



Item 4

July 14, 2011

TO: Members, Local Agency Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: Municipal Service Review and Sphere of Influence
Update for the City of San Carlos and related County-
governed Districts

Summary:

Attached please find the municipal service and sphere of influence update (Attachment A) and recommended determinations for City of San Carlos and Related County-governed Districts. This is the first municipal service review for the City of San Carlos and the County-governed districts in the City's sphere. LAFCo is required by State law to complete municipal service and sphere of influence reviews for all cities and special districts in the County by taking the following actions: accept Municipal Service Review & Sphere Update Report; adopt Municipal Service Review Determinations pursuant to Government Code Section 56430 (Attachment B to this memo); adopt Sphere of Influence Determinations pursuant to Government Code Section 56425 (Attachment C); and reaffirm or amend the sphere of influence.

The Commission received a draft report at the May 18 hearing and continued the hearing to allow time for updated information and to respond to questions concerning an additional contracting alternative for County-sewer service and alternatives for provision of Hazardous Materials Response Team (HazMat)¹. Updates to the report include: Updated 2011-12 budget information (page 12 of report); a fifth alternative for operation of County-governed sewer districts and examples of agencies that contract with private firms (Page 43); clarifies that the re-established City of Belmont Fire Department will continue to provide HazMat

¹ The Belmont San Carlos Fire Department provides contract HazMat response under a Joint Powers agreement to the San Mateo County Fire agencies. Dissolution of the Belmont San Carlos JPA requires either continuation of this service by Belmont Fire Protection District as successor provision by another agency.

to county agencies (Item 7, page 3 below) and for comparative purposes, an attachment has been added that summarizes police budgets and staffing for County police jurisdictions in a format similar to the fire spreadsheet included in the draft report.

The attached determinations and recommendation to reaffirm the sphere of influence for the City of San Carlos and County-governed Districts have been prepared for consideration based on information provided in budgets, audits and other reports and comments received on the report. Based on both economic and State budget impacts to city budgets, budget documents are subject to amendment during the fiscal year. The service review and sphere update are based on most recent information available.

Background:

It merits emphasis that while the service review contains fiscal information on city and district operations and provides discussion of governance alternatives, it is not intended to be a comprehensive analysis of annexation or reorganization of special districts. The municipal service review is an opportunity to identify potential areas of savings and shared resources, in some cases through annexation or consolidation and in some cases by implementing best practices in fiscal stewardship and operations based on comparison of costs and practices of similar agencies. The service review studies individual agencies in the context of broader state policies and local conditions and expands the discussion of maximizing resources beyond agency boundaries.

Discussion in the LAFCo report is in the context of State and local policies that encourage annexation of urbanized areas in need of municipal service and policies that favor multipurpose agencies or regional agencies over several layers of limited purpose agencies, particularly in urban areas.

Key Issues:

Key issues identified in compiling information on the City of San Carlos, unincorporated areas and County-governed special districts include the following:

1. The City of San Carlos, like many California cities, has faced a structural budget deficit for several years requiring a multi-year process of cost-containment and revenue enhancement.
2. For over a decade, the City has taken measures to reduce expenditures and staffing levels in response to economic downturn and a structural budget deficit. Budget balancing strategies include use of reserves, program, service and staff reductions, negotiated salary reduction, service sharing and revenue enhancement. Initiatives include a contract for police service with the County Sheriff's Department and contracts for landscape maintenance for parks and payroll. Most recently the City has issued a Request for Proposal for fire and emergency services in lieu of the current joint powers agreement with the Belmont Fire Protection District and is in the process of reestablishing a hybrid fire department explained in discussion below.
3. Based on revenue and expenditure assumptions, in particular estimated savings in fire services, the Adopted 2011-12 Budget reflects a balanced budget.
4. The City of San Carlos and the City of Belmont, as the governing body of the Belmont Fire Protection District, operate the Belmont Fire Protection District (BSCFD) by a joint powers agreement. Following an impasse over cost containment and funding formula for the BSCFD, the City of San Carlos issued a notice to dissolve the BSCFD JPA effective on or before the expiration date of October 12, 2011 unless the notice is withdrawn.
5. Under constraints of a short time frame to provide for fire and emergency response both cities have adopted plans to re-establish fire departments employing fire firefighters/paramedics.
6. The City of San Carlos will contract with Redwood City for administration, Chief and other services.
7. The Belmont City Council, as governing body of the Belmont Fire Protection District, has adopted a plan to re-establish a city fire department labeled a "public safety model" consisting of a shared, public safety support with

the Police Department, outsourcing fire prevention functions and continuing to serve as the County's HazMat provider.

8. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection and emergency response.² A countywide (versus agency-by-agency) study of fire protection and emergency response and potential efficiencies including consolidation is merited because fire agency resources are inherently interdependent as the result of a longstanding automatic aid agreement.
9. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including road maintenance, sewer service, police and fire protection and building inspection.
10. In the case of County sewer and sanitation districts, challenges in operating many non-contiguous sewer districts include size of systems, distance of areas served from the County Center and the Department of Public Works corporation yard, relatively small number of ratepayers, and age of infrastructure. In two cases, lack of ratepayer support for rates to adequately fund service has resulted in insufficient sewer service revenues to fund capital improvements to avoid overflows and resulting fines and litigation.
11. Some unincorporated areas have infrastructure deficiencies that impact land use and serve as obstacles to city annexation. Deficiencies include sewer infrastructure for developed areas currently served by septic systems, lack of storm drain and flood control facilities in the Palomar Park and Devonshire areas.
12. Land use review by the County of San Mateo for new and expanded residential development on a case by case basis in these areas does not take into consideration the long term planning necessary to provide for planned design and funding for sewer and drainage facility needs for these communities.
13. Financing infrastructure improvements to serve existing development is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.

² Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

14. Opportunities exist for the County of San Mateo and City of San Carlos to examine alternatives in operation and governance of sewer service for a more efficient and regional approach to serve communities served by interconnected systems and the same sewage treatment plant.
15. There are no recommended changes to the sphere of influence of the City of San Carlos or to County-governed districts serving areas in the City's sphere.

California Environmental Quality Act (CEQA)

The municipal service review and sphere update do not include amendments to the sphere of influence of the City of San Carlos or County-governed districts. In accordance with the applicable provisions of the California Environmental Quality Act (CEQA), it is recommended that the Commission determine that adopting the municipal service review and updating the sphere of influence are exempt from CEQA because it can be seen with certainty that sphere amendment will not have an adverse impact on the environment. [15062(b)(3)]

Recommendation:

Staff submits that the attached municipal service review and the sphere of influence update provide a framework for the City of San Carlos and County of San Mateo-governed districts to further study how the City, the County and neighboring agencies can best serve the study area through more efficient service delivery, resource allocation and governance. Staff believes that the attached municipal service review, sphere of influence update, and recommended determinations are consistent with Government Code Sections 56430 and 56425 and with LAFCo's mission to promote logical boundaries and efficient service delivery. It is therefore respectfully recommended that the Commission take the following actions:

- 1) Accept the report and public comment;
- 2) Adopt the municipal service and sphere of influence report (Attachment A) including the determinations (Attachment B and C);
- 3) Reaffirm the sphere of influence of the City of San Carlos and the spheres of influence of the Scenic Heights County Sanitation District and the Devonshire County Sanitation District.

Attachments: Municipal Service Review & Sphere of Influence
 Update with comments (Attachment A)
 Municipal Service Review Determinations
 (Attachment B)
 Sphere of Influence Determinations (Attachment C)

**LAFCo Municipal Service Review
and Sphere of Influence Update
City of San Carlos,
Unincorporated Palomar Park and Devonshire Areas
and Related County-Governed Districts
July 13, 2011**

Section 1: Overview

This report is a municipal service review and sphere of influence update for the City of San Carlos and County-governed districts areas in the City's sphere. Government Code Section 56430 requires that LAFCo complete municipal service and sphere of influence reviews on all cities and special districts. A sphere of influence is a plan for boundaries of a city or special district. The City of San Carlos sphere of influence includes the unincorporated Palomar Park and Devonshire Areas. The municipal service review is not a proposal for reorganization of agencies, rather a State-mandated study of service provision in regard to the following six areas of determination as set forth in Section 56430:

- Growth and population projections for the affected area
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

Once adopted, the service review determinations are considered in reviewing and updating spheres of influence pursuant to Government Section 56425. The sphere of influence, which serves as the plan for boundaries of a city, is discussed in the second part of this report. Simply put, the sphere of influence indicates which city can best provide municipal services to an urban area. This State-mandated study is intended to identify service delivery and fiscal challenges and opportunities and provides an opportunity for the public and affected agencies to comment on city service, finances and opportunities to share resources prior to LAFCo adoption of required determinations.

San Mateo Local Agency Formation Commission (LAFCo): LAFCo is a State-mandated, independent commission with countywide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments,

incorporations, formations and dissolutions. Among the purposes of the commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.

The Commission includes two members of the Board of Supervisors, two members of city councils, two board members of independent special districts, a public member, and four alternate members (county, city, special district and public). LAFCo adopts a budget and contracts with the County of San Mateo for services. The Executive Officer serves as LAFCo staff reviewing boundary change applications and preparing municipal service reviews and sphere of influence studies. LAFCo's net operating budget is apportioned in thirds to the County of San Mateo, the 20 cities in the County and the 22 independent special districts.

San Mateo LAFCo prepared comprehensive sphere of influence studies and adopted spheres of influence (SOI) for cities and special districts in 1985 and subsequently reviewed and updated spheres on a three-year cycle. Updates focused on changes in service demand within the boundaries of cities and special districts. After enactment of the Cortese-Knox-Hertzberg Act of 2000 and the new requirement to prepare municipal service reviews in conjunction with or prior to sphere updates, San Mateo LAFCo began the process of preparing Municipal Service Reviews (MSRs) and SOI updates in late 2003. Studies were first prepared on sub-regional and countywide independent special districts, followed by south county cities and special districts. A comprehensive report on the City of Half Moon Bay, Unincorporated Mid-Coast and independent special districts was prepared and adopted by the Commission in October of 2008.

Service Review Process:

This MSR/SOI Update examines the City of San Carlos and special districts providing services in unincorporated areas in the City's sphere of influence. It also takes into account joint power and other agreements between the City, County of San Mateo and surrounding agencies including the Cities of Redwood City and Belmont. Discussion includes opportunities for further efficiencies in municipal service delivery that can be examined by these agencies. MSR/SOI updates are also being prepared for the City of Belmont and the sphere update for Midpeninsula Water District has been completed. In addition, the MSR/SOI examines potential consolidation of County-governed sewer and sanitation districts with neighboring cities versus consolidation of the non-contiguous districts into a single county sewer agency.¹

LAFCo prepares the municipal service reviews and sphere updates based on source documents that include Adopted Budgets, Basic Financial Reports and Audits, Capital

¹ Consolidation of non-contiguous County-wide sewer and sanitary districts into a single County-governed district responds to a request from the County of San Mateo as a condition of a consent decree between the County, Burlingame Hills Sewer Maintenance District and San Francisco Baykeeper (Baykeeper) resolving a lawsuit filed by Baykeeper.

Plans, Urban Water Management Plans and Planning Documents including the General Plan. Draft Service Reviews and Sphere Updates are then circulated to the agencies under study and interested individuals and groups. The final Municipal Service Review and Sphere Update include adopted municipal service review and sphere determinations and an updated sphere of influence designation.

Section 2: Summary of Key Issues

Key issues identified in compiling information on the City of San Carlos, unincorporated areas and County-governed special districts include the following:

1. The City of San Carlos, like many California cities, has faced a structural budget deficit for several years requiring a multi-year process of cost containment and revenue enhancement.
2. For over a decade, the City has taken measures to reduce expenditures and staffing levels in response to economic downturn and a structural budget deficit. Budget balancing strategies include use of reserves, program, service and staff reductions, negotiated salary reduction, service sharing and revenue enhancement. Initiatives include a contract for police service with the County Sheriff's Department and contracts for landscape maintenance for parks and payroll. Most recently the City has issued a Request for Proposal for fire and emergency services in lieu of the current joint powers agreement with the Belmont Fire Protection District and is in the process of reestablishing a hybrid fire department explained in discussion below.
3. Based on revenue and expenditure assumptions, in particular estimated savings in fire services, the Adopted 2011-12 Budget reflects a balanced budget.
4. The City of San Carlos and the City of Belmont, as the governing body of the Belmont Fire Protection District, operate the Belmont Fire Protection District (BSCFD) by a joint powers agreement. Following an impasse over cost containment and funding formula for the BSCFD, the City of San Carlos issued a notice to dissolve the BSCFD JPA effective on or before the expiration date of October 12, 2011 unless the notice is withdrawn. While several alternatives exist for both Cities as outlined below, the short time period before the JPA expires has required prompt action to have service in place by October 12, 2011.
5. In the area of fire protection and emergency response, collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection and emergency response.² A countywide (versus agency-by-agency) study of fire protection and emergency response and potential efficiencies including consolidation is merited because fire agency resources are inherently interdependent as the result of a longstanding automatic aid agreement.
6. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including road maintenance, sewer service, police and fire protection and building inspection. .

² Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

7. In the case of County sewer and sanitation districts, challenges in operating many non-contiguous sewer districts include size of systems, distance of areas served from the County Center and the Department of Public Works corporation yard, relatively small number of ratepayers, and age of infrastructure. In two cases, lack of ratepayer support for rates to adequately fund service has resulted in insufficient sewer service revenues to fund capital improvements to avoid overflows and resulting fines and litigation.
8. Some unincorporated areas have infrastructure deficiencies that impact land use and serve as obstacles to city annexation. Deficiencies include sewer infrastructure for developed areas currently served by septic systems, lack of storm drain and flood control facilities in the Palomar Park and Devonshire areas.
9. Land use review by the County of San Mateo for new and expanded residential development on a case by case basis in these areas does not take into consideration the long term planning necessary to provide for planned design and funding for sewer and drainage facility needs for these communities.
10. Financing infrastructure improvements to serve existing development is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.
11. Opportunities exist for the County of San Mateo and City of San Carlos to examine alternatives in operation and governance of sewer service for a more efficient and regional approach to serve communities served by interconnected systems and the same sewage treatment plant.

Section 3: Overview City of San Carlos

Governance

The City of San Carlos incorporated in 1925 and is a general law city with five council members elected at-large. The Council selects the Mayor and appoints the City Manager and City Attorney. The City Council meets the 2nd and 4th Mondays of the month at 7:00 p.m. at the City Council Chambers located at 600 Elm Street, San Carlos. Agendas, staff reports and minutes are available on the City's website and through e-mail subscription. The City's website includes extensive information about city council activities and city services with the option to receive e-mail updates. The City also publishes a recreation guide quarterly. The City has eight advisory committees and commissions addressing city services including planning, architecture and building review, education, culture, youth and transportation. Details on each can be found on the City's website.³

Census 2010 population for the City is 28,406. State Department of Finance January 2010 estimate for population for the City is 29,155 persons (Census 2000 was 27,718). The City encompasses approximately 5.38 square miles and is bounded by the San

³ The City website (www.cityofsancarlos.org) contains extensive information about city services, fees, activities, budget and audited financial reports.

Municipal Service Review-City of San Carlos,
Unincorporated Palomar Park and Devonshire and Related County Governed Districts
July 13, 2011

Francisco Bay, the Cities of Belmont and Redwood City, as well as unincorporated county areas. The City and areas in the City sphere of influence are included in the boundaries of San Carlos Elementary School District, Redwood City Elementary School District, Sequoia High School District and San Mateo County Community College District. The City boundaries and sphere of influence are shown on the following map.



BELMONT

REDWOOD CITY

SAN CARLOS

DEVONSHIRE



DEVONSHIRE

REDWOOD CITY

PALOMAR PARK

PULGAS RIDGE (SFPUC)

EMERALD LAKE HILLS

-  City Boundary
-  Unincorporated Area in City Sphere

0 0.05007 0.14 0.21 0.28
Miles

SAN CARLOS SPHERE OF INFLUENCE

City Budget - Fiscal Condition of Cities and Current Trends

Since passage of Proposition 13 in 1978,⁴ local government revenues including property tax and motor vehicle license fees have ceased to be predictable local funding sources for counties, cities and special districts and local government revenues are tied to State budget cycles and what has become multiple cycles of economic downturn. Also, in regard to multiple cycles of economic downturn, it is important to recognize that some cities, due to reliance on certain revenue sources such as automobile sales, tourism or property tax, have been impacted during certain events in the local economy while others have been insulated. Depending upon reserves available and extent to which impacted cities have made cuts in earlier economic downturns, they may have less resilience after a series of economic downturns or a prolonged downturn, especially combined with unpredictable State shifts of local general fund revenues.

As noted in The Fiscal Condition of Cities 2003⁵, a city's fiscal health is at the core of its ability to deliver local services. Fiscal challenges cited in the 2003 report include: city reliance on revenues that it cannot control, in particular property tax diversion by the State; declining sales tax and property tax revenues; lack of public support for tax increases; and increasing personnel and public safety costs. Since the 2003 report, the prolonged recession and the state fiscal crisis have further impacted local government revenues in unprecedented ways.⁶ And while impacts vary from agency to agency based on each entity's revenue diversity, accrued reserves, public safety costs and the extent to which cost containment measures can be (or have already been) implemented, the obstacles to counties, cities and special districts sustaining service levels cannot be overstated. This municipal service review therefore focuses on the most significant municipal service priorities, challenges and initiatives to close budget gaps while providing essential municipal services.

Key revenue streams available to California cities for general fund operations include property, sales and use tax, business license tax, transient occupancy tax (or hotel tax)

⁴ Prop. 13 set maximum property tax rate at 1% of assessed value, required special taxes be approved by 2/3 of the voters and gave the State power to reallocate remaining property tax revenues. Since that time other ballot initiatives have limited local government discretion to raise revenues.

