

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

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

March 9, 2005

TO: Members, Formation Commission

FROM: Executive Officer

SUBJECT: LAFCo File 04-15--Proposed Reorganization of the Granada Sanitary District involving dissolution of the Granada Sanitary District and formation of the Granada Community Services District (4,010 acres +/-)
(Continued from January 19, 2005)

This reorganization, submitted by resolution of the Granada Sanitary District (GSD), proposes dissolution of GSD and formation of a new community services district (CSD) to acquire, operate and provide recreation and park services in El Granada and to continue to provide the existing sewer service and garbage disposal to the existing boundaries of the district. GSD proposes the reorganization using the existing boundaries of the district. In the attached January 12, 2005 report, staff recommended denial of the application.

At your January 19, 2005 meeting the Commission received the staff report and opened the public hearing. Based on a request from representatives of the Granada Sanitary District, the Commission continued the hearing to allow the District time to address concerns raised in the report, in particular the issues related to territory overlapping with the City of Half Moon Bay and lack of a budget and funding for park and recreation services.

As of this date the Granada Sanitary District has not submitted a written response. The District board will meet on Thursday, March 10 to consider responses to the concerns raised. Upon receipt of a written response from the District, a supplemental report will be provided to the Commission.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Martha Poyatos'.

Martha Poyatos
Executive Officer

Attachment: January 12, 2005 Staff Report



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January 12, 2005

TO: Members, Formation Commission

FROM: Executive Officer

SUBJECT: LAFCo File 04-15--Proposed Reorganization of the Granada Sanitary District involving dissolution of the Granada Sanitary District and formation of the Granada Community Services District (4,010 acres +/-)

Summary

This reorganization, submitted by resolution of the Granada Sanitary District (GSD), proposes dissolution of GSD and formation of a new community services district (CSD) to acquire, operate and provide recreation and park services in El Granada and to continue to provide the existing sewer service and garbage disposal to the existing boundaries of the district. GSD proposes the reorganization using the existing boundaries of the district. These boundaries overlap with a northern portion of the City of Half Moon Bay (Please see Map 1). GSD therefore would provide park and recreation service in a zone of all areas of the newly formed district excluding the portion that overlaps with the City of Half Moon Bay. GSD proposes no finance mechanism for park & recreation service at this time. The District has prepared and adopted a Negative Declaration for the project.

Based on State law and Commission policy, existing city and district spheres of influence in the area and the existence of an array of single purpose special districts on the Midcoast, staff recommends disapproval of the proposal in favor of an alternative proposal that would serve the entire Midcoast area, address the problem of overlapping service area between the Granada Sanitary District and the City of Half Moon Bay and offer a solution for future consolidation of service providers.

Agency and Departmental Reports

County Assessor: The net assessed value of the current Granada Sanitary District is \$675,635,771 secured and \$5,188,304 unsecured. The net assessed value of the portion of the Granada Sanitary District overlapping the City of Half Moon Bay is \$257,417,984 secured and \$1,878,867 unsecured.

County Clerk: The number of registered voters in the entire district is 4,443 including 748 Registered Voters in the area of GSD overlapping the City of Half Moon Bay.

County Public Works: Public Works comments that the territory of the proposed district overlaps with a portion of County Service Area No. 6 (CSA 6) and that CSA 6 was formed in order to provide several services including "local park, recreation or parkway facilities or services". Creation of a community services district over a portion of CSA 6 could be considered duplicative and could lead to some confusion regarding which agency is providing park services or which agencies owns and maintains park facilities.

County Planning Division: The estimated population of the Granada Sanitary District is 6,841.

County general plan land use designations range from general open space, agriculture and public recreation to high density residential, commercial and industrial. Applicable general plan policy provisions are:

- (1) General Plan-Rural Land Use Chapter Policy 9.35 encourages public recreation land uses in rural areas, including parks, recreation areas and trails.
- (2) General Plan-Park and Recreation Chapter Policy 6.10 encourages the location of passive park and recreation facilities in rural areas in order to preserve and protect open space lands.
- (3) Local Coastal Program Policy 11.4 permits visitor serving and public recreation facilities in the coastal zone, including parks and recreation areas.

