adoption of an ordinance prohibiting the District's use of the power of eminent domain on land zoned PAD (unless mutually acceptable to the landowner) for the purpose of providing parks and recreation services. The District has agreed to adopt such an ordinance and to have such adoption made a condition of any LAFCo approval of the District Reorganization Project. The memorandum of understanding also incorporates the above noted mitigation measures.
- b. The District will consult with the Farm Bureau in the development of site-specific parks and recreation services, uses, and management plans on or adjoining land zoned PAD.
- c. When considering proposed acquisition of land for, or provision of, parks and recreation services or uses on or adjoining land zoned PAD, the District will provide the Farm Bureau prior written notice of any hearings at which acquisition, site services or uses, and/or management plans, reviews or amendments will be considered. Further, the District will provide a prior opportunity for the Farm Bureau to review and comment on any such acquisition, site services or uses, and/or plans. This will insure that the Farm Bureau has the opportunity to share its expertise, resources and viewpoints with the District prior to any decision concerning future acquisition, use or management of such lands. In addition, District staff will meet with representatives of the Farm Bureau from time to time on an informal basis upon request of either party to consult regarding development of such plans.

The Farm Bureau has agreed to the above provisions in the Memorandum of Understanding and does not oppose the reorganization proposal based on the agreement.

### **Application and Plan for Service**

In preparing their reorganization application, GSD prepared a Plan for Providing Service and a sample Granada Community Services District Five Year Budget that reflects a separate budget unit for sewer and solid waste and a separate budget unit for parks and recreation.

The Plan for Providing Service is a requirement of Government Code Section 56653, which states that whenever a local agency submits a resolution of application it shall submit a plan for providing services which shall include enumeration and description of services to be provided, the level and range of services, an indication of when services can feasibly be extended, indication of improvements or upgrading the public agency would require and information with respect to how services will be financed.

The GSD plan for service states that the District would continue to provide sewer and garbage disposal and provide park and recreation service in the unincorporated area of the amended district boundaries. With the intent of providing for both active and passive recreation, the plan for service contemplates beginning with public engagement in establishing a program that would include Burnham Strip, benches and picnic tables or trails on the medians in El Granada, contracting or partnering with the County of San Mateo regarding Quarry Park and/or Mirada Surf parkland and partnering with the Cabrillo Unified School District and City of Half Moon Bay as well as other potential agencies including MROSD. In the longer term the District proposes

implementing phased expansion of park and recreation improvements including development of neighborhood parks along the medians in El Granada, County-owned Quarry Park and Mirada Surf and school facilities. The District's Five Year Budget proposes a phased approach of allocating \$50,000 in the first year of operation and increasing the allocation by \$50,000 through year five.

As noted above, GSD proposes a pass through agreement with the City of Half Moon Bay that would result in the City receiving 18% of the total property tax revenue GSD allocates for parks and recreation. This formula reflects the proportion of property tax the overlap area bears to total property tax received by the District. This allocation is shown on page 5 of the Five Year Budget under 1c "Partner with Half Moon Bay". The individual allocation in Years 2 through 4 exceeds the 18% formula and allocation in Year 5 equals 18% of the annual property tax revenue allocated for park and recreation.

**Comment Letters:**

Concerns in comment letters include adverse fiscal impact due to property tax revenue loss to the Resource Conservation District (RCD) and the lack for resource management planning on District owned lands, potential impacts on agriculture, and the fact that the proposal does not address park and recreation needs for the entire midcoast area. The District has adopted mitigation measures addressing potential impacts to agriculture and is in the process of entering into a Memorandum of Understanding with the San Mateo County Farm Bureau that would take effect if the proposal is approved.

The Resource Conservation District has requested that a Memorandum of Understanding between the GSD and RCD to address potential fiscal loss and resource management be a condition of approval. LAFCo has the discretion to approve proposals with conditions.

**Factors to be considered pursuant to Section 56668**

The Cortese Knox Hertzberg Act sets forth factors that the Commission is required to consider in evaluating any proposed boundary change as discussed below (Gov. Code §56668).

**a) Population, Land Area & Use, per capita assessed valuation topography proximity to other populated areas, likelihood of significant growth in the area and adjacent areas in the next 10 years.**

The Census 2010 population for the City of Half Moon Bay and unincorporated areas was 20,713 persons. The Census 2010 population for City of Half Moon Bay was 11,324 persons, of which approximately 1,860 person reside in GSD boundaries. The estimated population of the reorganization area is approximately 10,909 residents based on 2010 Census data for El Granada, Princeton and Moss Beach and the estimated population of the overlap area.