⁵ A report prepared by Institute for Local Self Government, a nonprofit affiliate of the League of California Cities, in which California Cities are surveyed on trends and challenges.

⁶ While California voters approved Proposition 1A in November 2004 to prevent future shifts of local government revenues, the measure provided the exception that the State could shift revenues if the Governor proclaimed a severe state financial hardship. Adoption of the 2009-10 State budget included declaration of fiscal hardship, suspension of Proposition 1A and borrowing of up to 8% of each city and county's prior year's total property tax allocation. Subsequently, along with a large majority of counties, cities and special districts, San Carlos participated in a statewide securitization program of the property tax revenue that would otherwise have been repaid by the State in order to receive property tax revenue that would otherwise be deferred up to 2013. Most recently, the Governor's Budget proposes eliminating redevelopment agencies which serve as financing tools for economic development, housing and new infrastructure. The San Carlos Redevelopment Agency yields over \$4 million in annual property tax revenue.

and utility user tax.⁷ To illustrate the “global” impact slowing or decline in assessed value has on revenue of the County and the cities, please see the Secured Roll Table on the following page that includes changes in the secured roll for 2010 for the County and all cities. Revenue enhancement opportunities include voter approved new taxes; increasing existing taxes and fees; maximizing grant funding; promoting land use and economic development to increase additional revenue or expand revenue diversity. Drawing down on reserves is also a budget-balancing tool that can be used on a limited basis. On the expenditure side, alternatives available to balancing budgets include: reducing service levels; deferring projects; sharing service or outsourcing and joint power agreements with other agencies⁸.

⁷ Other revenues such as service fees and charges for city utilities including water, sewer and garbage collection are often the largest source of city revenues, but are restricted to funding provision of these enterprise services. See “Understanding the Basics of County and City Revenues”.

⁸ In San Mateo County, the County, cities and special districts participate in many joint power agreements for services such as animal control, fire protection, library service, sewage treatment, emergency dispatch, ambulance and transportation planning. As cost savings measures, cities have entered into agreements to share specific positions such as battalion chief, police chief or staff position.



WARREN SLOCUM
ASSESSOR-COUNTY CLERK-RECORDER
2010-11
Secured Roll
 July 1, 2010

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City	Parcels	2010 Secured Roll	2009 Secured Roll	Change \$	Change % 2010*	Change % 2009*	Change % 2008*	Change % 2007*
Atherton	2,623	\$ 6,162,500,395	\$ 6,169,407,502	\$ (6,907,107)	-0.11%	6.52%	10.18%	8.27%
Belmont	8,245	\$ 4,482,467,651	\$ 4,528,682,160	\$ (46,214,509)	-1.02%	2.33%	6.16%	6.70%
Brisbane	2,172	\$ 1,376,337,104	\$ 1,428,208,309	\$ (51,871,205)	-3.63%	-0.90%	6.31%	4.82%
Burlingame	8,616	\$ 6,697,543,764	\$ 6,627,232,426	\$ 70,311,338	1.06%	3.20%	6.08%	8.12%
Colma	582	\$ 491,767,193	\$ 496,244,979	\$ (4,477,786)	-0.90%	-4.10%	13.25%	-3.18%
Daly City	23,953	\$ 8,224,722,463	\$ 8,181,880,071	\$ 42,842,392	0.52%	-4.74%	5.07%	7.54%
East Palo Alto	5,040	\$ 1,958,097,243	\$ 2,060,673,820	\$ (102,576,577)	-4.98%	-10.24%	9.26%	13.68%
Foster City	9,100	\$ 6,345,661,564	\$ 6,369,084,139	\$ (23,422,575)	-0.37%	3.04%	6.43%	5.84%
Half Moon Bay	6,183	\$ 2,234,078,607	\$ 2,253,338,439	\$ (19,259,832)	-0.85%	-0.03%	5.00%	5.62%
Hillsborough	4,082	\$ 6,626,284,225	\$ 6,628,968,307	\$ (2,684,082)	-0.04%	5.56%	6.55%	6.17%
Menlo Park	10,073	\$ 9,442,474,943	\$ 9,335,030,775	\$ 107,444,168	1.15%	4.06%	6.25%	8.75%
Millbrae	6,741	\$ 3,555,862,495	\$ 3,529,361,111	\$ 26,501,384	0.75%	3.98%	9.73%	7.87%
Pacifica	12,816	\$ 4,296,048,117	\$ 4,297,469,001	\$ (1,420,884)	-0.03%	-2.17%	5.74%	7.90%
Portola Valley	1,767	\$ 2,325,224,991	\$ 2,298,816,976	\$ 26,408,015	1.15%	4.15%	7.97%	5.38%
Redwood City	20,561	\$ 13,904,169,110	\$ 14,083,042,079	\$ (178,872,969)	-1.27%	1.14%	7.34%	7.92%
San Bruno	12,858	\$ 4,917,180,842	\$ 4,987,270,250	\$ (70,089,408)	-1.41%	-5.47%	6.88%	8.73%
San Carlos	11,063	\$ 6,494,826,869	\$ 6,432,493,070	\$ 62,333,799	0.97%	2.63%	6.71%	7.31%
San Mateo	28,198	\$ 15,706,011,605	\$ 16,041,030,747	\$ (335,019,142)	-2.09%	-0.70%	7.58%	8.88%
So. San Francisco	18,191	\$ 12,276,603,434	\$ 12,503,919,589	\$ (227,316,155)	-1.82%	0.32%	14.55%	9.86%
Woodside	2,390	\$ 4,140,469,352	\$ 4,160,516,830	\$ (20,047,478)	-0.48%	7.42%	3.52%	5.05%
Incorporated Cities	195,254	\$ 121,658,331,967	\$ 122,412,670,580	\$ (754,338,613)	-0.62%	1.06%	7.60%	7.87%
Unincorporated	24,557	\$ 11,504,153,283	\$ 11,447,870,809	\$ 56,282,474	0.49%	1.76%	7.12%	6.85%
TOTAL Sec. Roll	219,811	\$ 133,162,485,250	\$ 133,860,541,389	\$ (698,056,139)	-0.52%	1.12%	7.56%	7.78%

* Includes RDA Values

City of San Carlos Fiscal Year 2010-11 and 2011-12 Budgets

Factors affecting the City of San Carlos' financial condition include the recession and associated increasing unemployment rate (6.3% in June 2010 from 5.8% in June 2009), significant slowing in growth of property tax revenue due to downturn in the real estate market and negative CPI adjustment on property tax rolls in 2010-11, State budget takeaways, and decline in sales tax. As a result, the City has implemented a multi-year process to reduce expenditures and work toward efficiencies. In November 2009, following ten years of budget reductions and service cuts, the City Council placed a sales tax measure on the ballot. However, the measure did not pass and additional cuts were made to the General Fund. As a result, in FY 2010, the City implemented a second stage of cuts to the budget resulting in elimination of 4.5 full-time positions and several part-time positions.

The City adopts a one-year budget containing revenues, appropriations and other financial information pertaining to all City operating and capital budgets, including capital improvement projects. For 2010-11, the City Council held three study sessions in March and May and received recommendations on strategies to address the City's \$3.5 million budget deficit. In June the Council passed a Continuing Resolution giving the City Manager continuing resolution authority consistent with the 2009-10 Adopted Budget, limiting expenditures to no greater than the 2009-10 budget for a period of 60 days. In August the Council adopted the 2010-11 Budget of \$53,159,765, including a General Fund budget of \$26,900,495 and Redevelopment Agency budget of \$9,907,110.

The 2010-11 Adopted General Fund Budget included the following initiatives:

- 1) Contract police services with the County of San Mateo for a current year estimated savings of \$1.014 million;
- 2) freezing the Fire Budget at the 2009-10 level for a savings of \$315,000;
- 3) Outsourcing Parks Maintenance for a savings of \$414,000;
- 4) Reduction in Salaries and Benefits City-wide for a savings of \$167,000;
- 5) Risk Management Allocation Savings for reduction of \$59,200;
- 6) charge City Manager's time to solid waste garbage rates for reduction of \$28,900;
- 7) Reduce Professional Services in the Building Department for reduction of \$49,800; and Budget Educational Revenue Augmentation Fund (ERAF) revenues in Capital Fund, putting equal amount into General Fund for franchise fee revenues (\$700,000).

General Fund Revenues for fiscal year 2010-2011 were budgeted at \$22,549,400 representing a decrease of 9.8% over the estimated revenues for 2009-2010. The estimated decrease was primarily due to the reimbursement in 2009-10 from the County for the Educational Revenue Augmentation Fund (ERAF) rebate received in the amount of \$1.0 million. In addition, FY 2010-11 property and sales taxes were expected to be lower for the reasons noted above. In the 2011-12 proposed budget to be considered

by the Council on June 27, 2011, General Fund revenues for 2010-11 are estimated at \$25,230,530 and General Fund expenditures are projected at \$27,066,470.⁹

During the fiscal year, the City Council made a number of adjustments based on issues the City was not aware of at budget adoption, resulting in Revised General Fund Expenditures of \$27,066,470.

2011-12 Recommended Budget:

The following is based on the budget adopted on June 27, 2011. On April 25 and June 13, 2011, the Council held two budget study sessions on the Recommended FY 2011-12 Budget recommendations and recommended program additions and reductions and provided direction to staff in preparation of a recommended budget to be considered on June 27, 2011. The Recommended 2011-12 Citywide budget to be considered by the Council on June 27 is \$55,604,500 including General Fund Expenditures of \$28,095,800, Redevelopment Agency Budget of \$11,886,350, Sewer Enterprise Fund of \$7,642,200, Capital Funds of \$5,334,200, Debt Service of \$521,600, Internal Service Funds of \$1,378,600 and Other Revenue Funds of \$745,750 and one-time public safety costs of \$510,000. General Fund Revenues are estimated at \$24,991,300.

The following table, extracted from the June 27, 2011 budget staff report, summarizes the 2010-11 revised, the projected 2010-11 and 2011-12 proposed General Fund Budgets.

⁹ Page 57, Proposed 2011-12 Budget



**CITY OF SAN CARLOS
GENERAL FUND SUMMARY
RECOMMENDED FY 2012 BUDGET**

	REVISED BUDGET FY 2011	PROJECTED FY 2011	PROPOSED FY 2012	FORECASTED FY 2013	FORECASTED FY 2014	FORECASTED FY 2015	FORECASTED FY 2016
ESTIMATED BEGINNING FUND BAL							
Unrestricted	\$ 6,625,338	\$ 6,625,338	\$ 6,837,018	\$ 6,504,212	\$ 6,531,957	\$ 6,664,257	\$ 6,800,257
Reserved or restricted	5,138,159	5,138,159	7,879,554	8,096,960	8,148,215	8,310,915	8,495,915
TOTAL BEGINNING FUND BALANCE	\$ 11,763,497	\$ 11,763,497	\$ 14,716,572	\$ 14,601,172	\$ 14,680,172	\$ 14,975,172	\$ 15,296,172
Business Registration	616,000	621,100	634,300	647,000	659,900	673,100	686,600
Charges for Current Services	2,324,800	2,309,800	3,102,900	3,012,000	2,970,200	3,029,600	3,090,200
Fines & Forfeitures	308,200	315,600	316,600	316,800	323,100	329,600	336,200
From Other Agencies	37,500	107,830	47,700	48,700	49,700	50,700	51,700
Licenses & Permits	800,600	934,500	1,154,200	1,177,300	1,150,800	1,173,800	1,197,300
Other Revenue	334,700	346,800	352,500	353,700	360,800	368,000	375,400
Other Tax	1,256,000	1,437,000	1,454,200	1,483,300	1,513,000	1,543,300	1,574,200
Property Tax	8,290,000	8,421,600	8,469,900	8,639,300	8,812,100	8,988,300	9,168,100
ERAF	-	-	-	-	-	-	-
Sales Tax	4,630,800	4,885,500	4,922,000	5,020,400	5,272,800	5,530,300	5,792,900
Transient Occupancy Tax	650,000	650,000	675,000	688,500	702,300	716,300	730,600
Use of Money & Property	742,800	2,340,800	1,016,200	1,059,000	1,080,200	1,101,800	1,123,800
PAMF Project	630,000	630,000	645,800	661,900	678,400	695,400	712,800
Vehicle in Lieu	1,928,000	2,230,000	2,200,000	2,244,000	2,288,900	2,334,700	2,381,400
TOTAL REVENUES	22,549,400	25,230,530	24,991,300	25,351,900	25,862,200	26,534,900	27,221,200
EXPENDITURES							
Salaries & Benefits	10,618,695	10,356,730	11,478,000	12,383,500	12,569,300	12,820,700	13,077,100
Belmont/San Carlos Fire JPA	6,300,000	6,300,000	1,835,300	800,000	800,000	800,000	800,000
Operating Expenditures	10,488,537	10,337,940	14,122,500	14,908,500	15,206,700	15,662,900	16,132,800
Capital Outlay	237,250	71,800	150,000	152,300	154,600	156,900	159,300
TOTAL EXPENDITURES	27,644,482	27,066,470	27,585,800	28,244,300	28,730,600	29,440,500	30,169,200
TRANSFERS							
General Transfers In From Other Funds	2,260,415	2,260,415	500,000	510,000	520,200	530,600	541,200
Allocations In From Other Funds	3,266,600	3,239,900	3,272,800	3,296,000	3,361,900	3,429,100	3,497,700
Allocations Out to Other Funds	(446,400)	(446,400)	(456,300)	(454,800)	(463,900)	(473,200)	(482,700)
General Transfers out	(264,900)	(264,900)	(327,400)	(249,800)	(254,800)	(259,900)	(265,100)
TOTAL TRANSFERS (NET)	4,815,715	4,789,015	2,989,100	3,101,400	3,163,400	3,226,600	3,291,100
TOTAL CHANGE IN OPERATING FUNDS	\$ (279,367)	\$ 2,953,075	\$ 394,600	\$ 209,000	\$ 295,000	\$ 321,000	\$ 343,100
OTHER SOURCES (USES) OF FUNDS							
Public Safety one-time funding	-	-	(510,000)	(130,000)	-	-	-
TOTAL OTHER SOURCES (USES) OF FUNDS	-	-	(510,000)	(130,000)	-	-	-
NET CHANGE IN FUND BALANCE	\$ (279,367)	\$ 2,953,075	\$ (115,400)	\$ 79,000	\$ 295,000	\$ 321,000	\$ 343,100
GENERAL FUND BALANCE							
Unrestricted	\$ 3,806,176	\$ 6,837,018	\$ 6,504,212	\$ 6,531,957	\$ 6,664,257	\$ 6,800,257	\$ 6,956,557
Non-spendable Fund Balance	4,025,000	4,025,000	4,025,000	4,025,000	4,025,000	4,025,000	4,025,000
Economic Uncertainty Reserve	2,505,000	2,706,600	2,810,000	2,824,400	2,873,100	2,944,100	3,016,900
Strategic Property Reserve	1,070,815	1,070,815	1,184,815	1,298,815	1,412,815	1,526,815	1,640,815
Assigned Fund Balance	77,139	77,139	77,145	-	-	-	-
Reserved or restricted	7,677,954	7,879,554	8,096,960	8,148,215	8,310,915	8,495,915	8,682,715
TOTAL ENDING FUND BALANCE	\$ 11,484,130	\$ 14,716,572	\$ 14,601,172	\$ 14,680,172	\$ 14,975,172	\$ 15,296,172	\$ 15,639,272

Assumptions for FY 2012 - 2016 Forecasts

Revenues - Assume annual 2% increase with some one-time adjustments related to future development projects
Salaries & benefits - Assumes full year of Fire Department in FY 2013 and future with increases for PERS and other benefits
Belmont-San Carlos JPA - Includes annual costs for the payment of the side fund obligations in future years
Operating Expenses - Assumes full year of fire services contract in FY 2013 with future annual increases
Capital Outlay - Assumes annual increases of 2%
Net Transfers - Assumes annual increases of 2%

Fiscal Year 2011-12 revenues are projected to be approximately \$2.7 million higher due to receipt of one-time revenues from sale of property (\$1.5 million), increases in property and sales tax, vehicle in lieu fees, franchise tax, licenses and permitting fees, grants and rental income.

In regard to revenue enhancement, the City of San Carlos has been chosen by the City of Half Moon Bay to provide contract Park and Recreation Services.¹⁰

In regard to cost cutting initiatives, the June budget transmittal details eleven straight years of budget reductions in programs, services, operational hours and personnel, an unsuccessful effort to pass a voter approved half-cent sales tax and subsequent actions the City took to close a structural budget gap. These actions included lay off of four full-time employees, reduction in contract services, elimination of a tutoring program and a special needs program and outsourcing of payroll, park maintenance and police.

As noted elsewhere, the City also initiated dissolution of the Belmont San Carlos Fire Department Joint Powers Agreement in order to pursue more cost effective fire and emergency response. Subsequent action resulted in the creation of a hybrid city fire department that would include a contract with Redwood City for administration including fire chief, marshal, battalion chiefs, and deputy chief. Additionally the City is considering a contract with the County of San Mateo for dispatch and 911 services.

The City also engaged all labor groups to achieve savings in salaries and benefits including reductions in base salary, elimination of performance bonus programs, elimination of vacation payout and caps at two years, employee sharing of any future medical premium increases, and freezing of dental and vision premiums. Retirement benefit changes include establishing a third miscellaneous tier of 2% at 55 highest three-year average compensation, and elimination of retiree medical and the establishment of Voluntary Employee Benefit Association program (VEBA) for post-employment benefits that employees can contribute to.

The City's budget goals are to achieve a balanced budget with revenues, including reimbursements from other funds for services provided equal to or greater than expenditures. The Budget includes Council adopted financial policies aimed at managing the City's finances to provide for the delivery of quality services, maintain and enhance service delivery as the community grows in accordance with the General Plan, guarantee a balanced budget annually, and establish reserves necessary to meet known and unknown future obligations. Policies include: General Policies, Revenue Policies, Cost of Service Policies, Reserve Policies, Expenditure and Budgeting Policies, Debt Policies, Capital Improvement Policies and Fixed Assets and Infrastructure Asset Policies.