San Mateo County Environmental Health Services: Infrastructure maintenance and repair of sewer collection systems is imperative to limit sanitary sewer overflows (SSOs) that can impact the public's health and environment. If resources are diverted from current operations and maintenance budgets to support the proposed endeavors of the district, the potential for SSO's may increase causing health hazards and problems.

City of Half Moon Bay: The City of Half Moon Bay opposes the reorganization as proposed. The City's comment letter (Attachment 3) states that the proposed reorganization "would dilute the mission of GSD, exacerbate confusion about boundaries and the responsibilities of the new CSD and the City." The City expresses concern that the reorganization may make it difficult for the new CSD to continue to provide garbage disposal and sanitary sewer services while meeting the new, additional needs of parks and recreation. The City requests that the Commission reject the application to allow for an alternate proposal to serve the entire Midcoast and that if the Commission is to approve the proposal that it only do so after continuing the hearing to allow for additional input from affected residents and the City.

Resource Conservation District (RCD): RCD states that they are not opposed to the proposal but request that if approved there be assurance that no property tax would be diverted from the RCD.

Proposal Description and Objectives

Submitted by resolution of the Granada Sanitary District, this proposal calls for a reorganization including dissolution of the Granada Sanitary District and formation of the Granada Community Services District (CSD). The proposed district boundaries are conterminous with existing Granada Sanitary District boundaries and the new district would include a zone for park and recreation service that would include all areas in the district except territory in the city of Half Moon Bay. The total area of GSD is approximately 6.26 square miles. (Attachment 2, provided by GSD illustrates the zone for park and recreation services.

GSD states that the long-term objectives would be to provide the El Granada Community with a range of park and recreation facilities and services that are now lacking on the Coastside. The initial objective of the newly reorganized district would be to continue sewer and garbage collection service and to pursue park acquisition and operation projects depending upon potential projects proposed by the Board of Directors or individual groups or citizens. The GSD application identifies benefits of formation of a community services district to include: a local district would be best able to ascertain desires of, and respond to complaints and concerns of local residents; a local district with it's own staff and economic base would not place a burden upon County staff and resources; and there is no existing entity available to provide park and recreation facilities in the area, noting that County policy has been to operate only regional park facilities.

A CSD may be governed by the County Board of Supervisors, a board appointed by the Board of Supervisors, or a locally elected board. As submitted by GSD, the Granada Community Services District would be an independent special district governed by a five-member board elected at large. GSD proposes an independent board of directors elected at large.

Powers of a Community Services District

A community services district (CSD) is a special district with enabling legislation (Government Code Section 61600) that allows it to provide almost all local governmental services except land use planning and zoning. A CSD provide:

- a) water for domestic, irrigation, sanitation, industrial, fire protection, recreation use;
- b) Collection, treat and dispose of sewage
- c) Fire protection
- d) Public recreation and parks, playgrounds, golf courses, etc.
- e) Street lighting
- f) Mosquito Abatement
- g) Police protection and other security services
- h) Library buildings and library services
- i) Street improvement, maintenance and repair
- j) Construction and improvement of bridges, culverts, gutters and drains
- k) Conversion of overhead electric and communications facilities to underground locations when utilities are operated by a public utility or public agency, subject to consent of such an agency;
- l) contract for ambulance service if a majority of the voters in the district approve at an election
- m) Provide and maintain airports and landing places for aerial traffic;
- n) Provide transportation services;
- o) Abate graffiti
- p) Construct, maintain and operate flood control facilities
- q) Establish improvement districts

Services that are permitted by enabling legislation but not activated upon formation would be considered latent powers and would require application to LAFCo and approval by LAFCo and the electorate. In the case of the proposed Granada Community Services District, active powers would be sanitary sewer, garbage collection and park and recreation. All other powers would be inactive and require approval of LAFCo and the electorate before they could be activated.

Like other districts Community Services Districts are also able to levy taxes, incur bonded indebtedness, establish service charges, borrow funds, and enter into contracts. A CSD also acquire land by grant, purchase, gift, devise, lease, or eminent domain.