While the Association of Bay Area Government (ABAG) forecast projects growth of approximately 20% for the urban coastside by 2025, population growth in the study area and surrounding areas is limited by water, sewer and road infrastructure constraints.

**b) The need for organized community services, the present cost and adequacy of governmental services; probable future needs; and probable effect on cost and adequacy of services in the area and adjacent areas.**

The GSD "Plan for Providing Services within the Affected Territory," as required by Government Code §56653, is attached. The proposed community services district area is served by various local agencies including, but not limited to, the City of Half Moon Bay, Coastside County Water District, Coastside Fire Protection District, and County of San Mateo. As proposed, in the long term the proposed community services district would augment park and recreation services and reduce demand by unincorporated residents on County and City of Half Moon Bay park and recreation facilities.

The District's proposal is based on County studies documenting the lack of park and recreation facilities and services and identification of needs in the study area. As an urban community that existed prior to Proposition 13, park and recreation infrastructure in the study area is limited due to lack of new revenues for park capital improvements and operations. Addition of parks and recreation service by the District, funded with existing property tax is consistent with the State policies directing that property tax funded non-enterprise activities and facilities, would reduce the demand on City of Half Moon Bay service.

The GSD plan for service states that the District would continue to provide sewer and garbage disposal and provide park and recreation service in the unincorporated area of the revised district boundaries. With the intent of providing for both active and passive recreation, the plan for service contemplates beginning with public engagement in establishing a program that would include Burnham Strip, the benches and picnic tables or trails on the medians in El Granada, contracting or partnering with the County of San Mateo regarding Quarry Park and/or Mirada Surf parkland and partnering with the Cabrillo Unified School District and City of Half Moon Bay as well as other potential agencies including MROSD. In the longer term the District proposes implementing phased expansion of park and recreation improvements including development of neighborhood parks along the medians in El Granada, County-owned Quarry Park and Mirada Surf and school facilities.

The GSD board of directors would serve as the governing body for the District, and will ensure that the operations of the District are carried out pursuant to community services district law. The governing Board would continue to hold public meetings, adopt an annual budget, and provide policy direction to the District.



### Financing/Budget

The primary source of funding for the proposed community services district includes sewer services fees and property tax revenues.<sup>4</sup> The proposed five-year budget for the community services district demonstrates how expenditure budgets for sewer service/garbage collection and park and recreation would be segregated and how property tax revenue would be allocated to park and recreation service. Expenditures include continued administrative and operating expenses related to sewer operations and treatment provided by the Sewer Authority Midcoastside (SAM) a joint powers agency that includes the Granada Sanitary District, Montara Water and Sanitary District and the City of Half Moon Bay and garbage collection provided by a franchise agreement with a private company. Park and Recreation Service in the first five years of operation is proposed to include partnering with the County of San Mateo, Cabrillo Unified School District and City of Half Moon Bay, and maintenance of District owned land on Burnham Strip. Revenues for parks and recreation in each year exceed expenditures, resulting in a Parks and Recreation Capital Reserve of \$482,000 at the end of Year Five (FY2017-18). Also of note is that at the end of FY 2016-17, the District will have retired annual debt service in the amount of \$94,000 related to the District's obligation for the SAM treatment Plant.

The budget for sewer system operating shows an increase in sewer service charges of \$348,000 or 27% from \$1,259,000 in the first fiscal year to \$1,607,000 in Year 5. This reflects both anticipated increases in operating costs associated with sewer collection and treatment and reduction of property tax offset. This estimated increase does not factor in retirement of debt service or revenue from repayment of the District's advance to the assessment district.

#### **c) Land Use, Planning and Zoning - Present and Future:**

There are a variety of County and City General Plan and zoning designations within the proposed community services district. No changes to the present or planned land uses are requested by the reorganization proposal. Future projects by the District would be subject to development review and permitting.

#### **d) Effect on Maintaining the Physical and Economic Integrity of Agricultural Lands:**

District adopted mitigation measures, the Memorandum of Understanding with the San Mateo County Farm Bureau and local land use regulations mitigate potential impacts on the physical and economic integrity of agricultural lands. In addition, each proposed park and recreation project will be subject to individual permitting and environmental review.

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<sup>4</sup> Other revenue includes \$135,000 annually for Repayment of Monies Advanced by the District to the Assessment District. As part of bond issuance financed the Assessment District for treatment plant expansion, the District was required to make two separate advances to the Agency Fund and advances are being repaid.

**e) Fair Share of Regional Housing:**

LAFCO must consider in the review of a proposal the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the regional council of governments. The proposed reorganization will have no effect on regional housing needs.

