

SAN MATEO



## LOCAL AGENCY FORMATION COMMISSION

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January 30, 2014

Scott Boyd, President  
Montara Water and Sanitary District  
P.O. Box 370131  
8888 Cabrillo Highway  
Montara, CA 94037-0131

Subject: LAFCo condition of approval for GSD Community Services District Application that Granada Sanitary District (GSD) write to Montara Water and Sanitary District (MWSD) requesting formation of a joint consolidation committee

Dear President Boyd:

The MWSD Board's discussion at the January 16, 2014 meeting raised several concerns and misstatements about the above noted condition of approval and the LAFCo adopted spheres of influence for the Midcoast. I write to clarify the record and the spirit of LAFCo's condition of approval. As you know, LAFCo held three public hearings on the GSD proposal. The notice of hearing and all staff reports including the December 12, 2013 report containing the recommended condition were sent to MWSD. The condition that GSD write to MWSD requesting formation of a joint consolidation committee was based on LAFCo adopted spheres of influence and on the many comments that the GSD proposal fell short of meeting the park and recreation needs of the entire unincorporated Midcoast.

### LAFCo Composition and Purpose

In regard to LAFCo composition and purpose, LAFCo is a State-mandated, independent commission. State mandated LAFCo membership and voting representation includes two county supervisors appointed by the Board of Supervisors, two city council members appointed by the Council of Mayors' City Selection Committee, two special district members appointed by the Special District Selection Committee consisting of the presidents of independent special districts in the County and a public member appointed by the county, city and special district members. One alternate is also appointed for each type of LAFCo member. This state mandated composition does not give any of the government appointing bodies more voting weight than another. LAFCo's were created to exist in each county of the State to regulate the boundaries of cities and special districts and promote efficient service delivery based on local conditions.

LAFCo Adopted Spheres of Influence for the Midcoast

LAFCo's request for a joint consolidation committee is consistent with LAFCo adopted spheres on the coast and suggests discussion and study of consolidation by the two districts and constituents. In 2008 LAFCo prepared a municipal service review and sphere of influence update that resulted in amendment of the spheres of influence of MWSD and GSD from "zero" (meaning the districts should be dissolved) to "consolidation". The municipal service review and sphere update identified that because water and sewer services are enterprise functions, opportunities exist to establish rates that recover the cost of providing water and sewer service to allocate property tax to park and recreation programs under a direct governance model in the form of a community services district.

The following excerpt from the 2008 LAFCo municipal service review determinations characterizes the state of local government on the coastside:

*a) Sewer and water provision for a population of 23,460 comprised of approximately 8,600 sewer connections and 7,370 water connections is carried out by one city, one joint powers authority, one sanitary district, one water and sanitary district and one water district, each with separate office space, attorneys, engineers, management and administrative personnel dedicated to the activities of five separate agency operations, meeting agenda preparation, and board meeting attendance by management, clerical and legal counsel.*

*b) In addition to potential economies of scale that are indicated by the summary in (a) above, the number of agencies reduces effectiveness of decision making for regional or subregional projects, whether they involve, water, sewer, park and recreation or storm drain improvements.*

*c) Specifically, while Sewer Authority Mid-Coastside and the separate contracts for system maintenance minimize costs for member agencies while meeting the service needs of respective ratepayers, the composition and voting structure of SAM requires decision-making by four separate entities which impedes and delays funding and implementation of essential projects.*

The Commission also reaffirmed the sphere of influence of a single coastside city recognizing both the obstacles to fiscal viability of small cities and districts and the economies of scale that could be achieved through consolidation of districts or a single coastside city. However, in doing so the Commission also recognized that a single coastside city was a long range goal. The LAFCo determinations and sphere designations took into consideration that in the meantime, the demonstrated need for active park and recreation on the Midcoast could be met by a locally, governed community services district. One governance model that would achieve this is consolidation of MWSD and GSD into a community services district placing all of the unincorporated area under one governing body for sewer, solid waste, park and recreation and in Montara and Moss Beach, water service.

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Comments by the public and MWSD board members at the January 16 MWSD meeting also suggested that the LAFCo condition should have been directed at annexation of GSD territory to the City of Half Moon Bay. This alternative would not address the lack of park and recreation in the balance of the unincorporated area and ignores the identified alternative of a single community services district for the unincorporated Midcoast.

Discussion also suggested that the LAFCo request that GSD approach MWSD regarding a joint consolidation committee was a “shot gun wedding” and that LAFCo should have contacted MWSD directly. Reference to a “shot gun wedding” compared the LAFCo request to form a joint committee to the formation of Sewer Authority Midcoastside (SAM). It should be noted that SAM was the result of a State Regional Water Quality Control Board requirement to mitigate contamination from the three separate sewage treatment plants operated by City of Half Moon Bay, GSD and MWSD. The SAM formation resulted in construction of a single sewage treatment plant to serve the urban coastside and more efficient sewer system operation by a single entity.

To be clear, the LAFCo condition was that GSD send a letter requesting MWSD form a joint consolidation committee with GSD for the purpose of *discussing and studying consolidation* with the goal of creating efficiencies and facilitate funding and implementation of community park and recreation for the unincorporated Midcoast. As noted above, LAFCo staff reports containing the recommended condition were sent to MWSD and it was unfortunate that MWSD representatives were not present at LAFCo hearings. Nevertheless, the condition was adopted in the spirit of fostering constructive discussion of consolidation and collaboration for the benefit of rate payers of both districts and to further park and recreation goals. On behalf of the Commission, I renew the request that MWSD consider forming a joint consolidation committee consisting of MWSD and GSD board members.

Sincerely,



Rich Garbarino  
Chair, San Mateo LAFCo

cc: Matthew Clark, President, Granada Sanitary District  
Members, Local Agency Formation Commission