This county has two existing community services districts (Ladera and Highlands), which operate a community center and provide recreational services in their immediate neighborhoods. The Highlands Recreation District was formed in 1957 to provide park and recreation services to the residents of the newly developed Highlands Community. Following formation, bonds were passed in 1958 to fund the Highlands Recreation Center construction, which was completed in 1959. The current facility includes a gym, meeting/activity rooms, swimming pool and tennis and other

athletic courts and the District serves approximately 3,500 residents. The District is funded by a share of the 1% property tax and user fees. The Highlands Recreation District's 03/04 budget including reserves was \$1,529,167 with approximately 50% of revenues coming from user fees and approximately 13% of revenues coming from property tax.

The Ladera Recreation District was formed in 1958 to fund construction for recreation facilities for the developing unincorporated Ladera Community. Initial construction included swimming pool and tennis courts on property originally leased from Stanford University. The District now owns the facilities consisting of a recreation center, one adult and one children's swimming pool and four tennis courts and serves approximately 1600 residents. Like Highlands Recreation District, the Ladera Recreation District is funded with user fees and a small share of the 1% property tax. The District's 03-04 budget was \$763,439 with approximately 55% of revenues coming from user fees and approximately 9% coming from property tax.

Existing Agencies in the Reorganization Area

In addition to the Granada Sanitary District, the residents of the subject area receive services from Coastside County Water District, Half Moon Bay Fire Protection District, City of Half Moon Bay, and two County-governed special districts (Granada Highway Lighting District and County Service Area No. 6). In addition a portion of the study area is included in the boundaries of inactive County Service Area No. 12.

With respect to sewer service Granada Sanitary District is one of three sewer providers on the Coastside. Montara and Granada Sanitary Districts were each formed in 1958 under Health and Safety Code 6400. GSD formation boundaries are those of the current boundaries and include service to El Granada, Miramar, Princeton by the Sea and Frenchman's Creek. The City of Half Moon Bay was incorporated in 1959 and included the Frenchman's Creek Subdivision without detaching the area from GSD. In 1976, the two sanitary districts and the city formed the Sewer Authority MidCoastside, the joint powers agency that operates the regional sewage treatment plant in Half Moon Bay and maintains the collection systems of all three agencies.

The County provides general governmental services including sheriff's protection and road maintenance as well as a regional park facility north of the study area at Fitzgerald Marine Reserve. County Service Area No. 6 provides street lighting, flood control, and landscaping services within it's boundaries and the County's Granada Highway Lighting District provides street lights in El Granada and part of Miramar.

The area of the proposed district falls within the Cabrillo Unified School District, which operates schools in both the unincorporated area and City of Half Moon Bay.

In 1991, the Board of Supervisors created the Midcoast Community Council (MCCC) to advise the Board of Supervisors on matters concerning the Midcoast. The MCCC is a five member advisory council elected by Midcoast residents.

Attachment 5 provides a summary of service providers on the Midcoast and for a more thorough discussion of services provided to the entire Midcoast, please see the Midcoast Parks Governance Alternatives Report available on the LAFCo website (www.sanmateolafco.org).

Existing Park and Recreation Services

The Midcoast area has a number of state beaches and other park land of regional significance, including Montara and Half Moon Bay State Beaches, Fitzgerald Marine Reserve operated by the county, and Pillar Point Harbor operated by the Harbor District. The regional facilities attract many day visitors from outside the area but also help satisfy the local demand for passive recreational pursuits such as beach combing, picnicking and hiking.

The City of Half Moon Bay provides a range of recreation programs and classes to children, youths and adults including dance, art, gymnastics, theater, self-defense, aerobics, tennis and team sports. There is a \$3.00 fee differential for residents of the unincorporated area who use city programs. One member of the city's five member Parks and Recreation Commission reside in the unincorporated area. Other private, non-profit recreational activities such as roller hockey and boys and girls club activities also exist on the Coastside.

Midcoast Spheres of Influence

In 1984-85 the Commission studied spheres of influence for the City of Half Moon Bay and special districts in the Midcoast area. A primary focus of the study was how LAFCo sphere decisions might best promote State legislative and Commission policy favoring general-purpose government for urbanized areas and establish a framework for future consolidations.