**f) Assessed Value, Tax Rates and Indebtedness:**

The reorganization area is within numerous tax rate areas (TRAs). The assessed value for the proposal area is \$1,520,631,247 based on the 2012-13 roll. GSD receives approximately \$480,000 in property tax revenue (ad valorem). As of June 30, 2012

**g) Boundaries and Lines of Assessment:**

The reorganization area reflects the exterior boundaries of the Granada Sanitary District reduced to exclude rural lands that are not eligible for urban services and that do not receive solid waste service from the District. GSD territory that includes the City of Half Moon Bay would remain in the boundaries of the District for the purpose of sewer service but would not be included in the GSD service area for park and recreation. GSD proposes an annual park and recreation payment agreement with the City. The proposed boundaries conform to the extent possible with provisions of the County's Local Coastal Program and represent property that currently receives service or could benefit from the augmented park and recreation service.

**h) Environmental Justice:**

LAFCO is required to consider the extent to which proposals for changes of organization or reorganization will promote environmental justice. As defined by statute, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed reorganization would result in location of park and recreation facilities in an area that has a documented lack of such facilities, correcting an inequity in location of park facilities.

**i) Consistency with the Sphere of Influence (SOI) of any Local Agency:**

In October 2008, after multiple meetings, LAFCo accepted a municipal service review report and updated spheres of influence for the City of Half Moon Bay and special districts on the Coastsides. In summary the Commission reaffirmed the sphere of influence of the City of Half Moon Bay as single coastsides city and amended the spheres of influence of Granada Sanitary District, Montara Water and Sanitary District and Coastsides County Water District to "Consolidation". The sphere designations identified a community services district for the unincorporated area for the purpose of park and recreation and a regional sewer and water

district for Half Moon Bay and unincorporated areas. The sphere amendments also established boundaries for the districts that are coterminous with the Urban Rural boundary and exclude rural lands.

The Municipal Service Review Determinations included several determinations related to park and recreation. These are shown in italics below.

*Infrastructure:*

- a) In the Unincorporated Area, while the Municipal Service Review identifies existence of regional park facilities, it identifies a lack of active playfields for organized sports, pocket parks or community parks (except for four acres at Quarry Park) and the lack of a community center.*
- b) The County has developed and adopted the Midcoast Action Plan for Parks and Recreation that includes identification of priorities for facilities.*
- c) In the City of Half Moon Bay, the Municipal Service Review identifies 24 acres of developed park facilities, which falls below both a standardized national average and the City General Plan Standard of 8 acres per 1,000 of population or 98 acres.*
- d) In both the City of Half Moon Bay and the Unincorporated Area, the Cabrillo Unified School District facilities provide virtually all playing fields for organized sports and merit inclusion in the broader discussion of park and recreation facilities.*

*Financing:*

- a) Revenue sources for park and recreation in the City of Half Moon Bay include program fees, development impact fees and City general fund contribution.*
- b) The City's program fees include a fee for nonresidents and the City has the ability to adjust both resident and non-resident fees for better cost recovery.*
- c) The County of San Mateo Parks Department Budget includes approximately \$300,000 annually for services on the Midcoast, including approximately \$30,000 for maintenance at Quarry Park. The County also collects development impact fees on the Midcoast for parks.*
- d) While the County has developed and adopted the Midcoast Action Plan for Parks and Recreation that includes identification of priorities for facilities, implementation requires new funding sources.*

*Cost Avoidance:*

- b) Potential opportunities for cost avoidance and shared facilities include coordinated efforts by the City of Half Moon Bay, County of San Mateo and Cabrillo Unified School District to fund and provide for facility improvements on Cabrillo Unified School District facilities for recreation purposes.*
- c) Opportunities for partnership between the City of Half Moon Bay, County of San Mateo and other agencies in pooling resources to jointly provide park and recreation that could be explored by the agencies include but are not limited to a contract or agreement with the City of*

*Half Moon Bay in which the City of Half Moon Bay provides expanded active recreation programs within the unincorporated area, with the County focusing on resource management of passive recreational lands.*

*Government Structure Options:*

*Governance alternatives that include the provision of regional sewer and water service delivery, could also include a community services district for the unincorporated midcoast to better provide for local governance and a more focused approach to recreation and community services.*

**Analysis:**

Consideration of the GSD proposal requires considering the factors pursuant to Section 56668 and weighing the extent to which the proposal is consistent with spheres of influence as well as the benefit of adding park and recreation service funded with existing property tax. It is well documented that the study area is severely lacking in park facilities, primarily because there is no funding source. The District's proposal is consistent with State policies directing that enterprise districts establish rates that recover the cost of providing service and that property tax be used for non-enterprise activities.