¹⁰ It is anticipated that the contract for Park and Recreation will generate a net amount of \$75,000 for the City of San Carlos.

Fund Balance Policy:

As noted in the June 27 budget transmittal, on June 13, 2011, the Council updated the City's Fund Balance Policy, which is included in the budget document. The policy states fund balances (or reserves) fall into the following categories: Nonspendable, Restricted, Committed, Assigned or Unassigned. In accordance with the City policy and GASB Statement No. 54 requirements, the Council has established the following General Fund Committed Fund Balances:

- Economic Uncertainties – this committed fund balance should be equal to a minimum of 10% of General Fund expenses with a goal of increasing to 20% of General Fund expenses.
- Strategic Property Acquisition – this committed fund balance should accumulate funds from the proceeds of future sales of City properties, as directed by the City Manager or City Council. This committed fund balance account will also accumulate funds received from the Redevelopment Agency (RDA) for principal and interest payments (as stated in the Loan and Repayment Agreement) on the RDA loan approved on October 11, 2010 in the amount of \$1.5 million.
- The City also maintains other committed or assigned General Fund balance allocations for specific projects, and contingencies as directed by the City Council or City Manager.

The projected unrestricted and restricted General Fund balances for the Fiscal Years 2010-11 and 2011-12 are noted below.

General Fund Restricted and Unrestricted Fund Balances				
	Projected 2010-11	% of FY 11 Operating Budget	Proposed 2011-12	% of FY 12 Operating Exp.
Non-spendable Fund Balances	\$4,025,000		\$4,025,000	
Committed Fund Balances				
Economic Uncertainty	\$2,706,600	10%	\$2,810,000	10%
Strategic Property Acquisitions	\$1,070,815		\$1,184,815	
Estimated Ending Restricted	\$7,879,554	29.1%	\$8,096,960	28.8%
Estimated Ending Unrestricted	\$6,837,018	25.3%	\$6,504,212	23.2%
Total Operating Expenses	\$27,066,470	100%	\$28,095,800	100%

City Operations:

With the exception of municipal water,¹¹ San Carlos provides a broad set of municipal services including police¹², fire¹³ and emergency response, public works (including roads, traffic signals, street lights, drainage, facility maintenance, sewer) planning and building, parks and recreation and general city administration. The Adopted 2010-11 budget includes a staffing level of 82 full-time equivalent. Appendix A includes a profile of the City and the table below summarizes service delivery patterns.

Service	Provider
Police, Fire, Park & Recreation, Library, Street Lights, Streets/Street lights, Drainage	City of San Carlos (Police service by contract with San Mateo County Sheriff) (Belmont San Carlos Fire Department, a Joint Powers Agency consisting of City of San Carlos and Belmont Fire Protection District to be replaced by City of San Carlos Fire Department effective October 2011)
Sewer	City of San Carlos
Water	California Water Service Company ¹⁴ Mid-Peninsula Water District
Animal Control	Peninsula Humane Society via contract administered by County of San Mateo
Solid Waste/Recycling	Recology under a franchise agreement granted by City of San Carlos and managed by South Bayside Waste Management Authority

City of San Carlos Growth and Population Projections

As noted above, the State Department of Finance January 2010 estimated population for the City was 29,155 persons. The following table summarizes City population data for Census Years 1970 through 2000 and the California Department of Finance estimate for 2010. Growth since 2000 is approximately 688 or 2.5%.

1970	26,053
1980	24,710
1990	26,167
2000	27,718
2010	28,406

¹¹ Water service is primarily by the California Water Service Company and in a lesser area, Midpeninsula Water District

¹² The City of San Carlos recently entered into a contract for police service with the County of San Mateo Sheriff Department under which the Sheriff Department hired City police personnel operating out of the San Carlos Police Station.

¹³ Belmont San Carlos Fire Department is a joint power authority formed by the Cities of San Carlos and Belmont Fire Protection District. As written above, the City of San Carlos has recently issued notice to terminate the agreement and has issued a Request for Proposal for contract services. See discussion under fire protection below.

¹⁴ Private water utility companies are not special districts and therefore are not subject to LAFCo jurisdiction.

The City's 2010 Housing Element update cites Association of Bay Area Governments (ABAG) Projections 2007 which projected growth of 16,998 or 16% over 2000 Census population by 2030. Since that time, ABAG "Projections 2009" projects population growth of 5,245 or 18% over 2000 by 2030 for the City of San Carlos. It should be noted that ABAG policy-based projections do not necessarily reflect land use policies of cities or economic conditions that drive new construction.

The following table contains Census 2000 population data for areas in the sphere of influence of the City of San Carlos.

San Carlos Sphere	Census 2000 Population
Palomar Park/Scenic	1,933
Devonshire	700

City of San Carlos Infrastructure

City infrastructure includes the civic center, which is the city hall, police station and library, a museum, 2 community centers, 13 parks and associated buildings, approximately 87 miles of improved streets, 1888 streetlights, 20 traffic signals, 104 miles of sewer main, 6 sewer pump stations, 1,324 storm water catch basins, 3 storm water pump stations, 3,205 manholes and four parking lots, 356 public parking spaces and 94 employee permitted spaces.

Water Service:

The City of San Carlos is not a water provider and does not own water infrastructure. The California Water Service (CalWater) Midpeninsula District water system covers approximately 10.3 square miles and serves approximately 22,580 customers¹⁵ in the City of San Carlos and unincorporated areas (including Palomar Park and Devonshire) and the communities of San Mateo and adjacent unincorporated portions of San Mateo County. The independent special district, Mid-peninsula Water District (formerly Belmont County Water District), serves small areas of the City of San Carlos (see separate Municipal Service Review for Mid-Peninsula Water District).

The CalWater Midpeninsula District receives all of its water from the SFPUC. Water is delivered to the San Carlos area via 3 SFPUC turnouts located off Bay Division Pipeline (BDPL) 1 and 2. San Mateo is supplied from 5 turnouts located off the Crystal Springs Pipeline #2 and Sunset Supply Lines. The distribution system includes 22 pressure zones in San Carlos, 18 in San Mateo, 63 booster pumps, 38 storage tanks, 2,793 hydrants, and 357 miles of main.

¹⁵ BAWSCA Annual Survey – FY 2007-08

As a private utility, CalWater sets water rates and is regulated by the California Public Utilities Commission. The following table shows comparative rate data for Mid-Peninsula Water District, City of Redwood City and CalWater.

MPWD 8,020 customers		Calwater 53,424 Customers		Redwood City 23,110 Customers	
Service Charge (5/8" Meter)	\$13.30 includes CIP	Service Charge (5/8" Meter)	\$8.75	Service Charge (5/8" Meter)	\$18.02
0-2 Units (residential)	\$2.40	0-9 Units	\$3.3132	0-10 Units	\$2.40
3 to 10 Units	\$4.60	10-22 Units	\$3.4876	11-25 Units	\$3.05
11 to 25 Units	\$5.45	Over 22 Units	\$4.1851	26-50 Units	\$4.98
Sample Monthly bill:				51+ Units	\$7.03
10 Units	\$54.90		\$42.05		\$42.42
20 Units	\$73.30		\$77.04		\$72.07

Sanitary Sewer and Storm Water:

The City's sanitary sewer collection system serves approximately 11,192 customers¹⁶ and consists of approximately 106 miles of pipe. Pipe diameters range from 5 to 27 inches. The system includes six lift stations owned and maintained by the City (Kelly I, Kelly II, Lower Crestview, Upper Crestview, Tierra Linda, and associated lift stations) as well as many privately owned lift stations. Collected sewage is conveyed to the South Bayside System Authority sewer system for treatment.

The City's sewer operation is an enterprise activity and in June 2010 the Council adopted the sewer budget separately in order to complete projects in compliance with a settlement with San Francisco Baykeeper.¹⁷ In July, sewer rates were increased 7% in order to provide for a preventive maintenance program for the sewer collection system to avoid additional fines and penalties. Sewer rate comparison is included in the discussion of County Sewer and Sanitation Districts in a following section. On June 13, 2011, the City Council approved a 7% increase for 2011/12 sewer rates in order to fund capital needs. The increase results in average annual charges of \$601.20. The City's report on the rate increase notes that the increase keeps rates in line with comparable cities and that both the Cities of Belmont and Redwood City are considering multi-year rates increases to cover capital needs.

The San Carlos storm water drainage system consists of approximately 27 miles of closed conduits, 3 pump stations, 1,324 storm drain inlets and 3,205 storm drain

¹⁶ Equivalent Residential Connections

¹⁷ In February 2010, the Council approved a consent decree with SF Baykeeper, which imposed a fine of \$350,000 and mandatory measures to reduce the risk of sewer overflows.

manholes and approximately 6,500 linear feet of flood control channel. The drainage system dates to the early twentieth century, and as such does not meet today's design standards. Repairs are completed as needed. Developers or property owners are responsible for adding extensions to the storm water system when new development occurs.

There are two watersheds in San Carlos: the Pulgas Creek Watershed and the Cordilleras Creek Watershed. The creeks within the watersheds and the City's sphere of influence that receive storm water include Belmont, Pulgas, Brittan and Cordilleras Creeks. These creeks total seven miles in length, are unlined and subject to erosion, and eventually empty into the San Francisco Bay. The Pulgas and Brittan Creeks are culverted from near Elm Street to Old County Road. The eastern portions of the channels are subject to tidal influence from the San Francisco Bay. These portions of the creeks do not have sufficient capacity to pass large flows from high tides or less-than-severe rainfall. Flooding in the city also results from undersized hydraulic controls upstream.

Sewer Service Outside City Boundaries:

The City of San Carlos provides sewer service to a limited number of residences in unincorporated Palomar Park. Government Code Section 56133 requires that when a city or district provides new service outside jurisdictional boundaries, the city or district must apply to LAFCo for approval to extend service. This section applies to new subdivisions processed by the County in unincorporated areas that will receive sewer service from the City or in cases of failed septic systems for existing homes. Rather than treating these instances on a case by case basis, the County of San Mateo General Plan update could include information on the number of existing residential homes on septic and information on the potential for subdivision and creation of new homes that would request sewer service from the City of San Carlos. The City in turn could use this information in determining how to respond to requests for sewer connections in anticipation of annexation to promote logical extension of sewer main infrastructure.

Streets

Bay Area Cities use the Pavement Condition Index (PCI)¹⁸ to measure the condition of its roads. The Pavement Management System and PCI were developed by the Metropolitan Transportation Commission. The PCI is based on road conditions that include cracking, furrowing or rutting, potholes, and general weathering and provides information necessary to establish a maintenance program and budget for road maintenance. Of San Carlos' 86.5 mile street network, Arterial streets comprise 4.4 centerline miles, Collectors - 6.2 miles, and Residential - 75.9 miles.

¹⁸ The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less.

As shown in the following table¹⁹, San Carlos' arterials are generally in good condition. The State of the Streets Report, May 2009 notes that the collectors and the residential streets are in fair condition on average, but are also entering the onset of rapid failure stage.

2008 Average PCI by Functional Classification			
Classification	Centerline Miles	Percent of System	Average PCI
Arterial	4.4	8%	78
Collector	6.2	9%	59
Local/Residential	75.9	83%	64
Total	86.5	100%	64.3

The State of the Streets Report notes that averaging PCIs over the entire City or functional class obscures the fact that individual street segment conditions range from excellent to failed and that the majority of the failed roadways within the City are Local/Residential Roadways. The cost to replace San Carlos' street network was estimated at \$179 Million in May 2009.

Fire Protection - Introduction

Efforts toward regionalization

In discussing fire protection and emergency response, it is important to take into consideration the broader context of challenges in funding fire and emergency response in San Mateo County for several reasons. First, providers are inherently linked by the existing joint powers agreement for automatic aid, move up and cover and other agreements. Also, as noted elsewhere cities and special districts share in common fiscal challenges that include State siphoning of local revenue and the fiscal effects of the prolonged economic downturn as well as increasing service costs. And while efforts toward regionalization follow years of success in sharing resources and creating efficiencies, further progress is dependent upon careful collaboration and planning among fire and emergency response providers.

It also merits emphasis that initiatives like the automatic aid, shared communications dispatch, EMS, disaster preparedness and Hazardous Materials Incident Response Team (HazMat) are savings and efficiencies that have already been achieved. Remaining areas of savings include broadening shared administration, training and other programs, formal consolidation and where appropriate sharing of stations and closure of redundant stations.²⁰

¹⁹ State of Streets Report, May, 2009

²⁰ See City of San Carlos Tri-Data Report and Grand Jury Report "City Fire Department Consolidations and Mergers 2009-2010"

Shared resources in fire and emergency response in San Mateo County include the following:

- 1) Automatic aid and in which agencies drop boundaries to ensure that rapid response of the closes resources
- 2) Communications dispatch
- 3) EMS²¹
- 4) Disaster Preparedness
- 5) Hazardous Materials Incident Response Team (HAZMAT) operated by Belmont San Carlos Fire Department but funded jointly by all fire entities
- 6) CERT (Community Emergency Response Team) training

In addition, San Mateo County fire agencies share training, battalion chiefs, fire marshals and other personnel. Efforts toward resource sharing and consolidation are summarized in the attached Timeline of Consolidation and Resource Sharing and Summary of SMC Fire Jurisdictions (Attachments A & B). As shown in the timeline, San Carlos and Belmont were leaders in this effort.

Many of the resource sharing initiatives and consolidations have been driven by the realization that funding standalone single and two station departments is not fiscally sustainable. On this point, the San Carlos TriData Report – Fire & Emergency Service Analysis October 2010 concluded that creating a new, standalone fire department is not a good option for the City of San Carlos. The report cites that costs will be high, possibly higher than the City pays in the JPA and would eliminate the opportunity to make the system more efficient regionally. In the alternative, the report cites opportunities for the City of San Carlos to partner with Redwood City or the County of San Mateo, affording sharing of a station and savings for both partnering agencies.

In evaluation of potential regionalization or consolidation of fire service, it is also essential to acknowledge the diversity of fire agencies in San Mateo County ranging from rural and urban fire protection by contract with CalFire, regional fire districts serving a combination of incorporated and unincorporated areas and joint power authorities between cities. Also significant are the different funding models. In San Mateo County fire districts receive on average 16% of the 1% property tax and their revenue outcome is also determined by the total assessed value of their jurisdiction. Unincorporated areas not in a fire district generate 7% of the 1% property tax and in many cases include rural areas with low assessed value. Cities fund fire service with general fund revenues that include property tax, sales tax, transient occupancy tax and other revenues, yet have a broad set of competing service responsibilities. In this regard, this report includes discussion of *different* arrangements for delivery of fire protection/EMS and does not evaluate which fire agency is *better*. Recognizing that the

²¹ San Mateo County Emergency Medical Service (EMS) system provides for centralized dispatch for all 911 medical emergencies including fire service first response and emergency ambulance, including air ambulance providers and two level 1 trauma centers at Stanford and San Francisco General.

fundamental resource of fire agencies is personnel, whether employees of a city, district, joint powers authority or CalFire, all agency personnel train and work side by side with a cooperative spirit and dedication for fire protection and safety for the County's citizens.

City of San Carlos Fire Budget

As detailed below the City of San Carlos provides for fire protection and emergency response by membership in the Belmont San Carlos Fire Department, a joint powers agreement between the City of San Carlos and Belmont Fire Protection District (BFPD) a subsidiary district of the City of Belmont. The City of San Carlos and BFPD are in the process of dissolving the joint powers agreement and each agency has adopted a plan for fire protection and emergency response. San Carlos City Council has approved and is implementing establishing a city fire department in which the City will employ fire personnel to staff two City owned stations and will contract with City of Redwood City for administration. BFPD has adopted a plan to establish a standalone department with administration and envisions some service sharing with other agencies. Both agencies budgets include costs for the JPA through dissolution scheduled for October 2011 and costs for a stand alone department for the balance of the fiscal year.

The City of San Carlos funds fire protection and emergency response from the General Fund. Expenditures in 2009-10 and 2010-11 are budgeted at \$6,292,394, which represents 23% of the City's General Fund Expenditures of \$26,900,495. The 2011-12 City of San Carlos budget projects \$6,300,000 for 2010-11. For 2011-12 the San Carlos share of the Belmont San Carlos JPA is projected at \$1,835,300 and the San Carlos Fire Department is projected at \$3,843,900. As noted above, General Fund revenues for cities that fund fire and emergency response include property tax, sales tax, transient occupancy tax and other revenues that in recent years have not kept pace with the cost of fire and emergency response. .

The following sections provide background on the Joint Powers Authority and the alternatives for future service examined by both agencies.

Belmont San Carlos Fire Department (BSCFD)

In 1979, the Belmont San Carlos Fire Department (originally named South County Fire Authority) was formed as a joint powers authority²² of the City of San Carlos and the Belmont Fire Protection District, a subsidiary district of the City of Belmont. Since that time it has been re-established twice, most recently in 2006. The current JPA is in the process of dissolution effective on or before October 12, 2011. This section reviews the JPA budget, the BFPD board's efforts to reestablish a city fire department and provides background on the history of the JPA.