The Commission reviewed the overlap of seven single purpose districts and the one city, in which some districts serve part or all of the city and part of the unincorporated area, while other districts serve only in the unincorporated area. The Commission also focused on the need to limit urban services to the urban area established by the adopted city and county Local Coastal

Programs (LCP). The Commission reviewed the area's public service needs and existing providers and determined that, in terms of governmental services, there was a strong community of interest within the urbanized Midcoast area, including both the city and the unincorporated communities to the north.

Following public hearings, including a meeting on the Coastside, the Commission adopted spheres of influence which provide a framework for a single city that in the long term would be able to assume all public sewer, water and fire protection services as well as general governmental services in the developed Midcoast area. A "single city" sphere of influence was established that includes the City of Half Moon Bay, and, to the north, the developed communities within the urban boundary of the county's LCP. All of the single purpose districts, whether independent or county-governed, were assigned "zero" or coterminous spheres, indicating that in the long term their functions could be assumed by the single city.

In 1988 the Commission approved the formation of County Service Area No. 12 and assigned it a "zero" sphere of influence because it was intended to be an interim vehicle for public acquisition of the Citizens Utility system in Montara and Moss Beach. It was envisioned that the Citizens' service area could be annexed to the Coastside County Water District once the water system was acquired and upgraded, and then the CSA could be dissolved. The CSA remained inactive following legislation authorizing Montara Sanitary District to provide water service to the same area. After successfully acquiring the water system and assuming responsibility for water service, Montara Sanitary District became Montara Water and Sanitary District.

Proposed District Finances

GSD's 2004/05 Adopted Budget includes: \$1,318,634 total expenditures, Revenues of \$1,320,498, Capital Improvement Projects Totaling \$830,329 and Capital Reserve Fund of \$2,881,388. Because the newly formed CSD proposes continuing sanitary sewer and garbage collection service and pursue park acquisition and operation projects depending upon potential projects proposed by the Board of Directors or individual groups or citizens, there is no proposed budget or funding mechanism for provision of park and recreation service at this time.

Formation Process - Community Services District

CSD formation process would include several steps. First, the Commission would need to adopt a sphere of influence for the proposed new district, since LAFCo decisions on proposals must be consistent with adopted spheres. In adopting the sphere, the Commission must approve a written statement of its

determinations. Approval of the reorganization would include terms and conditions, including a decision on the district boundaries, execution or amendment of agreements related to the reorganized district, services the district would be authorized to provide, transfer of assets, appropriations limit for the new district and determination of an appropriations limit for the new agency as well as other matters. If approved by LAFCo, a noticed public hearing would be held to receive protest. Unless more than 50% of the registered voters in the reorganization area file protest, LAFCo would request that the Board of Supervisors call for an election combining the question of reorganization, appropriations limit and election of the new district board members. Election would take place within the proposed district boundaries. A majority vote would be required to confirm the reorganization. If approved by the voters, LAFCo would record the reorganization and the new district would take effect on the effective date determined by the Commission. Typically the effective date is set at the beginning of a fiscal period and allows for a period of transition between the election/completion of LAFCo process and the activation of the new district. For example if an election takes place in November, January 1 would be a possible effective date.

District Boundaries and Sphere of Influence

As proposed, the new community services district would encompass the existing boundaries of GSD. In order to approve reorganization, consideration should be given to the whether the boundaries as proposed are the appropriate boundaries for a district that would be authorized to provide municipal type services. The County's adopted urban/rural boundary limits urban services to the urbanized Midcoast and the current boundaries of the district include territory in a city. Reorganization would be an opportunity to align the boundaries of the district with LAFCo and LCP policy. Adopting a sphere of influence would also involve making determinations pursuant to Government Code Section 56424 including:

- (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.

Property Tax Exchange and Appropriations Limit

Since the passage of Proposition 13, new entities may receive property tax revenue only by transfer of a share of revenue from an existing agency or by passage of a special tax. When a new entity is to be formed, State law requires LAFCo to determine the exchange of property tax revenues. No existing entity in the Midcoast area would be giving up any service responsibility if the new district is formed, thus no property tax exchange is appropriate. Therefore if the Commission approves the proposal, it would be appropriate to make the finding that there will be no exchange of property tax revenues for this proposal, other than property tax that would be transferred from the existing Granada Sanitary District to the proposed CSD. While Granada Sanitary District is an enterprise district charging fees for garbage and sanitary sewer service, as a district that existed prior to enactment of Proposition 13, the District receives a small share of the 1% property tax. The 2004/05 adopted budget includes \$192,000 in property tax revenues.