In amending the District's SOI, the Commission must consider and prepare a written statement of determination. The GSD proposal relies on the stated preference for a community services district for park and recreation service and proposes a variation of reduced boundaries based on current garbage franchise service. Reorganization of the district as a community services district could be considered a first step in implementing adopted spheres of influence because if approved, it would not preclude future consolidation.

The following discusses the five areas of determination that could be considered in amending the District's sphere of influence.

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

Land uses within the GSD boundary are varied including agricultural and open space lands, and include both incorporated and unincorporated territory. The District territory is under both County and City land use jurisdiction and is subject to the County's Local Coastal Program and the City of Half Moon Bay Local Coastal Plan. There is a variety of County and City General Plan and zoning designations with the District territory including agricultural land use. GSD has or will implement policies, ordinances and agreements that address preservation of agricultural lands.

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

The District boundary contains urbanized areas that have a documented lack of park and recreation facilities and demonstrated need for same.

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

The District lacks adequate land inventory for park and recreation but proposes utilizing district lands, acquiring other lands and improving lands owned by other agencies for the purpose of park and recreation. Current GSD services are provided by contract with the Sewer Authority Midcoastside and through a franchise agreement with a private company. Park and recreation facilities and services proposed by the District are not currently provided by an existing agency and there is no current funding source for these facilities and services. The District receives a portion of the 1% property tax and fees for sewer and garbage collection. The district proposes reallocating property tax for the purpose of park and recreation as outlined in the District's plan for service and application.

*d. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

The proposal area is part of the urbanized, Coastal subregion of San Mateo County comprised of the City of Half Moon Bay, Miramar, El Granada, Moss Beach, Princeton and Montara. The unincorporated area lacks park and recreation facilities and unincorporated residents therefore place a demand on County, State and City of Half Moon Bay park and recreation facilities and programs. While the proposal does not include the entire unincorporated area, it responds to park and recreation needs for a substantial portion of the unincorporated population by allocating existing property tax for park and recreation and in the long term result would reduce the demand on park and recreation facilities and programs of other agencies.

*e. The nature, location, extent, functions and classes of service to be provided.*

Services to be provided include sewer, garbage collection and park and recreation. Sewer and garbage collection service will continue to be provided throughout the boundaries of the District. Park and recreation service will be provided within the unincorporated boundaries of the District. All other services permitted by community services district law are inactive and would require approval by LAFCo.

### **Environmental Review**

In April of 2013, GSD acting as lead agency under the California Environmental Quality Act (CEQA), adopted the “Revised Mitigated Negative Declaration for the Granada Sanitary District Reorganization Packet”. Environmental review included analysis of impacts related to reorganizing the District as a community services district and adding the services of park and recreation within the unincorporated boundaries of the District. If the reorganization is approved, the District would be subject to the provisions of CEQA in subsequent activities such as land acquisition and park and recreation related land development and activities. The District adopted mitigation measures to minimize potential impacts and found that the reorganization would not have significant impacts on the environment.

As responsible agency under CEQA, the Commission must certify that it has considered the mitigated negative declaration prepared by GSD in making a decision on this application. Staff believes that the Commission can find that the environmental document including mitigation measures adequately address potential environmental impacts of the reorganization of GSD. Furthermore, future projects (land acquisition and improvements) will be subject to environmental review as they are developed by GSD.

### **Recommendation**

It is recommended that the Commission receive the Executive Officer’s report, open the public hearing and continue the hearing to allow LAFCo staff and the District time to address questions and requests for additional information. If at a future public hearing the Commission is to approve the application, considerations for final action would include:

- Certification that the Commission has considered the GSD Mitigated Negative Declaration.
- Acceptance of the Executive Officer’s report
- Adoption of a statement of determinations concerning the sphere of influence amendment and establishing active services of sewer, garbage collection and park and recreation

- Adoption of a resolution amending the sphere of influence and approving LAFCo File 13-05—Proposed Reorganization of Granada Sanitary District as a Community Services District Adding Park and Recreation Service
- Direction and delegation to the Executive Officer to conduct protest proceedings pursuant to Government Code Section 57000 et seq.

Respectfully Submitted,



Martha Poyatos  
Executive Officer

Attachments:

- |               |  |
|---------------|--|
| Attachment A: | Application, plan for service, map and budget  |
| Attachment B: | Letter from San Mateo County Parks Division  |
| Attachment C: | Comment letters from other agencies and individuals  |
| Attachment D: | GSD responses to comments  |
| Attachment E: | Agricultural Mitigation Measures and Draft Memorandum of Understanding with San Mateo County Farm Bureau |

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

APPROVED AS TO FORM

\_\_\_\_\_  
Jonathan Wittwer, General Counsel

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