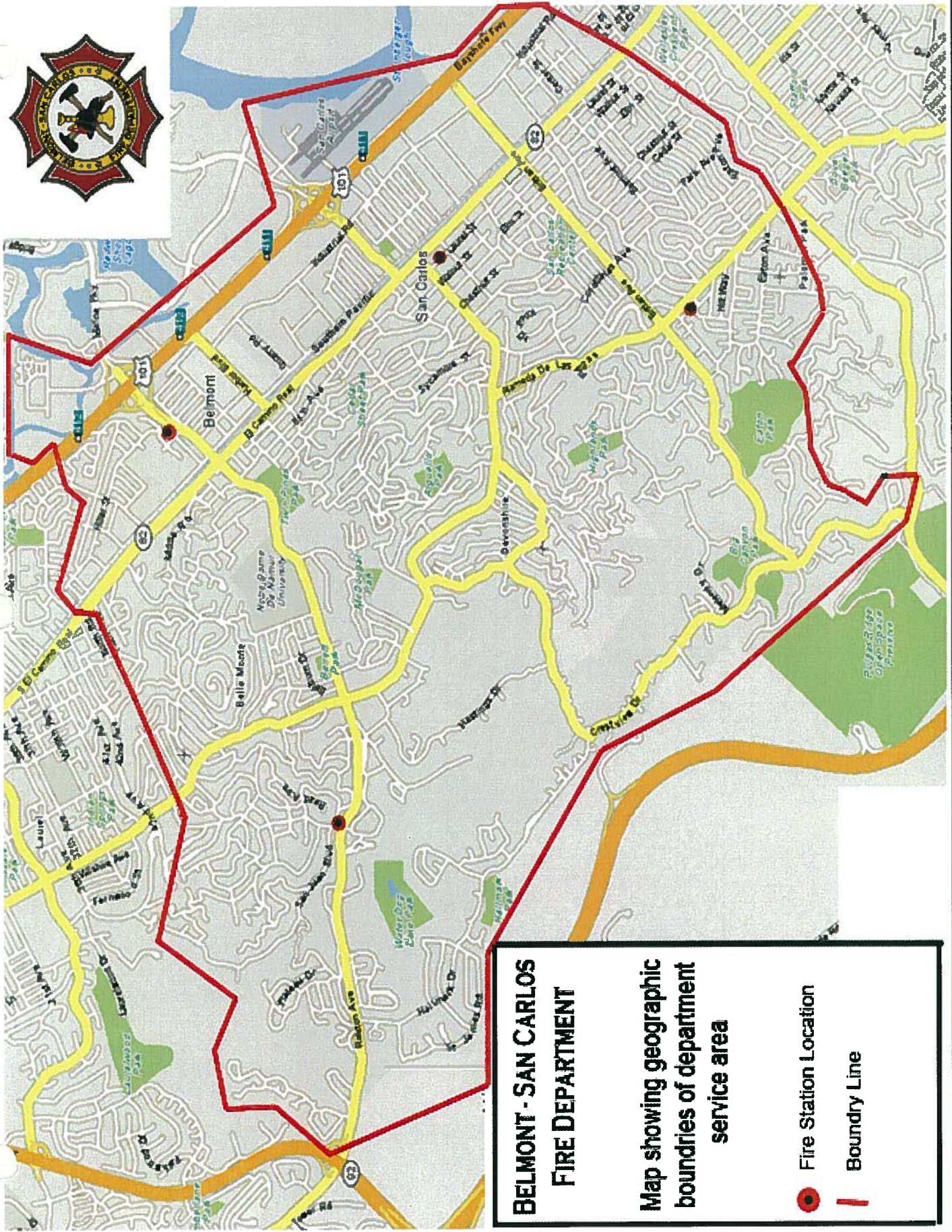
²² The Joint Power Authority governing board consists of two members each from the San Carlos and Belmont City Councils

BSCFD daily staffing includes 13 Firefighters and 1 Battalion Chief operating out of four fire stations, with a total of 3 engines and one truck. The District's administrative office is located at 600 Elm Street and stations include the following:

Station	Address
#13	525 Laurel Street, San Carlos
#14	911 Granada Street, Belmont
#15	2701 Cipriani Blvd., Belmont
#16	1280 Alameda de las Pulgas, San Carlos

The Department provides service to the Cities of Belmont and San Carlos and the unincorporated Harbor Industrial area, an area of 8.86 square miles and population of approximately 54,396. ²³ Please see map on following page.

²³ Based on Census 2010 population for Cities and Census 2000 for unincorporated Harbor Industrial. The District also serves surrounding incorporated and unincorporated areas under a Countywide boundary drop agreement.



**BELMONT - SAN CARLOS
FIRE DEPARTMENT**

**Map showing geographic
boundaries of department
service area**

-  Fire Station Location
-  Boundry Line

Belmont-San Carlos Fire Department Budget:

Pursuant to the Joint Powers Agreement, the BSCFD Board of Commissioners considers a budget annually which is then referred for ratification by the Belmont City Council as the Governing Board of the BFPD and the City of San Carlos City Council. The BSCFD adopted budget for Fiscal Year 2009-2010 was \$13,684,648 and the proposed budget for 2010-11 is \$15,476,822. The change from 2009-2010 to 2010-2011 reflects increases in negotiated salary increases, PERS retirement, and Post Retirement Benefits and provides for freezing of member agency contributions by offset with fund balance. These actions combined will deplete the Department's fund balance upon termination of the JPA in October 2011. The member agencies and BSCFD staff continue to meet monthly to develop and implement a plan for termination of services and dissolution of the district. Areas that must be addressed include accrual payouts, CalPERS, post-dissolution insurance obligations and assets and leases.

The Fire Chief presented the Proposed July 1, 2011 through October 12, 2011 Budget to the BSCFD Board on May 24, 2011. The budget, totaling \$5,473,416, is based on the current year budget prorated for 104 days and includes contractual step increases, PERS rate increases and retiree medical benefit costs, and no capital equipment purchases. The budget does include an additional \$1,145,130 for required payments of vacation, sick and other accrual payments due on the service termination date to current employees of BSCFD and additional consultant fees during the dissolution process. These changes result in increased costs to the City of San Carlos in the amount of \$678,873 and to the Belmont Fire Protection District in the amount of \$604,441 over the projections made last year for the final BSCFD budget. The four board members of the BSCFD unanimously voted to recommend ratification by both parent agencies. Both agencies have ratified the budget.

History of Joint Powers Authority for Fire Protection

In 1979, the City of San Carlos and the Belmont Fire Protection District (BFPD)²⁴ signed a Joint Powers Authority (JPA) that created the South County Fire Authority (SCFA) to provide more cost effective service for the two cities. This action followed the passage of Proposition 13, which resulted in significant loss in revenue to cities and special districts and caused both agencies to close a fire station. The JPA was effective on July 1, 1979 and SCFA continued in that form, operating two stations in each city and serving each city's territory, unincorporated Harbor Industrial Area²⁵ and under contract, the Redwood

²⁴ Belmont Fire Protection District is a subsidiary district of the City of Belmont. The Belmont City Council serves as governing board. Up to 30% of a subsidiary district's territory and population may be located outside the City boundaries. The district includes unincorporated Harbor Industrial Area. The JPA also served Redwood Shores by contract until 1998 when Redwood City built Station 20.

²⁵ In July of 1997, a portion of the Harbor Industrial Area was annexed to the City of San Carlos and detached from Belmont Fire Protection District, resulting in transfer of property tax revenues to the City of San Carlos and loss of revenues to the BFPD.

Shores neighborhood until the City of Redwood City built Station 20 in 1998. The original funding formula divided the SCFA annual budget equally between the two cities, with San Carlos funding fire service from the City's General Fund and BFPD funding service with property tax apportioned to BFPD.

In 2003, in response to lost revenues from the cancellation of the Redwood Shores contract and economic downturn, the SCFA Fire JPA Board placed a parcel tax for Fire Services on the ballot. The measure required two-thirds vote for passage but only received a 62% yes vote. As a result, the JPA Board eliminated a fire company consisting of nine sworn positions.

In 2004, SCFA placed a 5 Year Fire Suppression Assessment on the ballot. When the Assessment failed, BFPD sent a notice to the City of San Carlos and the South County Fire Authority of intent to leave the Authority at the end of June 2006. The San Carlos City Council adopted a similar notice to preserve its rights under the Fire JPA.

Subsequently the SCFA received proposals for contract service from neighboring agencies. Following lengthy consideration of proposals and despite disagreement over funding formula and cost sharing of human resources and finance services, the San Carlos City Council voted to continue to receive services from SCFA. In June 2006, the City of San Carlos and BFPD executed an Amended and Restated Joint Powers Agreement (JPA) that renamed the SCFA the Belmont San Carlos Fire Department, changed the funding formula from equal shares to a four part formula that would include the number of fire stations, number of fire calls, assessed valuation and population if a revenue measure were to pass in both cities, or equal shares if a revenue measure did not pass in both cities and changed the management of the department from the City Managers of the two cities to the 4 Member Board consisting of two council members from each city effective on July 1, 2006.

In September 2006, the proposed Fire Assessment measure failed in San Carlos with 53% opposed and failed in Belmont with 59% opposed. Subsequently, in April 2007 a Second Amended and Restated JPA for the Belmont-San Carlos Fire Department was adopted and approved. Changes included the new cost-sharing model with a 4-part formula based on number of stations, call volume, population and assessed valuation. The amended funding formula resulted in San Carlos and Belmont paying 52.04% and 47.96; 52.86% and 47.14 and 53.25% and 46.75 respectively in subsequent years after amendment. Based primarily on the formula factoring in assessed valuation and increased operational costs, Belmont Fire Protection District costs increased 4.9% since 2007 and San Carlos general fund costs increased 19.5% over the same period.

As noted above, in November 2009, the City of San Carlos Measure U Sales Tax Proposal failed at the ballot and the City Council subsequently began pursuing contract service for police, fire and park and recreation. In April 2010, the City of San Carlos froze the contribution to the BSCFD at 2009-10 Fiscal Year levels and sent a letter to

the BFPD announcing its intent to dissolve the BSCFD JPA effective on or before the expiration date of the JPA on October 12, 2011 unless the notice is withdrawn.

Independently of each other, the two cities have since identified alternatives to each operate two stations with costs estimates ranging from CalFire from a low of \$3.8 million to the highest at \$5.7 million depending upon work schedule and pay scale, Redwood City at \$6.6 million including fleet and legacy costs associated with dissolution of the JPA, San Mateo at \$7.3 million, Hybrid Option (Shared Positions) ranging from \$6 to \$7.9 million and Standalone Option ranging from \$7.3 to \$8.9 million. With one exception, the proposals submitted to San Carlos (summarized below) do not include costs associated with dissolution of Belmont San Carlos Fire Department JPA. The Belmont legacy cost estimates include a low of \$550,129 and a high of \$1,091,632.

Alternatives for Future Service

As noted above, both the City of Belmont/BFPD and San Carlos have chosen the service model they plan to implement upon dissolution of BSCFD. San Carlos has directed staff to pursue a hybrid department in which the City will employ fire personnel and contract with the City of Redwood City for administrative duties, fire prevention, and battalion-chief coverage and supervision. The City of Belmont has determined it will re-establish a standalone fire department. For comparison purposes, the following section includes the variety of alternatives that have been considered by the two cities and illustrates the broad range of service delivery models and the range of savings that could be realized.

City of San Carlos – Alternatives Considered

The City of San Carlos commissioned a “Fire and Emergency Service Analysis and Request for Proposal Development” and issued a Request for Proposal for Fire & Emergency Service. The City received proposals from the City of Redwood City in partnership with City of San Mateo, an informal proposal from CalFire and a proposal from a private fire protection firm.

Provided below for comparison purposes are the alternatives considered by the City of San Carlos. These proposals do not include capital costs or legacy costs associated with the dissolution of the Belmont San Carlos Fire Department. As noted above, since the proposals were submitted, the San Carlos City Council voted to enter into a contract with Redwood City in which the City of San Carlos would hire fire personnel to staff the two City of San Carlos stations and Redwood City would provide administrative duties, fire prevention, and battalion-chief coverage and supervision.

Extension of the Belmont-San Carlos Fire Department

The Council received an analysis of San Carlos rescinding the dissolution letter and the two entities extending the JPA for 18 to 24 months by amending the JPA or adopting

another agreement. Proposed as a short-term solution to allow time for both entities to participate in a regional model, the recommendation proposed an agreement that would include 10% labor compensation reduction, delay in retirement of the chief, adjustment of the cost sharing formula and maintenance of service levels. The analysis projected a savings of \$1,036,025 total.

Wackenhut Services Inc. (WSI)

WSI is a private firm based in Florida that responded to the City's request for proposals. WSI has provided services to a number of commercial, federal and local government agencies for over 50 years. Locally, WSI is the contract fire and emergency service provider for NASA Ames Research Center in Mountain View and the, NASA Jet Propulsion Laboratory in Pasadena, as well as for several military bases and airports in the nation, including the San Jose International Airport. The WSI proposal included a baseline option of two, 3 person Advanced Life Support Engine companies as well as 3 enhanced options. The Baseline option costs are \$3.8 Million (year 2) to \$4.6 Million (year 10). The City's analysis of the proposal cited the baseline option as a substantial reduction from the City's current Fire & EMS cost of \$7.1 Million per year and the over 30% cost increase the City has experienced in the Belmont-San Carlos Fire Department over the past five years.

City of Redwood City Proposal to City of San Carlos:

The City of Redwood City submitted a proposal to San Carlos in the amount of \$5,889,496 compared to current appropriation of \$6.3 million. Savings to the City of Redwood City are not detailed in the proposal and Redwood City indicates City savings would be detailed upon award and execution of the contract. In addition, the Redwood City proposal includes correspondence jointly submitted by the Cities of Redwood City and San Mateo, discussing how the proposal fits a broader initiative for shared services for fire and emergency response by the Cities of Redwood City, San Carlos, San Mateo and Foster City.²⁶

Preliminary Proposal County of San Mateo/CalFire:

CalFire provides service in San Mateo County under three contracts, one with the County of San Mateo for unincorporated areas not in a fire district, one for County Service Area 1 (Highlands) which receives a share of 1% property tax and voter approved special tax for enhanced fire and police service, and another with Coastside Fire Protection District. In response to San Carlos requesting a proposal from CalFire, CalFire administration indicated that the State would not extend multiple contracts with different agencies in the County and that the County of San Mateo could provide a proposal by expanding the current contract to include San Carlos. The County of San Mateo prepared preliminary contract costs for fire and emergency response service to San Carlos by expanding the County's contract.

²⁶ In June 2010, the Cities of San Mateo and Foster City entered into an agreement to share a fire chief following the retirement of City of Foster City Fire Chief. While discussion of consolidation and resource sharing has been examined by San Mateo County Agencies for many years, responses to the 2009-10 Grand Jury Report on Fire Consolidation indicate that promising initiatives are underway for regional partnerships between San Mateo, Foster and surrounding agencies. Please see 2009 Grand Jury report.

The Board of Supervisors' Finance and Operations Committee considered the preliminary proposal outlined below along with an expanded estimate and declined to forward a recommendation to the Board of Supervisors to authorize a formal proposal to San Carlos. The Committee instead offered mediation services for the two cities in the hopes agreement could be reached on continuing the JPA.²⁷ So while the proposal is not a formal bid under consideration by the City, the data contained in the draft proposals illustrate potential savings that could be realized by contracting for service with CalFire or implementing a regional service delivery model and is therefore provided below for comparative purposes.

The County's preliminary proposal included a staffing level of 17 positions based on the CalFire 72-hour a week shift schedule and staffing of 20 positions based on current city 56-hour a week shift schedule. The County's preliminary proposal also included alternatives of CalFire top step pay scale and City of San Carlos frozen pay scale with the following staffing levels and costs:

- \$3.8 million - 17 staff paid at the top step of the CalFire pay scale
- \$4.3 million – 20 staff paid at the top step of the CalFire pay scale
- \$5.03 million - 17 staff with total compensation frozen at the San Carlos pay scale
- \$5.7 million - 20 staff with total compensation frozen at the San Carlos pay scale
- Hazardous materials pay (HazMat) would be an additional \$19,800 a year for 11 staff at the CalFire pay scale or \$71,000 for 11 San Carlos staff with frozen compensation.

The proposal included a range of \$300,000 to \$650,000 in savings for the County depending upon staffing assignment to stations.

Estimated Regional Model with CalFire Personnel:

An estimate was also prepared based on the regional model proposed by Redwood City and San Mateo Chiefs for regional service to the Cities of Redwood City, San Carlos, Belmont, San Mateo and Foster City and nearby unincorporated areas under County Fire jurisdiction. The estimate, defined as a best estimate, compared the current combined cost of \$42.2 million for 18 stations to the following cumulative estimates with CalFire staffing:

\$40.5 million	Move all stations to a 72-hour work week
\$37.3 million	Plus reduce total staff to number required for 72-hour work week
\$27.4 million	Plus, reduce city salaries to top step of CalFire salary scale
\$25.4 million	Plus, close one redundant station in region and convert one engine to a 2-person "quick attack" vehicle

²⁷ Following mediation on April 22, 2011, the cities acknowledged they did not reach agreement and due to issues unique to each city, each would pursue separate fire services effective October 12, 2011. Both cities indicated they remain open to regional cooperation with all their neighbors to pursue cost effective, high quality life safety services for their communities.

Belmont Fire Protection District –Alternatives Considered

The BFPD Board authorized preparation of a study of alternatives for future fire services for the District. Alternatives identified include 1) Standalone Option in which the BFPD would provide service from the two stations in Belmont; 2) Hybrid Option in which BFPD would employ personnel and share positions such as Chief, Fire Marshal, Inspector, Battalion Chief, Disaster Coordinator, Clerical and dedicated ladder truck with another fire agency; and 3) Contract Option in which BFPD would receive service by contract from another Redwood City or San Mateo.²⁸

At the January 25, 2011 Belmont Fire Protection Board meeting, the Board directed staff to pursue a standalone department with a Chief and two fully-staffed stations, and to explore creative revenue sources, and some shared services with other departments for battalion chiefs, a fire marshal, and inspection and disaster preparedness services. Subsequently the Board considered standalone and public safety models and chose the public safety approach in which the fire department would be co-located with the police department. The proposed re-established department would continue to provide the existing countywide Hazardous Materials incident response team (HAZMAT).

The following summarizes alternatives considered by the Board/Council and include costs for personnel, supplies, administration, fleet and legacy costs associated with dissolution of the Belmont San Carlos JPA. The following summarizes the range of costs for these alternatives.