Article XIII B of the State Constitution requires local agencies to have an appropriations (or spending) limit. The appropriations limit is adjusted annually based on changes in the cost of living and population. State law provides that when LAFCo approves the formation of a new special district, the Commission must determine an appropriations limit for consideration by the voters at the same election as the formation.

Environmental Review

The Granada Sanitary District, as lead agency prepared and certified a Negative Declaration for this project pursuant to the California Environmental Quality Act (CEQA) (Attachment 5). The Negative Declaration covers the governmental reorganization. The Negative Declaration states that the project incorporates a number of mitigation measures to be carried out by the county and the agency developing the park. On that basis, GSD determined that the project would have no significant environmental impacts.

As responsible agency under CEQA, the Commission would need to certify that it has reviewed and considered the county's Negative Declaration if the Commission decides to approve the proposal.

Analysis

This proposal presents several policy considerations for the Commission. This discussion is framed around the applicable factors LAFCo must consider in reviewing a proposal which are set forth in Government Code Section 56886.

56668(b) Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

There is general agreement and evidence, in particular in the Mid-Coast Recreational Needs Assessment (October 29, 2002) Midcoast Park and Recreation Task Force Report that the Midcoast is in need of park and recreation services similar to those provided in the City of Half Moon Bay. The GSD proposal however, addresses the needs of only a portion of the Midcoast community and fails to demonstrate how the reorganization would meet the needs of even the smaller community.

56888[c] The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

In this regard, the Commission should first consider the overlap of the Granada Sanitary District with the City of Half Moon Bay. State law and LAFCo policies discourage duplication of service and overlapping territory of agencies providing the same services. In the case of the Granada Sanitary District's overlap with the City of Half Moon Bay, not only State law and LAFCo policy but the County's Local Coastal Program encourages detachment of this area from the Granada Sanitary District¹. Clearly detachment of the overlap area from Granada Sanitary District would not be a simple matter, requiring at a minimum amendment of the Sewer Authority Midcoastside Joint Powers Agreement, execution of an agreement between the City of Half Moon Bay and GSD for service in the area and establishment of a special zone in the City of Half Moon Bay to recognize any difference in sewer rates. However, allowing the overlap territory to be included in a community services district that provides virtually the same services as a city, would serve to confuse residents and property owners in the overlap area and would complicate rather than resolve the situation of overlapping territory in the City of Half Moon Bay.

¹ Local Coastal Program Policy 2.20 encourages detachment of areas in the City of Half Moon Bay from the Granada Sanitary District and transfer of sewage treatment allocation.

Second, there is the consideration of whether the desire for local control and accountability presented by Granada Sanitary District justifies reorganization into a multi-purpose special district and outweighs the inconsistency of the proposal with both County and LAFCo policies and sphere of influence decisions that recognize the entire Midcoast as a single community with common service delivery needs. As discussed in the Midcoast Parks Governance Alternatives Report, a community services district appears to be the best form of governance for both provision of park and recreation to the entire unincorporated Midcoast and potential consolidation of single-purpose special districts serving the area. In this regard, the Commission should consider whether the proposed district is the most appropriate means of addressing the need for park and recreation for the entire Midcoast and whether a CSD serving only a portion of the Midcoast would hinder or improve opportunities for future consolidation.

56668(f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

In this respect, while the boundaries are clear and since they are coterminous with current boundaries, they overlap with the City of Half Moon Bay and require use of a zone to distinguish areas in which park and recreation services would be provided. And while it is no change from current circumstances the boundaries as proposed would place a portion of Half Moon Bay Airport in a Community Services District.

56668(g) Consistency with city or county general and specific plans

As noted above, formation of the district with the overlapping territory in Half Moon Bay is inconsistent with County's Local Coastal Program recommending detachment of the overlap territory in Half Moon Bay from GSD.

56668(h) The sphere of influence of any local agency which may be applicable to the proposal being reviewed

The proposal conflicts with the adopted spheres of influence for Midcoast districts and with the City of Half Moon Bay.

56668 (i) The comments of any affected local agency.

LAFCo has received comments from the City of Half Moon Bay and Resource Conservation district as summarized above.

56668(j) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The District's proposal does not propose a budget to enable initial provision of park and recreation service. In this regard, the District does not demonstrate that it has sufficient revenue or would have sufficient revenues in the future to provide the subject services.

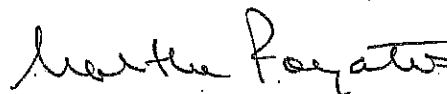
56668 (m) Information or comments from the landowner or owners.

LAFCo has received comments from several Midcoast residents expressing concern that the Granada Sanitary District proposal, if approved would result in the District resources being directed to park and recreation when there are other pressing issues that relate to maintaining the current infrastructure.

Conclusions and Recommendation

It is generally agreed by the applicants, other Midcoast agencies, City of Half Moon Bay and the County that additional developed facilities and services for active recreation in the Midcoast area are needed. However, the proposal as submitted addresses this need on a neighborhood rather than community basis. And while it proposes park and recreation service, it does not provide for funding of such services and therefore puts the residents no closer to receiving park and recreation services than current circumstances. Based on identified needs of the larger community, existing spheres of influence, overlapping boundaries, staff concludes that there are alternatives to this reorganization that would respond to the wider community need for park and recreation and provide opportunities for more efficient delivery of governmental services in the long range. Staff therefore respectfully recommends that the Commission deny the proposal.