Standalone Option		Hybrid Option		Contracting Option	
Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
\$7,296,524	\$8,932,561	\$6,006,310	\$7,981,728	\$6,585,206	\$7,282,255

The Contracting Option low estimate is based on Redwood City’s proposal to San Carlos and the Contracting Option high estimate is based on a San Mateo 2005 bid increased by growth in the fire services budget.

2010-11 revenues for the BFPD are \$6,470,122. The District’s projected year-end fund balance is \$3,636,531. The BFPD staff continues to develop a plan for service and refine costs including working with Redwood City to share resources. As noted, discussion has also included a potential revenue measure.

At the June 14, 2011 meeting of the BFPD Board, the Board received and approved a 2011-12 Fiscal Year revenue budget of \$6,616,337 and appropriation budget of \$8,523,637 and proposed use of \$1,903,300 in fund balance. Once compensation and other provisions are finalized, the Board will receive an amended budget for consideration on June 28, 2011.

²⁸ The Belmont Council/Governing Board had previously provided direction that a contract with CalFire would not be considered. Data based on Fire Service Option Analysis dated January 18, 2011.

Police Department:

The City of San Carlos contract with the San Mateo County Sheriff's office took effect on October 31, 2010. Under the contract, all of the full time personnel previously working as San Carlos Police employees were given comparable positions with the Sheriff's Office at comparable pay. The City's 5-year contract with the Sheriff maintains minimum staffing levels for patrol, provides for the same response times, and restores permanent full-time traffic enforcement, DARE, Police Athletic League, continues the school resource officer and support to special events. Under the contract, the County of San Mateo Sheriff's Office purchased the City's police vehicles and assumed all personnel and risk management responsibilities of the City. The 2010-11 adopted budget reflects a savings of \$1,014,020 for the current fiscal year and is estimated to save \$2 million annually in the future. The 2011-12 Proposed Budget for Police under contract with the Sheriff is \$7,918,700 and represents the first full year under contract.²⁹

Under the contract with the Sheriff, the Police Department continues to be headquartered at 600 Elm Street as a Sheriff substation with the former police chief, now a Sheriff Captain serving as Bureau Chief. The contract resulted in transferring city personnel and vehicles to the County Sheriff's Office, providing continuity in service.

Patrol personnel are the first responders to calls for police service. Services provided include community policing, traffic and parking enforcement and police patrol. Under the contract the City receives investigation, administration and support services from the County Sheriff's Office.

The Department also coordinates its efforts with the San Mateo County Sheriff's Department on gang and drug activity; Avoid the 23 and other multi-agency initiatives.³⁰

The City of San Carlos Police Department Adopted 2011-12 staffing level based on the contract for police services includes a Sheriff's Office Captain functioning as City Police Chief, 20% of an Administrative Sergeant, patrol teams of three deputies and one sergeant, and full time traffic officer. Based on the contract providing for staffing level that includes 18 sworn personnel, this equates to .63 officers per 1,000 of population. The Contract also includes community and school services components, records and support services and two full time community service officers.

Parks & Recreation

San Carlos parks include 13 parks and associated buildings located throughout the city and ranging in size from 0.6 acre to 57.6 acres. Combined, San Carlos parks comprise approximately 135 acres. Park amenities include multi-use athletic fields, basketball and

²⁹ For general comparison purposes see attached spreadsheet of Police Department, Sheriff and Police District budgets by Jurisdiction

³⁰ A collaborative effort by all San Mateo County law enforcement agencies to prevent and respond to drinking and drugged drivers.

tennis courts, a dog park, playground equipment, jogging paths, hiking trails, children's play areas and passive recreation areas.

The City's stated goal as listed in the General Plan adopted in 2009 is to provide 2.5 acres of developed/active parks for every 1,000 residents in San Carlos. At the time of adoption of the General Plan, the City provided 2.3 acres of developed/active parks for every 1,000 residents.

Parks and Recreation services include parks facilities maintenance managed by a Superintendent, Adult Community and Youth Center managed by a Recreation Supervisor and Classes and Athletics managed by a Recreation Supervisor. As a recent cost containment measure, the City Council approved the contract with two outside vendors and eliminated six maintenance worker positions reducing maintenance costs for the FY 2011 by approximately \$414,000. In April the City responded to a Half Moon Bay request for proposals for contract park and recreation services and is in the process of negotiating a contract. The 2011-12 Proposed Budget reflects continued savings resulting from outsourcing parks maintenance, reduction in Recreation Activity Guide expenses and elimination of a youth basketball contract, moving the program in-house to be run with part-time staff.

Library

The City of San Carlos is a member of the San Mateo County Library Joint Powers Agreement (JPA). In 1998, the City joined the County and ten other cities in the JPA to coordinate and expand library services throughout the member agency boundaries. Because the Library fund was levying a tax before Proposition 13, the Fund receives a share of the 1% property tax in unincorporated areas and eleven cities. The JPA is funded primarily from this revenue and provides library services in library facilities owned by member agencies. Maintenance of library facilities is funded by the agencies that own each of the library buildings. The City library is also a member of the Peninsula Library System (PLS), a consortium of the 34 public and community college libraries in San Mateo County. The San Carlos library was constructed in 1999 and funded with 1996 obligation bonds. In 2005, the City issued \$8,115,000 of General Obligation Refunding bonds and defeased the 1996 General Obligation Bonds.

Capital Improvement Program:

The City of San Carlos Capital Project Budget funds planning, design and construction of the City's capital improvements and major maintenance projects. The 2011-12 Proposed Capital fund budget is \$4.99 million compared to a projected \$5.18 million in 2010-11. The 2011-12 Capital Improvement Budget includes sewer system rehabilitation, street resurfacing, Highlands Park turf renovation, sidewalk repair, pedestrian improvements, City Hall remodel and various infrastructure improvements and final work on the General Plan Update.. The capital improvement budget funds major one-time and on-going infrastructure improvement needs such as road projects,

traffic safety improvements, park construction and improvements, sidewalk and street work, sewer system reconstruction, facility improvements, and enterprise technology projects. Funds are often accumulated in this budget over a period of years and then are spent when a sufficient amount of revenue is available to pay for desired projects. The 2011-12 capital budget found at the end of the 2011-12 City budget details capital improvements included in the budget and provides a listing of unfunded improvements. Funding sources include capital fund, gas tax, transportation Measure A funds, water and sewer revenues, improvement district, ERAF, one-time savings operational savings and redevelopment and grant funds.

Other Contract Services

In addition to recent outsourcing initiatives in the areas of police, maintenance and payroll, the City of San Carlos participates in the following contract services.

Animal Control Services

The City of San Carlos along with the other 19 cities in the County and the County of San Mateo is part of an agreement administered by the County providing for a countywide animal control program under contract with the Peninsula Humane Society & SPCA (PHS), a private, non-profit organization. Under the contract, the PHS enforces all animal control and anti-cruelty laws and provides sheltering for homeless animals and other services.

Garbage/Solid Waste Collection and Recycling

The City of San Carlos, along with Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Mateo, West Bay Sanitary District, and San Mateo County, is part of the South Bayside Waste Management Authority (SBWMA) which is a joint powers authority (JPA) that operates with the goal of providing cost effective waste reduction, recycling, and solid waste programs. As mandated by California State Law, AB 939, the SBWMA, through franchised services works to meet and sustain a minimum of 50% diversion of waste from landfill. Currently, Recology,³¹ a private company, provides collection, disposal and recycling services for the 91,000 SBWMA residences and nearly 10,000 businesses.

The City of San Carlos adopts rates annually for all solid waste customers in City boundaries. Rates vary based on residential and commercial service, size and number of containers, curbside versus backyard service, Recology costs, and City staff time spent on billing, education and recycling outreach. Recology performs billing. Solid wastes costs are funded by the rates paid by residents and business. The solid waste rates in San Carlos are comprised of three components: 2011 Rate Year Revenue Requirement to compensate 2010 costs that were not covered by 2010 rates (6.5%), Revenue Shortfall due to conversion to smaller containers (3.2%) and the City's

³¹ SBWMA entered into an agreement with Recology effective January 2011

Balancing Account with Allied Waste for costs related to the previous contract with Allied Waste (2.2%) for a total rate increase of 11.9% effective January 1, 2011 if the Proposition 218 hearing on April 11, 2011 is successful.

The following compares the proposed San Carlos rates with the adopted rates of the County of San Mateo and City of Belmont for specific sized residential and commercial containers for City of San Carlos and unincorporated areas. It should be noted that each agency has the ability to set level of service and set rates to both recover cost of service and encourage use of certain sized containers.

Monthly Charges	City of San Carlos	County of San Mateo Unincorporated	City of Belmont
20 Gallon Cart (Residential)	15.52	22.49	15.17
32 Gallon Cart (Residential)	24.83	26.73	25.12
1 yard bin (Commercial)	97.26	172.99	142.74
2 yard bin (Commercial)	177.32	328.26	287.12

Section 4: Unincorporated Areas in Study Area and County Services

The sphere of influence for the City of San Carlos adopted by LAFCo includes Palomar Park, Devonshire Unincorporated area and open space lands west of the City boundary. In addition to the County's role as a subdivision of the State in requiring State mandated systems such as health services and human services, the County is responsible for municipal type services in these unincorporated areas. The following table summarizes service delivery patterns.

Palomar Park/Scenic (Census 2000 Population- 700)³²						
Police	Fire	Water	Sewer	Garbage/ Recycling	Lighting	Other³³
Sheriff	County Fire via contract with CalFire	CalWater RWC-portion	Septic & Scenic County San. District	County of San Mateo Franchise/SBWMA	None	County of San Mateo
Devonshire (Census 2000 Population – 1,993)						
Sheriff	County Fire via Contract with CalFire	CalWater	Septic and Devonshire County San. District	County of San Mateo Franchise/SBWMA	None	County of San Mateo
Pulgas Ridge Open Space						
Sheriff	County Fire via Contract with CalFire	N/A	N/A	N/A	None	N/A

³² Palomar Park includes the Scenic neighborhood and the new Palomar Oaks and Edgewood Estates Subdivisions.

³³ Roads, Drainage, General Government Services

County Provision of Municipal Services in Unincorporated Areas

California counties play a dual role in providing services. Counties administer State mandated programs such as health services, human services and criminal justice while also providing municipal type services in diverse and non-contiguous unincorporated areas. The County of San Mateo is generally responsible for municipal services such as road maintenance and sheriff services in all unincorporated areas³⁴. In regard to sewer and water, unincorporated areas are either included in an independent sewer and water district, the service area of city that has a service area that extends beyond city boundaries (City of San Carlos provides sewer service to some unincorporated properties), one of the ten County-governed sewer districts or two county-governed water districts, a mutual or private water company or are served by well, septic or both. In regard to fire protection and emergency response, the County is responsible for fire and emergency response for all unincorporated areas not included in a fire district. County services in the study area are summarized below, followed by profiles on each unincorporated area.

Road Maintenance – Unincorporated Areas

The following table details pavement management information for these non-contiguous areas and illustrates the challenge of maintaining a non-contiguous road system:

County-maintained roads in the City of San Carlos sphere include the following:

Unincorporated Areas in San Carlos Sphere	Pavement Condition Index	Centerline Miles
Palomar Park	83.94	5.11
Scenic Heights	83.46	0.32
Devonshire	78.16	2.86

With indexes ranging from 78.16.43 to 83.94, County-maintained roads in the study area are in very good to excellent according to Pavement Management Indexing. In general, any new roads in the County must be at least 16 feet wide with adjoining roadside drainage facilities. Roads of lesser dimensions have been grandfathered into the County system but would not be permitted as new construction. The County's Road Services and the County's Engineering Services divisions are responsible for the maintenance and repair of the road system in the unincorporated areas. The County's Pavement Management System is the guiding document for prioritizing road improvements in unincorporated areas. Challenges in maintaining roads include the fact

³⁴ With exceptions of unincorporated Broadmoor and unincorporated Colma which are in the boundaries of the Broadmoor Police Protection District and investigative service only at San Francisco International Airport . The Office of Emergency Services, a division of the Sheriff's Department, serves all areas of the County including cities.

that the county road system consists of several non-contiguous areas and there is a lack of adequate funding. Gas tax and other State subvention funds are the primary funding source for road maintenance and repair. These funds have historically been received on a monthly basis as a reliable source of regular income for pavement management planning. More recently due to State budget shortfalls, the State has deferred local agency subvention shares resulting in delays in completing projects during the construction season (July to September).

Animal Control Services

The County along with the twenty cities is part of an agreement administered by the County providing for a countywide animal control program under contract with the Peninsula Humane Society & SPCA (PHS), a private, non-profit organization. Under the contract, the PHS enforces all animal control and anti-cruelty laws and provides sheltering for homeless animals and other services.

Garbage/Solid Waste Collection and Recycling

The County of San Mateo along with Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Mateo, West Bay Sanitary District, and San Mateo County, is part of the South Bayside Waste Management Authority (SBWMA) which is a joint powers authority (JPA) that operates with the goal of providing cost effective waste reduction, recycling, and solid waste programs. As mandated by California State Law, AB 939, the SBWMA, through franchised services works to meet and sustain a minimum of 50% diversion of waste from landfill. Currently, Recology,³⁵ a private company, provides collection, disposal and recycling services for the 91,000 SBWMA residences and nearly 10,000 businesses.

In anticipation of the SBWMA new agreement with Recology the new service provider, the San Mateo County Board of Supervisors approved a garbage franchise agreement to include unincorporated areas from Menlo Park to Burlingame. Prior to this franchise agreement, property owners in these areas were billed directly by Allied Waste with Allied setting rates over which the County had not control. Inclusion of these areas in the franchise agreement provides for uniform service and responds to resident requests to be included a County franchise. The following table from above compares the rates of the County and Cities of San Carlos and Belmont for certain sized containers.

Monthly Charges	City of San Carlos	County of San Mateo Unincorporated	City of Belmont
20 Gallon Cart (Residential)	15.52	22.49	15.17
32 Gallon Cart (Residential)	24.83	26.73	25.12
1 yard bin (Commercial)	97.26	172.99	142.74
2 yard bin (Commercial)	177.32	328.26	287.12

³⁵ SBWMA entered into an agreement with Recology effective January 2011

Sheriff Services:

The County Sheriff Patrol Bureau³⁶ oversees service in unincorporated areas assigning sheriff patrols organized into Beats consisting of teams of 9 personnel per 12-hour shift.³⁷ Palomar Park/Scenic, Devonshire and Edgewood Estates are included in Beat 20 along with Emerald Hills. Call volume for 2009 reported by San Mateo County 911 Communications for Beat 20 was 8,251. The Adopted 2011-12 Patrol Bureau appropriations budget (including transit police) is \$28,140,794 with a net county cost of \$15,661,099.³⁸

The San Mateo County Sheriff's Department 2010-12 Recommended Budget includes response time data for the entire Patrol Division and not individual beats. Average actual response time in 2008-09 fiscal year for urbanized services areas is cited at 5.07 minutes. The estimate for 2009-10 fiscal year is 4.30 minutes. Individual response times may vary given the total of nine personnel per shift, and based on population density, priority of calls, traffic congestion and distance between unincorporated areas in each Beat. The budget cites several Patrol Division initiatives including participation in multi-agency efforts to reduce crime and gang activity, DUI Enforcement Programs, and Drug Awareness and Resistance Education (DARE). As noted above, the Sheriff's Office commenced contract police service in City of San Carlos in October 2010.

Fire Protection and Emergency Response

As noted above, the County of San Mateo has responsibility for fire protection and emergency response for unincorporated areas that are not in the boundaries of a fire district. The County receives approximately 7% of the 1% property tax in these areas and contracts with the CalFire to staff four County-owned stations: Pescadero, Skylonda, Cordilleras and Belmont/Tower Road. The County Manager's Office administers the contract with CalFire. In the case of south county unincorporated areas under study, the nearest County fire stations are Cordilleras (Station 18) and Belmont/Tower Road (Station 17).

For unincorporated neighborhoods that are not in close proximity to one of the two bayside County fire stations,³⁹ service is provided by neighboring agencies as part of the automatic aid agreement between the County, cities and fire districts. In San Mateo

³⁶ The California Highway Patrol is responsible for enforcing the California Vehicle Code in unincorporated areas.

³⁷ The County Sheriff's Department also provides contract service for the Towns of Woodside and Portola Valley and is in the process of considering contract service for City of San Carlos. These services are funded by contracting cities' general fund revenues.

³⁸ The unincorporated population served by patrol is approximately 67,000. City of Redwood City (population of 78,500) has a Police Budget of \$27,040,000

³⁹ This excludes County Service Area 1 in the Unincorporated Highlands, which also receives property tax for enhanced fire, emergency response and sheriff services. The County in operating County Service Area 1 contracts with CalFire for service to the Highlands Community, service is funded by CSA 1 revenues that include a share of property tax and a voter approved parcel tax. The CSA 1 contract with CalFire is administered by the County Manager's Office.

County, fire agencies participate in the San Mateo County Pre-hospital Emergency Services Joint Powers Authority (ALS-JPA), the San Mateo Operational Area Emergency Services JPA and the Fire Net Six providing centralized dispatch and a move-up-and-cover plan to ensure that systematic fire station coverage is provided during periods of increased service demand. Under this arrangement, in-kind service is provided by all participating fire agencies. American Medical Response (AMR) and two local fire agencies⁴⁰ provide emergency advanced life support transport. The standard staffing level in San Mateo County is three firefighters per shift including one firefighter/paramedic.

The Adopted 2010-11 Budget for County Fire is \$6,738,814 of which \$1,050,791 is funded by the General Fund. The County is actively pursuing participation in service sharing and regional initiatives that would provide for more efficient and cost effective fire service to the unincorporated areas. Alternatives may include transferring service responsibility to the nearest fire agency on a contract basis as part of regional model.