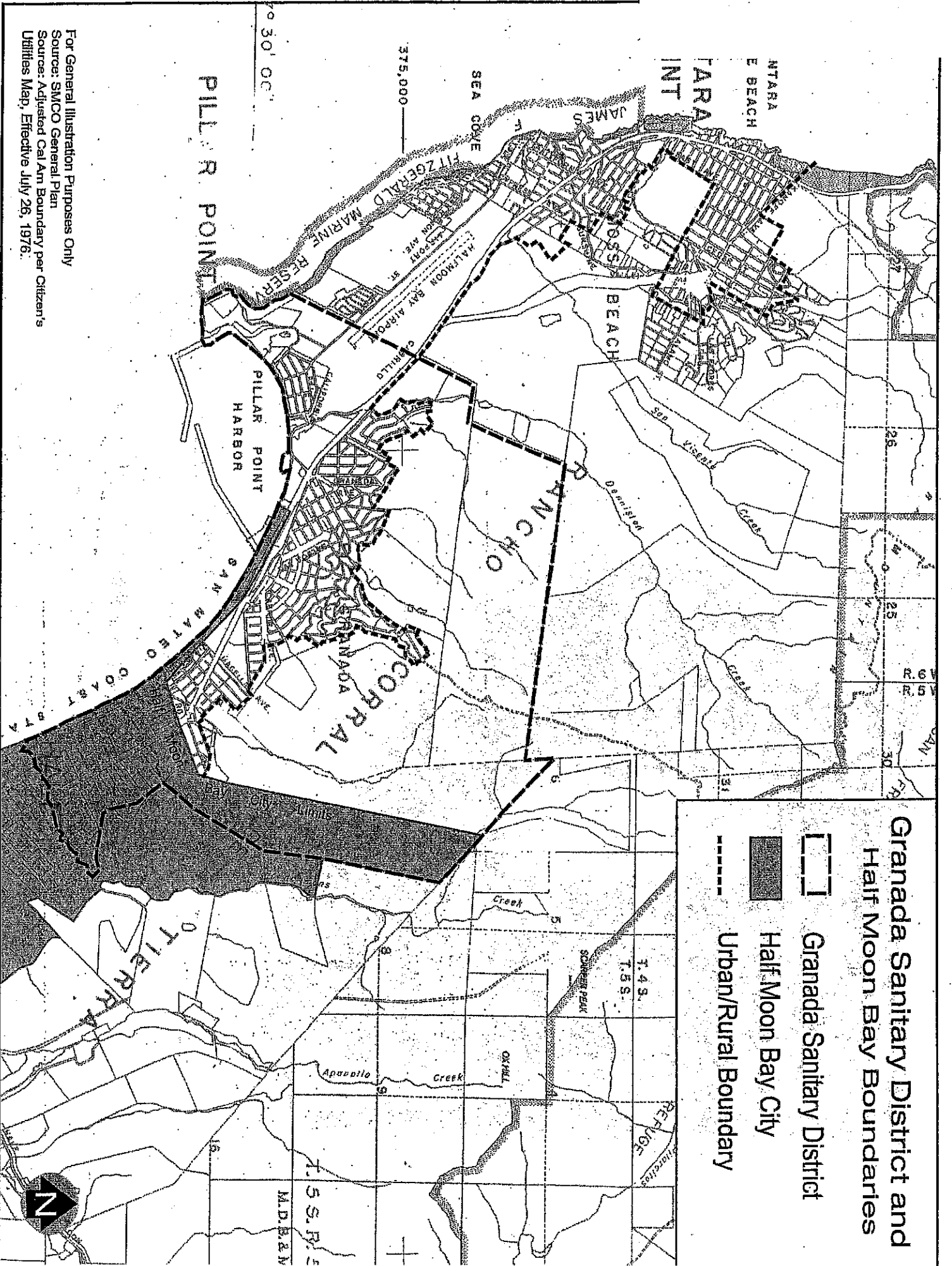
Respectfully submitted,



Martha Poyatos
Executive Officer

Attachments:

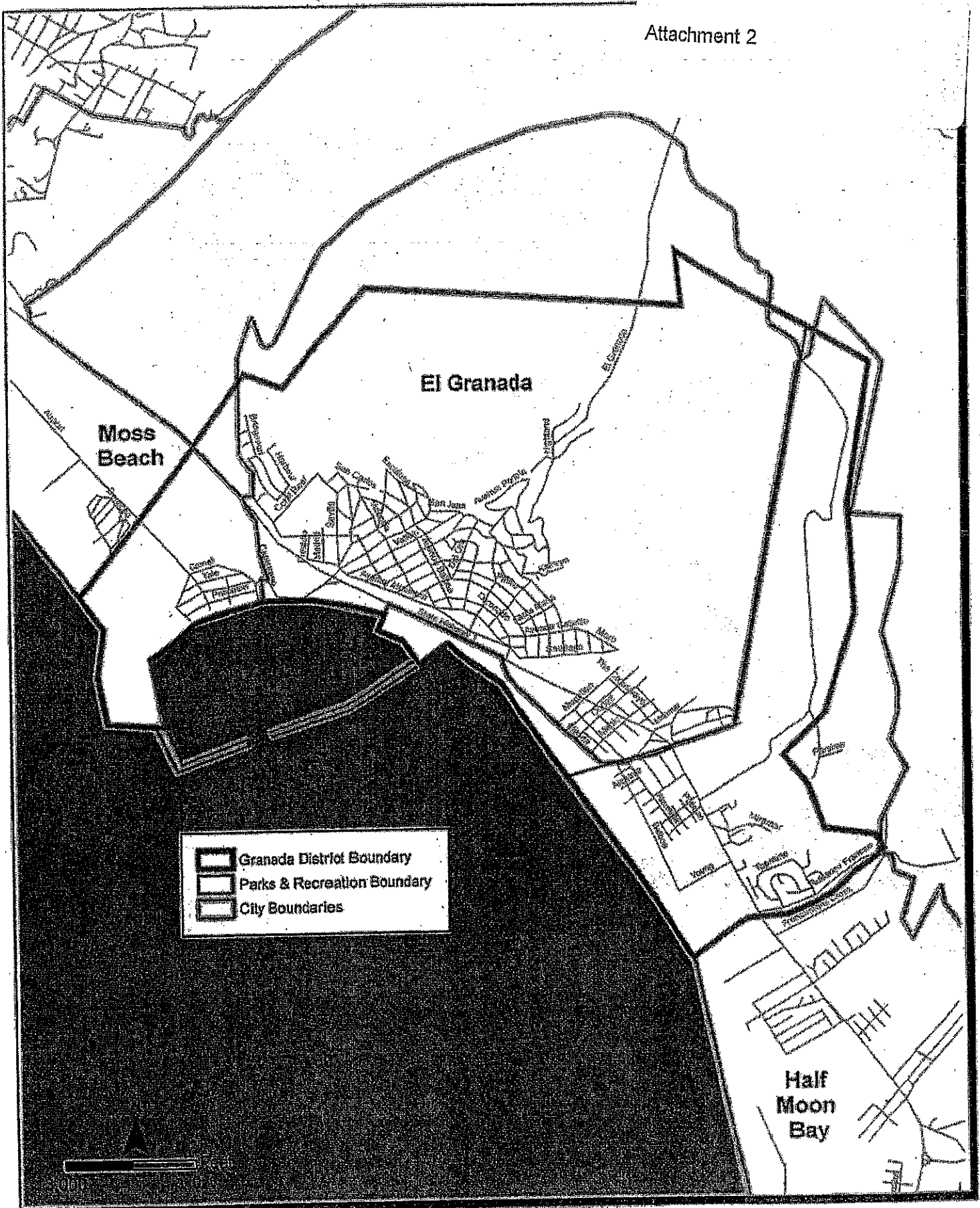
- 1 - Map illustrating boundaries of GSD and HMB
- 2 - Map of Proposed District
- 3 - City of Half Moon Bay comment letter
- 4 - Other Comment letters
- 5 - Summary of Services on the Midcoast
- 6 - Application & Negative Declaration