Park and Recreation:

The County of San Mateo provides park and recreation on a regional basis, in which County Parks, a Division of the Department of Public Works, operates seven regional parks, as opposed to active park and recreation programs typical in cities. The nearest County park in the study area is Edgewood County Park and Natural Preserve.

County Governed Sewer and Sanitation Districts & Governance Alternatives

Reorganization of Sewer and Sanitation Districts:

In January 2010, the County Board of Supervisors as the governing body of the Burlingame Hills Sewer Maintenance District (BHSMD) requested LAFCo to conduct a municipal service review and sphere of influence study to evaluate the benefit and feasibility of consolidating ten non-contiguous, County-governed sewer maintenance and sanitation districts. The request was submitted to comply with a condition of a consent decree between the County, BHSMD and San Francisco Baykeeper (Baykeeper) resolving a lawsuit filed by Baykeeper against the County and BHSMD alleging violations of the Clean Water Act by discharge of pollutants (sewer overflows) by BHSMD. Specifically, pursuant to the Consent Decree it was requested that the Commission prepare a study to evaluate, inter alia, the benefits and feasibility of consolidation of all special sanitary districts for which San Mateo County Department of Public Works currently provides sewer collection services. The Commission declined to conduct a study of consolidating the ten non-contiguous districts and supported staff 's recommendation that reorganization of non-contiguous sewer and sanitation districts be studied in municipal service and sphere reviews of Cities and unincorporated areas.

⁴⁰ Woodside Fire District as part of the JPA. South San Francisco Fire Department, which is not party to the JPA, also provides emergency advanced life support transport.

This section of the report focuses on the County-governed sewer and sanitation districts serving unincorporated areas in the San Carlos Sphere of Influence. The following table identifies county-governed districts including Devonshire, Edgewood and Scenic that serve the City of San Carlos Sphere of Influence.

County Sewer/Sanitation Districts System Size/Rate Comparison (As of July 31, 2010)⁴¹

District (year formed)	Age of Facilities	Pipeline Miles	ERUE ⁴²	2010-11 Rate ⁴³	(city sphere)	city rates	system size (RUE)
Harbor Industrial SMD (1951)	60	1	227	\$310	Belmont	\$885	8,272
Fair Oaks SMD (1930)	81	81	11,270	\$420	RWC	\$585	26,500
Emerald Lake Heights SMD Zone 2	28	16	1,477	\$770	RWC	\$585	26,500
Oak Knoll SMD (1957)	54	2	125	\$800	RWC	\$585	26,500
Edgewood SMD (2004)	6	0.3	6	\$900	San Carlos ⁴⁴	\$562	11,050
Kensington Square SMD (1956)	55	0.8	74	\$900	RWC	\$585	26,500
Devonshire CSD (1956)	55	4	305	\$900	San Carlos	\$562	11,050
Scenic Heights CSD (1949)	62	2	58	\$950	San Carlos	\$562	11,050
Emerald Lake Heights SMD (1947)	64	2	212	\$1,100	RWC	\$585	26,500
Burlingame Hills SMD (1935)*	76	7	432	\$1,150	Burlingame	\$588	9,000
Crystal Springs CSD (1947)**	64	19	1,534	\$1,200	San Mateo	\$509***	

*Burlingame Hills SMD rate payers, under Prop. 218 rejected rate increases in 2007 and 2010. Proposed 2010-11 rate was \$1,350.

**Crystal Springs CSD ratepayers, under Prop. 218 rejected rates in 2006.

***Town of Hillsborough Rates \$1,658.00

Each district represents a distinct system that flows through city sewer lines to the wastewater treatment plant. Each district pays for transport and sewage treatment. Rates of the Districts vary based on age and size of system, transport and sewage treatment costs.

The County governed Districts are already functionally consolidated in that they are governed by a single governing body and managed by a single public works department. However they are separate systems with system specific costs based on age and size of systems. In this regard, consolidation into a single district would not create economies of scale in service provision because operations and maintenance of non-contiguous systems would still be necessary and the disparate operating costs

⁴¹ The County of San Mateo's adopted five-year sewer rates for 2011-12 reflect increases in rates for all county-governed districts except Burlingame Hills and Crystal Springs. Rate increases are as follows: Devonshire \$1,000; Edgewood \$950; Emerald (Zone 1) \$1,130; Emerald (Zone 2) \$810; Fair Oaks \$470; Harbor Industrial \$320; Kensington \$975; Oak Knoll \$900; and Scenic Heights \$1,050.

⁴² Equivalent Residential Unit

⁴³ Service rates are designed to cover "in-district" costs such as sewer main operations, maintenance, engineering, regulatory requirements and capital improvements and "out-of-district" costs such as transport and sewage treatment facility capital costs determined by downstream agencies. Failure to increase rates by individual districts results in an inability of that District to fund all obligations, including capital improvements and necessary maintenance to minimize sewage overflows

⁴⁴ On June 13, 2011, the San Carlos City Council adopted 2011/2012 residential rates of \$601.17 per year.

associated with system age, size, varying contract transport and treatment costs would not justify smoothing rates for service in non-contiguous areas. In essence this practice would result in rate payers of one district subsidizing service in another district.

Based on sphere of influence and existing contracts for effluent transport, there are five alternatives that merit consideration by the County and neighboring cities. First consistent with sphere of influence, annexation of these areas to cities, in particular the Scenic neighborhood to the City would place sewer operation under city authority. The second is establishing sewer service as a subsidiary district of the City to include city sewer functions and sewer service for unincorporated areas in the City's sphere. The third, would be for the County to contract with nearby cities for sewer maintenance and operation. The fourth, a model in practice on the Coastside, would be to expand the service of the South Bayside System Joint Power Authority (SBSA JPA) to transfer sewer operations and maintenance of sewer infrastructure of all entities that flow to the plant. The fifth alternative would be to outsource/contract with a private company for sewer maintenance and operation.

1. Annexation:

Annexation of areas in city spheres of influence would place sewer service and rate setting authority under the City. Barriers to annexation in some areas include lack of infrastructure such as drainage, flood control, sidewalks or road standards consistent with City standards. However, some areas in the study area, in particular the Scenic neighborhood, merit analysis of annexation. Through the annexation process, negotiations take place between the County and the City regarding transfer of property tax to fund transfer of service responsibility. Potential advantages to annexation include increased property tax and other revenues for the City and creating service efficiencies and economies of scale by broadening the customer base served by city departments.

2. Subsidiary District

A subsidiary district is a district in which a city council is the governing body of a district that is either wholly located in the city or includes territory within and outside the city with the provision that 70% of the land area and 70% of the registered voters are located within the city. There are several characteristics of sewer provision in the study area that supports formation of a subsidiary district. These include:

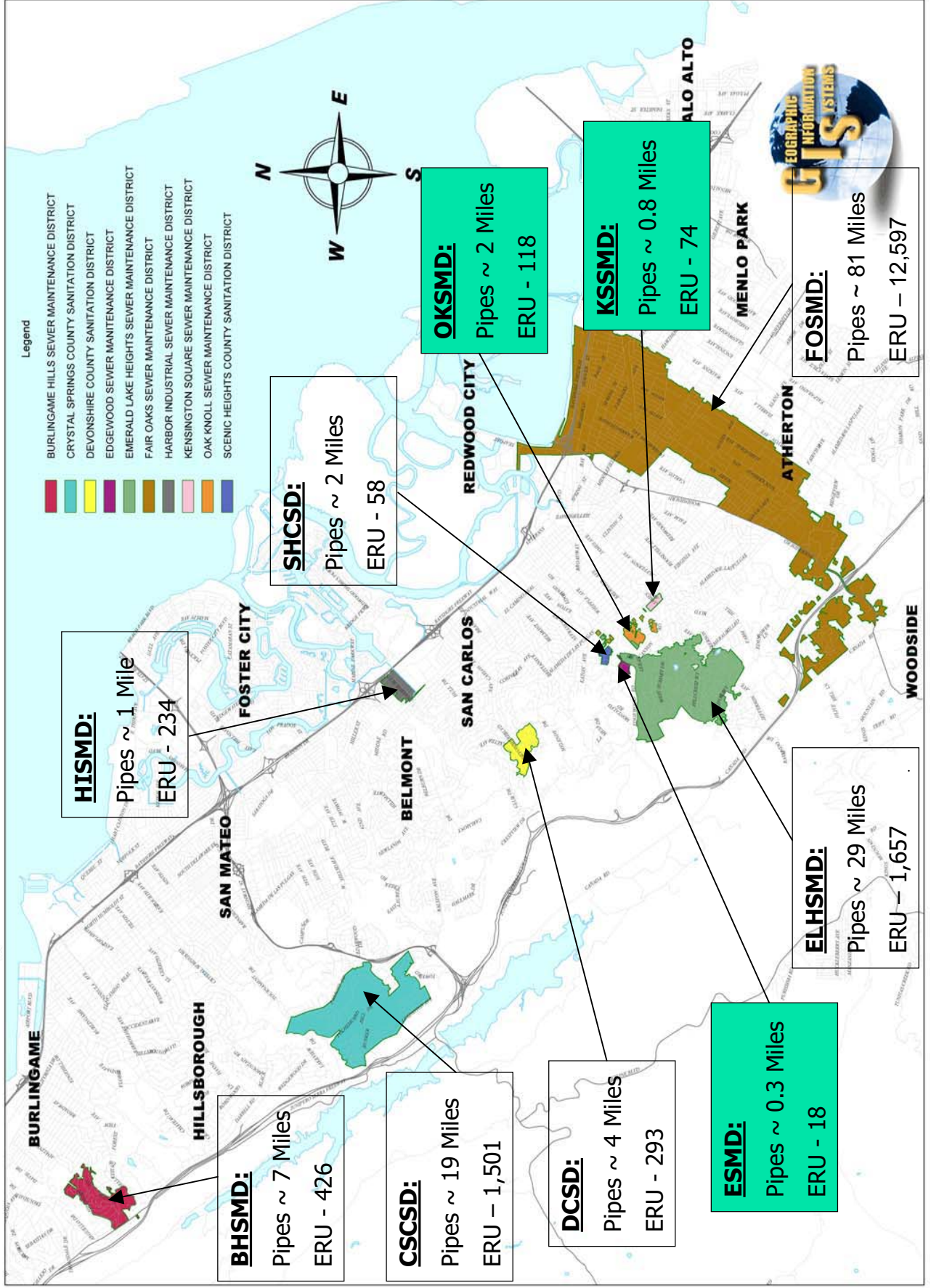
- All sewer effluent flows to the South Bayside System Sewage Treatment Plant.
- Sewer effluent of the County-governed districts flows through city systems to the plant.
- Each service area is in close proximity to a City that operates an adjoining sewer system.
- Because the cities operate sewer service as an enterprise function and do not subsidize sewer service with property tax, sewer operations could be transferred

to a subsidiary district in which city systems are consolidated with county operated systems, creating efficiencies while maintaining accountability.

- Sewer districts, including subsidiary districts, can account for different rates by designating zones.
- Savings from economies of scale through consolidation can be applied to rate-payers in all zones proportionately.

A map of the sewer districts is found on the following page

County Administered Sewer and Sanitation Districts



The map on the preceding page illustrates the service areas of the county-governed districts in relationship to City of San Carlos boundaries. Analysis of land area and registered voters in the study area indicates that the 70% criteria required to establish a subsidiary district would consist of the City of San Carlos system and the three systems operated by the County that serve areas in the San Carlos sphere. In the alternative, a subsidiary district could also be formed to include some and not all of the county-governed districts. This would allow expansion of service by the City of San Carlos in phases.

If after study by the City and the County, it is determined that a subsidiary district would benefit the customers of the city and the county-governed districts, formation of a subsidiary district could be initiated by resolution of the City of San Carlos.

3. Contracting for sewer operations and maintenance with nearby cities.

Because the County of San Mateo Public Works Department operates out of a corporation yard in Redwood City to serve all bayside sewer districts and some sewer and sanitation districts are not in close proximity, the County and cities may both benefit from sharing sewer operations and maintenance personnel when the City's corporation yard provides quicker access and crews are already providing service in the area.

4. Expanding SBSA services to include operation and maintenance of systems that flow to the SBSA Plant using the Sewer Authority Midcoastside Model

San Mateo County coastside has three sewer entities that are members of Sewer Authority Midcoastside (SAM), a joint power authority that owns and operates a single sewage treatment plant. Member agencies include City of Half Moon Bay, Granada Sanitary District and Montara Water and Sanitary District. These entities own sewer infrastructure but in addition to funding plant operation, members pay SAM for maintenance and operations of the sewer system performed by employees of the Sewer Authority, not the member agencies. Each agency sets rates based on cost of system operation and treatment cost.

5. Outsourcing/contracting with Private Firm for Operations and Maintenance

Some cities and special district contract with private firms for sewer operation and maintenance. An example includes the Town of Los Altos Hills. The Town owns and operates the sanitary sewer collection system consisting of approximately ±52 miles of pipelines, approximately 1,300 manholes, and two lift stations and approximately 1,450 connections or 40% of developed parcels. (The balance of development is served by septic systems.) Sewage treatment is provided by contract with the Palo Alto Regional Water Quality Control Plant and conveyed through the collection systems of the City of

Palo Alto and the City of Los Altos. In 2008 in anticipation of expiration of the existing contract the Town issued a request for proposals with the following scope of work:

- Provide proactive and preventive sewer main maintenance to reduce and eliminate stoppages and sanitary sewer overflows (SSOs).
- Perform regular maintenance work to include thorough cleaning to remove roots, debris, fats, oils, and grease.
- Maintain two Town owned sewer lift stations.
- Respond to emergency SSOs within Town sewer system
- Capable of managing the entire sewer collection system with strategic plans.

The Town received three proposals ranging from \$199,000 to \$212,000.

Other examples in California of contract sewer service include

Pauma Valley CSD (North San Diego County area)
Contracts for wastewater and water systems operations
1 manager and 4 employees
150,000 gallons per day (gpd) plant
600 population
1,445 acre district

Fairbanks Ranch CSD (San Diego County)
Contracts for management and operations
280,000 gpd
1,236 population
1,236 acre district

Rancho Santa Fe CSD (San Diego County)
Contracts for management and operations
Two plants-450,000 and 480,000 gpd
7,600 population
9,910 acre district

Whispering Palms CSD (San Diego County)
Contracts for management and operations
480,000 gpd
2,900 population
2,303 acre district plus a few outside agency customers

Wild Spring County Service Area (Yolo County)
Contract for Operation and Maintenance of Water & Wastewater System
Approximately 337 Water & Wastewater Connections
6 Connections for Irrigation, common areas, front yards & 9 hole golf course

The CSA has two wells with a combined production amount of 242.0714 million gallons. The wastewater system processes .055 million gallons per day and has capacity of .100 million gallons per day

In researching sewer operation alternatives for the County's non-contiguous sewer systems, the County of San Mateo can contact these agencies and others that practice contracting with private entities for best practices and potential savings in contract operation and maintenance of sewer systems.

Section 5: Unincorporated Area Profiles and County-Governed Districts

The following provides background on each of the areas in the San Carlos Sphere of Influence and single purpose, County-governed district that serve these areas.

Palomar Park

Palomar Park as designated in the County General Plan includes Palomar Park, the Scenic neighborhood, Belle Roche, and the newly developed Palomar Oaks and Edgewood Estates subdivisions. The County of San Mateo General Plan designates Palomar Park as an urban neighborhood. Census 2000 reported population of 700 persons including Palomar Park and the Scenic neighborhood. As shown, Palomar Park is bounded by SFPUC transmission line to the south, City of San Carlos to the east and north and unincorporated lands and Interstate 280 to the east. The area is residentially zoned and subject to design review. Land use also includes an institutional use, the Clifford Elementary School.

The County of San Mateo provides basic municipal services including sheriff, roads, street lighting, planning, building and code enforcement. As discussed above, fire protection and emergency response is provided by County of San Mateo under contract with CalFire and by other agencies as determined by the automatic aid agreement. Water service is provided primarily by California Water Service Company, and partially by City of Redwood City. The County-governed Scenic County Sanitation District serves the Scenic neighborhood and the County-governed Edgewood Sewer Maintenance District serves the newly developed Palomar Oaks and Edgewood Estates subdivision.

City of San Carlos Sewer Service to Unincorporated Palomar Park:

Also, four properties (three on South Palomar and one on Estrada Place) receive sewer service from the City of San Carlos by contract as permitted by Government Code Section 56133 in anticipation of annexation. In the case of the properties on South Palomar Drive, the City extended sewer service to serve three homes with failing septic systems. The property owners funded the cost of sewer main extension. The Scenic sewer system was the closest line to connect to, but Scenic County Sanitation District has no additional sewage treatment capacity and an adopted sphere of influence that

prohibits annexations. The City of San Carlos owns additional sewage treatment capacity. Therefore, the City entered into an agreement with the property owners for sewer service and worked with the County to extend the Scenic County Sanitation District sewer main.

The City also recently extended sewer service by agreement to a property on Estrada place. In this case, the property is contiguous to the city boundary on a side lot line and eligible for annexation. However, the City did not support annexation of the single parcel even though an adjacent parcel is also in city boundaries and permitted extension of sewer service by connecting to an existing city sewer main that was accessed by an easement. This scenario illustrates the lack of planning for extension of sewer infrastructure to Palomar Park and the challenge of funding new infrastructure for existing development.

Consideration could be given to a joint effort by the City, County and property owners to develop a plan for extension of sewer service and funding. A model in San Mateo County that may apply to Palomar Park and Devonshire is the Los Trancos Woods sewer annexation project, in which the County on behalf of property owners applied for bond financing with the Statewide Community Infrastructure Program (SCIP). SCIP is a development impact fee-financing program, which utilizes 1913/15 Act bonds. Through SCIP, impact fees for roads, water, sewer, storm drainage, parks, etc. can be funded by tax-exempt bonds. The SCIP program can be used for commercial, industrial, retail, multi-family and single-family residential projects, but can be modified for specific land uses as determined by the Local Agency. To make SCIP available, a local agency must be a member of California Communities. All the counties and nearly all the cities in California are already members. A local agency can join California Communities by passing a resolution and there is no cost. Once a member of California Communities, the local agency can then approve the SCIP Resolution. The SCIP Resolution authorizes California Communities to act as the issuer and administrator for the program that would allow property owners of existing residences to participate in bond financing for sewer main extension.

Scenic Heights County Sanitation District & Edgewood Sewer Maintenance District

The Scenic Heights County Sanitation District is operated by the San Mateo County Department of Public Works. The District was formed in 1949 and includes the unincorporated Scenic neighborhood. The District has 2 miles of pipelines and 58 connections. Effluent flows to the South Bayside System Authority under an agreement between the District and the City of San Carlos. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218. The following table provides rate and other information for the County governed sewer and sanitation districts and comparison with nearby cities.

The County-governed Edgewood Sewer Maintenance District was formed in 2004 to serve the Palomar Oaks and Edgewood Estates subdivisions located on Edgewood Road. In this case, the County formed the sewer maintenance district at the request of the developers and the developer funded sewer infrastructure and purchase of sewage treatment capacity from City of Redwood City.

District Budgets

Scenic Heights County Sanitation District

The Estimated Actual 2009-10 budget for Scenic Heights County Sanitation District includes a fund balance of \$60,317, property tax revenue of \$1,628, interest and other income of \$403 and sewer service charges of \$46,826. Expenditures include repairs, engineering services, maintenance and sewage treatment of \$31,620.

Edgewood Sewer Maintenance District

The Estimated Actual 2009-10 budget for Edgewood Sewer Maintenance District includes a fund balance of \$18,610, (no property tax because the district was formed post Proposition 13) and sewer service charges of \$4,550, other charges of \$169 for a total of \$4,719. Expenditures include repairs, engineering services, maintenance and sewage treatment of \$2,025.

Unincorporated Devonshire

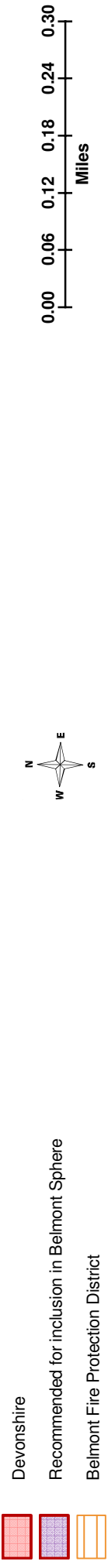
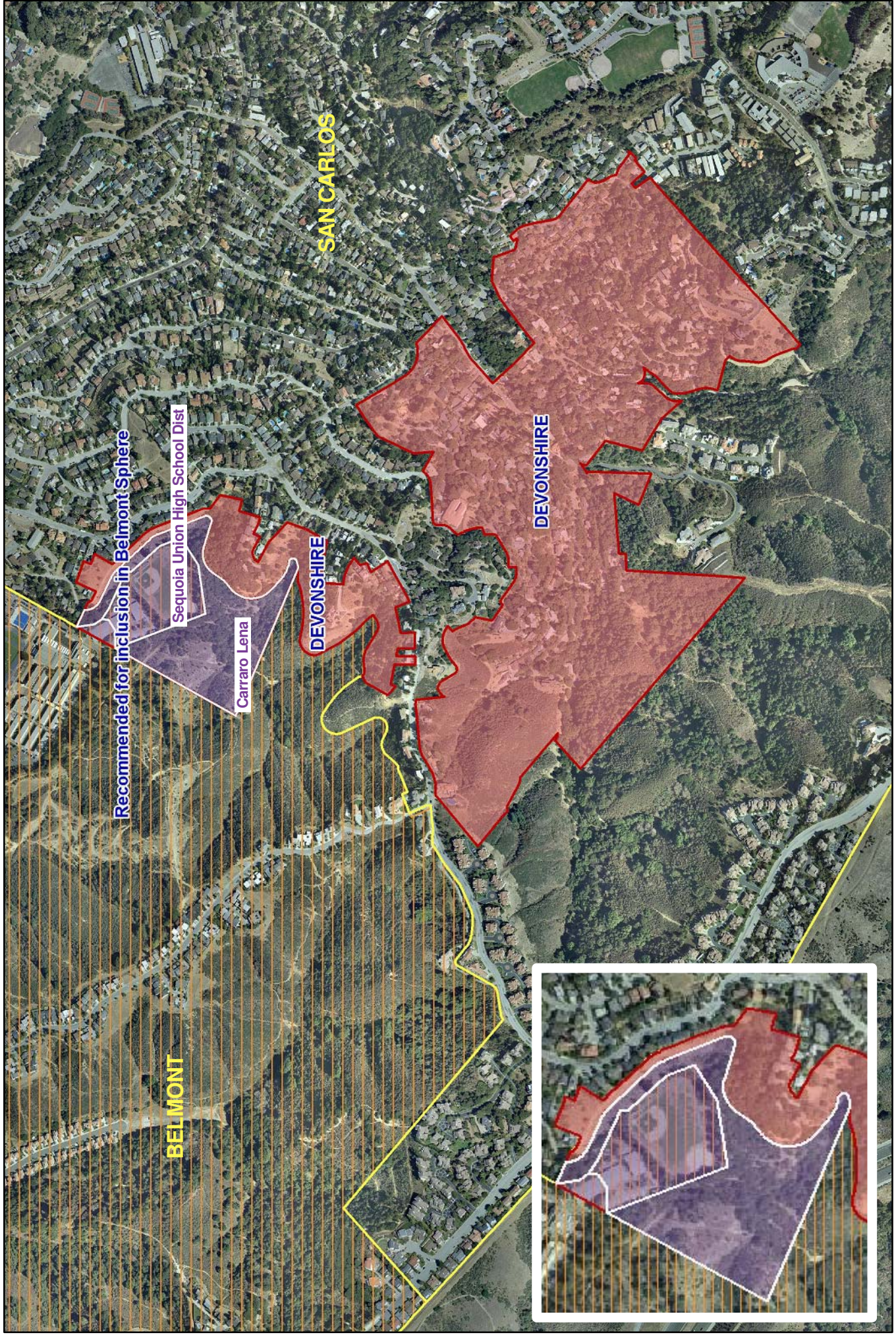
Unincorporated Devonshire includes two distinct areas, a large area wholly surrounded by the City of San Carlos and a smaller area along Club Drive that is surrounded by the City on three sides and adjacent to Belmont corporate boundaries. Census 2000 population was 1,993. The Devonshire unincorporated area is in the sphere of influence of the City of San Carlos. The County of San Mateo operates the Devonshire Sanitation District but this District has no capacity for expansion to serve new properties and has a sphere of influence designation that it should be dissolved upon annexation of the area to the City. Development of unincorporated Devonshire properties therefore requires either the ability to build and use a septic system,⁴⁵ or obtain sewer from the City of San Carlos through annexation or sewer extension.⁴⁶ For sewer, the property owner should contact the City of San Carlos regarding eligibility for annexation or sewer extension. LAFCo can assist with the annexation process but the City of San Carlos has discretionary approval of sewer extension or pre-zoning and annexation. It should also be noted that development in areas where sewer and roads require extension or

⁴⁵ Septic systems require sufficient land for septic tank and leach field in addition to set backs and building foot print and a percolation test that demonstrates adequacy of percolation for septic. Required lot size varies based on slope of property and site specific other factors. This is determined by the County Planning Department and Environmental Health.

⁴⁶ Extension of sewer by City of San Carlos to unincorporated property requires: no further subdivision, irrevocable agreement to annex and development to city standards.

improvement is dependent upon the property owner paying for improvements such as sewer or road construction. Please see discussion above regarding SCIP financing. Please see map of Devonshire on following page.

BELMONT & SAN CARLOS



All of the Devonshire Unincorporated area is residentially zoned and subject to design review, a portion of the area is included in the Devonshire County Sanitation District and other developed areas are served by septic systems. The area includes several lots that are substantially developed and connected to public sewers. These areas are defined in the County General Plan as Urban Neighborhoods.⁴⁷ A portion of Devonshire is located in the Devonshire County Sanitation District. This district has no additional sewage treatment capacity and therefore has a sphere designation that does not permit annexation. Other developed properties in Devonshire have septic systems. If a septic system fails, it would be necessary to receive service from San Carlos either by annexation for extension of service in anticipation of annexation.

The City of San Carlos Planning Staff prepared a study entitled "Cumulative Impact Analysis for Development Potential in the Devonshire Canyon Area" in September 2003. That study concluded that if the remaining unincorporated undeveloped property in Devonshire Canyon were developed under the jurisdiction and regulations of San Mateo County assuming sewer connections, there could be up to 57 new homes built in that area. If all the remaining unincorporated area in Devonshire Canyon were to annex to the City of San Carlos, up to approximately 29 new homes could be built in that new area. The reduced development potential in the City versus the County is due to larger lot sizes required by the City. It is anticipated in the study that development would most likely occur over a 10 to 20 year time period in the Devonshire Canyon Area due to the City's minimum lot size requirements, accessibility, and feasibility of development. City staff also researched developed properties in the County and the possibility to subdivide these properties once sewer is available to them. Staff determined that these properties are already connected to the sewer system and no additional sewer connections are available for these properties.

If an undeveloped property cannot be served by sewer and does not have adequate land for a septic system, purchase of adjacent lands (if lands are available) and merger of lots, is another solution to create lots large enough to develop with septic.

Water service is provided by California Water Service Company (CalWater). The nearest County Park is Edgewood County Park and Natural Preserve.

Devonshire County Sanitation District Budget (DCSD)

The 2010-11 Adopted Budget for DCSD is \$758,467 which includes the following revenues and expenditures. Revenues include \$234,731 in charges for service, \$10,000 in interest earned, \$150 in homeowner property tax relief, \$21,356 in property tax and \$492,330 in fund balance. Expenditures include \$307,200 in Repair and Maintenance,

⁴⁷ This policy defines Urban Neighborhoods as those unincorporated areas, which are primarily devoted to residential land uses and are generally functionally integrated with adjacent incorporated areas. (General Plan Definitions 8.6)

\$130,000 fixed assets, \$2,164 operating transfers out and \$319,201 appropriations for contingencies.

Section 6: Municipal Service Review Areas of Determinations

Government Code Section 56430 requires that in conducting a municipal service review LAFCo adopt determinations in the following areas:

- Growth and population projections for the affected area
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy

The following includes recommended determinations.

1. Growth and Population Projections

- a. Growth projections for the City of San Carlos based on ABAG Projections 2009 are 5,245 or 18% over 2000 by 2030 for the City of San Carlos. Projections are not available for individual unincorporated areas.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies

- a. The City of San Carlos Adopted Budgets contain information concerning the City's Capital Improvement Plan, which provides for the construction, maintenance, and repair of City streets, traffic and transportation systems, public buildings, parks, water, storm drain and sewer systems, and other City facilities.
- b. Unincorporated Palomar Park and Devonshire in the City's sphere have infrastructure deficiencies that include lack of storm drain and lack of sewer infrastructure for existing development.
- c. Financing infrastructure improvements to serve existing development in unincorporated areas is dependent upon a new funding source such as an assessment, parcel tax or "pay as you go" funding common with new development.

3. Financial Ability of City to Provide Services

- a. The City of San Carlos, like all California cities, has been impacted by effects of economic downturn and State shifts of local revenues and has undertaken a proactive, multi-year budget plan to address budget imbalance.
- b. Measures to balance the budget include implementation of an outsourcing program to provide for contract services including sheriff, park maintenance, code enforcement, as well as use of reserves, program and service reductions, personnel reductions and freezing of salaries, service sharing including providing park and recreation services to City of Half Moon Bay and revenue enhancement.
- c. The City Council has an adopted policy on general fund reserves for Economic Uncertainties equal to a minimum of 10% of General Fund Expenses with a goal of increasing to 20% of General Fund Expenses.
- d. The City has taken a proactive approach to mitigate increasing public safety costs through contracting with the San Mateo County Sheriff's Department and by conducting an exhaustive study of fire delivery alternatives.

4. Status of, and Opportunities for, Shared Facilities

- a. By necessity and best practice, the City of San Carlos practices resource sharing and shared facilities with the County, cities and other agencies as detailed in the Municipal Service Review.
- b. At the writing of this report, the County, cities and special districts are considering various resource sharing and cost-cutting measures including but not limited to contracting and sharing services in the areas of police, fire and public works services to achieve efficiencies and economies of scale.
- c. Collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection and emergency response.⁴⁸ Salaries, health care and pensions are major cost drivers of fire and emergency response. In spite of long-standing practices of automatic aid and shared services, cost of service has grown in the face of diminished funding sources. The prolonged economic downturn and negative impact to funding sources and the pending dissolution of the Belmont San Carlos Fire Department underscore the need for the County, fire districts and cities to create further efficiencies, work toward sustainable regional service delivery and a stable governance model.

5. Governance, Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

- a. The City of San Carlos maintains an extensive website that provides access to City programs, documents and other information in a timely manner.

⁴⁸ Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

- b. The Council appointed boards, committees and commissions provide for public input and participation in a variety of city programs and services.
- c. Opportunities exist to collaborate with the County of San Mateo to annex areas in the City's sphere of influence that are surrounded by the City, that could benefit from City services and contribute to city property tax and other revenues.
- d. Opportunities exist to collaborate with the County of San Mateo to explore governance alternatives of the Scenic Heights County Sanitation District and the Devonshire County Sanitation District for more cost effective and efficient service and equitable rates.
- e. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services such as road maintenance, sewer service, police and fire protection and building inspection. For the City of San Carlos, this includes the Palomar Park and Devonshire Canyon.
- f. There is a demonstrated need for the County and the City to coordinate land use decisions and future sewer infrastructure needs for unincorporated areas including Devonshire and Palomar Park.
- g. Opportunities also exist for the County and City to promote annexation of unincorporated areas to achieve efficiencies in service delivery and/or examine contract service provided by the agency best able to provide efficient service.
- h. Absent annexation, opportunities exist for the County and City of San Carlos to examine alternatives in operation and governance of the County-governed sanitation district operations for a more efficient and regional approach. These include: establishing sewer service as a subsidiary district of the City to provide for a subsidiary district with responsibility for sewer functions and sewer service for city territory and unincorporated areas in the City's sphere; the County contracting with nearby cities for sewer maintenance and operation; and expansion of the service of the South Bayside System Joint Power Authority (SBSA JPA) to transfer sewer operations and maintenance of sewer infrastructure of all entities that flow to the plant.

Section 7: Sphere of Influence Review and Update

This section addresses Government Code Section 56425, which specifies that in determining the sphere of influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect to each of the following:

1. *The present and planned land uses in the area, including agricultural and open-space lands.*
2. *The present and probable need for public facilities and services in the area.*
3. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

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

This sphere of influence update incorporates information and determinations in the municipal service review as well as changes that have taken place since the sphere of influence was originally adopted and provides for public input on the four areas of determination listed above. Comments to LAFCo by affected agencies, organizations individuals are requested in order to be included in the Executive Officer's report to the Commission.

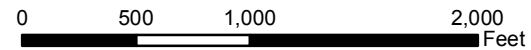
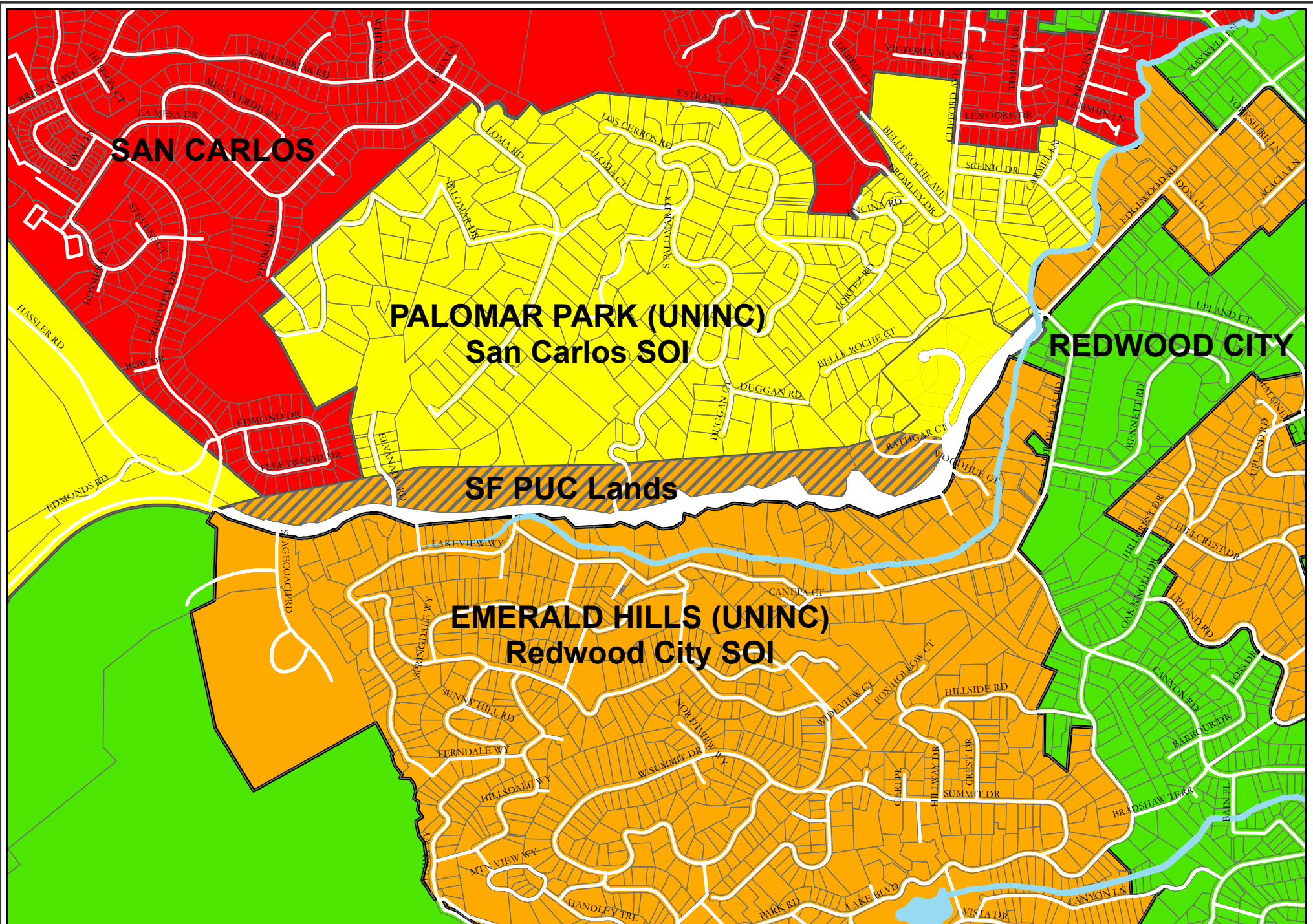
City of San Carlos Sphere of Influence:

The sphere of influence designation for the City of San Carlos includes Palomar Park, Devonshire Canyon and Pulgas Ridge Open Space west of the City boundary. Since the sphere was adopted in 1985, several boundary change proposals have been processed, the most recent of which include annexation of properties on Winding Way, Cranfield and Camborne.⁴⁹

In addition, in 1985 when spheres were adopted, the smaller portion of Devonshire including the lands along Club and Camborne were omitted from the spheres of both San Carlos and Belmont. Since that time, the sphere of influence was amended to include the majority of these lands in the San Carlos sphere of influence and left a large, sloping undeveloped parcel adjacent to Carlmont High School for inclusion in the Belmont sphere of influence. This recommendation is because the property in question consists of two parcels, one owned by the Sequoia High School District and one by an individual, both of which own adjacent lands in the City, and the properties' slope and access are oriented to the City of Belmont.

For Palomar Park, the sphere of influence boundaries between the San Carlos Sphere and the Redwood City Sphere follows the Cordilleras Creek from the 800 Block of Edgewood Road westward until the creek crosses Edgewood Road then along Edgewood Road to the point the road intersects with the SFPUC transmission line and the sphere boundary then follows the SFPUC transmission line westward and joins with the Pulgas Ridge Open Space lands. Please see map on following page.

⁴⁹ In addition to completed annexations, in 2007 it was brought to LAFCo's attention by the owner of 228 Club Drive that annexation of this property approved by LAFCo in 1985 was never successfully completed by the City as the Conducting Authority. Because at the time the City was required to complete protest proceedings and did not, the application was deemed incomplete and can not be remedied by LAFCo unless a new application is submitted.



At the sphere hearing for the City of Redwood City, a Palomar Park resident expressed concern that using the creek as a boundary separates properties that are considered to be part of Palomar Park including those on Edgewood at Scenic where the Palomar Park neighborhood sign is located. The sphere of influence boundaries, which designate probable future boundaries for cities, are drawn to recognize natural barriers such as creeks or manmade barriers and strive to use rear lot lines versus front lot lines as boundaries and place roadways when possible in one jurisdiction. In this case using the creek as a boundary places parcels fronting the street and the street itself in the same jurisdiction once annexation takes place and using the SFPUC transmission line, which serves as an access barrier from Edgewood Road, places SFPUC lands in the same sphere and ultimately city jurisdiction as the road that fronts it. Staff does not recommend amending the sphere designation along Edgewood Road.

Most recently, LAFCo was contacted regarding the potential need to adjust boundaries between San Carlos and Redwood City at Airport Way and Skyway near San Carlos Airport in order for San Carlos to complete work to mitigate flooding and degradation of the roadway. The proposed reorganization would involve a minor amendment to the spheres of influence of the two cities and detachment of approximately 2.3 acres from the City of Redwood City and annexation the City of San Carlos. The Commission has the authority to amend the sphere at the time it considers a reorganization proposal and there is no LAFCo action recommended at this time.

Sphere of Influence Determinations:

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

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

Land use designations in unincorporated areas in the City's sphere are substantially compatible with land use in City boundaries. There are no agricultural lands in the study area.

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

The unincorporated area in the City's sphere includes four non-contiguous areas of which three are substantially developed with residential uses. Census 2000 population of these areas total 2,623 persons⁵⁰ in need of basic municipal services. It is

⁵⁰ 1,933 for Palomar Park and Scenic and 700 for Devonshire

anticipated that the level of demand may increase modestly as a result of limited subdivision potential in some areas. The County of San Mateo provides most municipal service to these unincorporated areas from the County Government Center and Corporation Yard in Redwood City. Emergency/fire protection response to unincorporated areas not located in a fire district varies due to the distance of these areas from County Fire Stations. As a result of automatic aid, the Devonshire area may be served by Belmont San Carlos Fire Department or other nearby agencies including Redwood City, Menlo Park Fire and Woodside.

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

Services provided to the study area are outlined above. The City's public facilities, including parks and roads, are adequate to serve the existing population and in many cases already serve residents of unincorporated areas in the City's sphere. The City's Capital Improvement Program and Pavement Management Program include plans for improvement of public facilities and recommended improvements are included in each budget cycle according to priorities and resources available. Likewise, the County of San Mateo's Capital Improvement Program includes plans for improvements in unincorporated areas. Of note is the absence of storm drain and sewer infrastructure in the unincorporated areas.

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 unincorporated areas in the City's sphere of influence are substantially surrounded by the City of San Carlos. The City and these unincorporated areas share common service delivery patterns, land use patterns, access and school district boundaries and inherently share social and economic communities of interest.

Sphere of Influence Determinations – Scenic Heights County Sanitation District and Devonshire County Sanitation District

Municipal service reviews and spheres of influence are required for special districts as defined in the Cortese Knox Act. Section 56037 defines districts of limited powers and includes county sanitation district but omits sewer maintenance districts. While LAFCo reports including information on county districts serving unincorporated areas, LAFCo's authority over spheres limited in the case of this study to the Devonshire County Sanitation District and Scenic Heights County Sanitation Districts. Both of these districts have LAFCo adopted spheres of influence that designate them for dissolution because they have no additional sewage treatment capacity and they serve territory eligible for annexation to a city. Since the spheres were adopted, no changes have taken place that merit changes to the district's sphere. It is therefore recommended that the Commission reaffirm the spheres of dissolution of both of these Districts.

City of San Carlos

600 Elm Street
San Carlos, CA 94070

Jeff Maltbie
City Manager
650/802-4228 650/595-2044/fax
www.cityofsancarlos.org

Date of Incorporation: July 1, 1925

- a. City Council: Five-member council elected to four-year terms
Membership : Andy Klein, Mayor;, Matt Grocott, Vice Mayor; Bob Grassilli; Brad Lewis, and Randy Royce
- b. Compensation: \$200 per month plus benefits
- c. Public Meetings: 2nd and 4th Mondays at 7:00 p.m.
City Council Chambers, 600 Elm Street , San Carlos

Services Provided: Administration, police (via contract with Sheriff), fire (via JPA with Belmont San Carlos Fire Joint Powers Agreement through October 2011), community development, redevelopment, recreational services, sewer, street maintenance, streetlights and drainage

Area Served: 5.5 sq. miles

Estimated Population: 28,406 (Census 2010)

Number of Personnel 82 (Full-time equivalent): 2.8 Police⁵¹, (Contract) Fire, 7 Public Works & Fleet Maintenance, 12 Parks & Recreation; 5.5 Administrative/Human Resources, 5.5 Finance, 2.5 Admin. Services; 3 Information Technology; 2 Community Development, 3 City Manager, City Clerk; 9.8 Building & Planning, City Attorney (Contract)

School Districts: San Carlos & Redwood City Elementary School Districts, Sequoia Union High School District, San Mateo County Community College District

Sphere of Influence: Boundaries of 1984, plus Palomar Park, Devonshire and Pulgas Ridge Open Space

Budget: See City of San Carlos Website or Budget Summary contained in this report

⁵¹ Reflects transition to contract police services on October 31, 2010

Timeline of Consolidation and Resource Sharing in San Mateo County – Key Events

- 1979 City of San Carlos and Belmont Fire Protection District form South County Fire Joint Powers Authority, restated twice since and currently under notice of dissolution effective on or before October, 2011
- 1984 Joint Powers Authority for Hazardous Materials Emergency Response Team (Hazmat) contract with South County Fire Authority for 20 Cities and all unincorporated areas
- 1998 The City of Redwood City, South County Fire Authority and Woodside Fire Protection District share EMS and Training Battalion Chiefs
- 1998 Pt. Montara Fire Protection District contracts with Half Moon Bay Fire Protection District for staffing and Half Moon Bay Fire Protection District absorbs Pt. Montara personnel
- 1999 County, Cities and Fire Districts establish Joint Powers Agreement for Pre-hospital advanced life support including paramedic first response, ambulance transport and automatic aid and Joint Powers Agreement for 911 dispatch
- 2003 Cities of Daly City, Pacifica and Brisbane form North County Joint Powers Agreement in which three cities share administration but retain operations personnel
- 2004 Town of Hillsborough and City of Burlingame form Central County Fire Department JPA with personnel remaining employees of each city until formal transition to employees of JPA in June 2010
- 2007 Half Moon Bay Fire Protection District and Pt. Montara Fire Protection Districts consolidate forming Coastside Fire Protection District
- 2008 Cities of Millbrae and San Bruno share fire chief
- 2009 Cities of San Mateo and Foster City share fire chief
- 2011 Cities of San Carlos & Belmont adopt plans for stand-alone fire departments that include department fire-fighters/paramedics and either contracting San Carlos contracting with Redwood City for Chief and Administration and Belmont consolidating the fire department with Police
- 2011 Central County Fire (Hillsborough/Burlingame) and Cities of San Bruno and Millbrae pursue consolidated fire service

Note: Other sharing agreements include sharing of battalion chief, training battalion chief, EMS Battalion chief and fire marshal

Summary of San Mateo County Fire Jurisdictions Budgets, staffing, stations
 data based on 2010-11 budgets, 911 communications call annual report.
 28-Feb-10
 Prepared by M. Poyatos, LAFCo

Jurisdiction	2010/11 approp.	Spec. Tax	funding source	# of stations	Average Cost per station	# of companies	Average Cost per Company	Total FTE	FF FTE	Area	DOF 2010 pop.	Call Volume 2009	Call Volume 2008	2010 Assessed Valuation
Daly City (NCFA)	\$14,448,466		city gen'l fund	5	\$2,889,693	6	\$2,408,078	74	60	7.5	108,383	6388	6,206	\$8,224,722,463
Pacifica (NCFA)	\$5,792,791		city gen'l fund	2	\$2,896,396	2	\$2,896,396	32	30	12.5	40,431	2708	2,630	\$4,296,048,117
Colma Fire*	\$2,225,457	150	prop/spec. tax	1	\$2,225,457	1	\$2,225,457			3.2	6,387	748	713	\$952,594,078
Brisbane (NCFA)	\$2,334,189		city gen'l fund	1	\$2,334,189	1	\$2,334,189	10	9	2.6	3,744	521	525	\$1,376,337,104
South San Francisco	\$16,980,888		city gen'l fund	5	\$3,396,178	5	\$3,396,178	82	71	9.5	65,872	5922	5,738	\$12,276,603,434
City of San Bruno	\$7,742,448		city gen'l fund	2	\$3,871,224	3	\$2,580,816	32	29	6.1	44,294	3506	3,661	\$4,917,180,742
City of Millbrae*	\$5,935,637	fire assmt*	city gen'l fund	2	\$2,967,819	3	\$1,978,546	27	23	3.2	21,968	2140	2,144	\$3,555,862,495
Central County*	\$15,280,578	570/218 Hillsh	city gen'l fund	5	\$3,056,116	5	\$3,056,116	72	60.5	11.8	40,879	4045	4,360	\$13,323,827,989
CSA 1 (Highlands)*	\$1,650,282	65*	CSA 1 revenue	1	\$1,650,282	1	\$1,650,282			1.2	4,210	438	549	\$722,218,783
City of San Mateo	\$17,655,995		city gen'l fund	6	\$2,942,666	6	\$2,942,666	88	76	14.7	97,535	8619	8,765	\$15,706,011,605
Foster City	\$7,926,025		city gen'l fund	1	\$7,926,025	3	\$2,642,008	36	32	4.1	30,719	1841	2,088	\$6,345,661,564
Belmont San Carlos	\$15,476,822		city gen'l fund/spe	4	\$3,869,206	4	\$3,869,206	48	42	10.1	55,662	4001	4,257	\$11,350,811,095
City of Redwood City	\$15,490,033		city gen'l fund	5	\$3,098,007	6	\$2,581,672	66	59	33.7	78,568	7826	7,719	\$13,904,169,110
CSA 8 (NFO)	\$236,009		CSA 8 revenue	0	n/a	n/a	n/a				3,177	243	219	\$391,104,838
Menlo Park Fire	\$31,000,300		property tax	7	\$4,428,614	8	\$3,875,038	111	90	27	88,514	7964	8,163	\$20,645,801,116
Woodside Fire	\$12,163,948		property tax	3	\$4,054,649	3	\$4,054,649	45	39	31	17,908	1690	1,733	\$7,936,160,761
Coastside Fire*	\$6,972,403	130 & 35*	prop/spec. tax	3	\$2,324,134	3	\$2,324,134	20	15	47.5	25,147	2018	2,257	\$4,454,318,477
County Fire**	\$6,738,184		property tax	4	\$1,684,546	4	\$1,684,546	51	42	224	20,887	2057	2,010	\$4,032,682,144
All Agencies	\$186,050,455			57	3,264,043	64	\$2,907,038		688	450	754,285	62,675	63,737	

This spreadsheet is for general comparison purposes and should be read with notes on page 2 attached.

Police Department & Sheriff Budget by Jurisdiction (Please see footnotes)

	Population 2010	ADOPTED 2010-11 budget	Land Area Sq. Miles	FTE sworn	Officers per 1000 of Pop	Cost Per capita
San Mateo County	718,451					
Atherton	6,914	\$4,980,228	# 6	17	2.46	720.31
Belmont	25,835	9,538,099	# 4.6	32	1.24	369.19
Brisbane	4,282	3,485,543	# 2.6	12	2.80	814.00
Burlingame	28,806	7,894,046	# 5.5	36	1.25	274.04
Colma*	1,792	5,148,700	# 2	19	10.60	2,873.16
Daly City	101,123	23,504,629	# 7.5	113	1.12	232.44
East Palo Alto	28,155	10,900,000	# 2.5	40	1.42	387.14
Foster City	30,567	9,526,632	# 4.1	39	1.28	311.66
Half Moon Bay	11,324	3,653,709	# 6.4	12.6	1.11	322.65
Hillsborough	10,825	7,190,081	# 6.3	25	2.31	664.21
Menlo Park	32,026	14,689,025	# 16.1	48.14	1.50	458.66
Millbrae	21,532	6,193,708	# 3.2	18.5	0.86	287.65
Pacifica	37,234	9,834,070	# 12.5	36	0.97	264.12
Portola Valley	4,353	546,189	# 11	2.89	0.66	125.47
Redwood City	76,815	28,199,686	# 33.7	90	1.17	367.11
San Bruno	41,114	13,018,723	# 6.1	43.5	1.06	316.65
San Carlos	28,406	8,252,950	# 5.5	20.8	0.73	290.54
San Mateo	97,207	27,584,054	# 14.7	108	1.11	283.77
South San Francisco	63,632	18,950,625	# 9.5	79	1.24	297.82
Woodside	5,287	1,295,436	# 12	5.01	0.95	245.02
Total Cities	657,229	214,386,133	172			
Unincorporated	61,222					
Broadmoor PPD	4,026	2,030,055	4 0.5	9	2.24	504.24
CSA 1 Highlands	4,210	637,208	# 1.8	3	0.71	151.36
SFO	N/A		3.6			
NET sheriff patrol	52,986	21,586,308	# 272.0	69	1.30	407.40
Total - all agencies	718,451	\$238,639,704	# 450	878	1.22	332.16

Footnotes:

- Atherton daytime school year population doubles due to number of schools.
- Atherton appropriation and fte based on midyear adjustment
- Belmont Adopted budget includes one vacant position.
- Burlingame budget adoption was based on 38 positions, of which two were vacant and later eliminated
- Colma daytime population is exponentially higher due to retail and auto centers
- Colma: 2 positions are unfunded and vacant
- Daly City excludes dispatch and grants (\$2,132,973)
- East Palo Alto 2 officers grant funded
- Foster City budget includes 3 vacant sworn positions that have since been eliminated
- Half Moon Bay has entered into a contract with County Sheriff that will commence June 12, 2011
- Portola Valley contracts with County Sheriff (see below re: Woodside/Portola Valley contract)
- San Bruno & Millbrae share Police Chief
- San Carlos budget reflects partial year of city department & transition to contract with County Sheriff
- SFO under jurisdiction of City & County of San Francisco
- Sheriff Patrol area includes unincorporated areas less Broadmoor, Highlands and SFO
- Sheriff patrol per IFAS report excluding San Carlos, Transit, Portola Valley, Woodside, CSA 1, Avoid 23 & Caron
- Woodside contracts with County Sheriff (See note below re: Woodside/Portola Valley Contract)
- Woodside & Portola Valley contracts provide for sharing of 7 sworn FTE between Woodside, Portola Valley & the County Sheriff
- Woodside has one dedicated motorcycle officer.
- Woodside & Portola Valley share 2 fte

Prepared by: Martha Poyatos, LAFCo

June 15, 2011

Based on 2010-11 budgets and finance department review.

Note: This table is included for general comparison purposes. For more budget specific detail the reader is encouraged to review agency budgets found on agency websites