Granada Sanitary District and Half Moon Bay Boundaries

- Granada Sanitary District
- Half Moon Bay City
- Urban/Rural Boundary

For General Illustration Purposes Only
 Source: SMC0 General Plan
 Source: Adjusted Cal Ann Boundary per Citizen's
 Utilities Map, Effective July 26, 1976.



Granada Sanitary District Reorganization - MND
Proposed Project

FIGURE
3



CITY OF HALF MOON BAY

Attachment 3

City Hall, 501 Main Street
Half Moon Bay, CA 94019

January 12, 2005

Local Agency Formation Commission (LAFCo)
455 County Center, 2nd Floor
Redwood City, CA 94063

Regarding: **Application 04-15 – Proposed Reorganization of the Granada Sanitary District**

Dear Commission:

The City Council of the City of Half Moon Bay respectfully opposes the reorganization of the Granada Sanitary District (GSD) as proposed.

The purpose of the proposed reorganization is to allow the newly formed Community Services District (CSD) to provide park and recreation services in the area of the GSD outside the City of Half Moon Bay, while the CSD continues to provide garbage disposal and sanitary sewer services currently provided by GSD.

The City of Half Moon Bay strongly supports the efforts of residents of the entire Mid-Coast to develop high quality park and recreation services. The City supports the recommendations of Supervisor Rich Gordon and the Mid-Coast Park and Recreation Task Force October 2003 Report to form a Park and Recreation District that would serve all the unincorporated area between the City of Half Moon Bay and Pacifica. The City believes that the current proposal to form a Community Services District that would provide park and recreation services only to El Granada, in addition to the current services of GSD, is the wrong approach.

The City opposes the proposed reorganization because it would dilute the mission of GSD, and exacerbate confusion about boundaries and responsibilities of the new CSD and the City. The City is concerned that it may be difficult or impossible for the proposed Community Service District to continue to provide garbage disposal and sanitary sewer services while meeting the new, additional responsibilities of providing park and recreation services. The addition of new services would require the new CSD to update a host of existing agreements including the Agreement Creating the Sewer Authority Mid-Coastside. It would also require the new CSD to design and administer a challenging division between the financing, staff resources, facilities and other resources that would provide garbage disposal and sanitary sewer services from those that would provide the new park and recreation services. Without a strict division, the current GSD rate payers would have concerns that they are not getting the full benefits and services that they pay for, and that their existing rates are subsidizing the new services. It may not be legally possible to make the division so clear and strong as to be able, for example, to prevent a court from ordering the CSD to pay a contractor for parks equipment out of funds set aside for garbage or sanitary services. Further, in addition to diluting the mission of GSD, regardless of the formal

January 12, 2005

Page 2

legal conditions imposed on the reorganization, as a practical matter, the reorganization will likely compound the existing confusion among many residents who live in the area of GSD within the City about which government entity provides their public services.

By rejecting the current application, LAFCo would allow more discussion regarding the best ways to meet the needs of the Mid-Coast for park and recreation and other services, including, alternative district proposals, possible adjustment of the current overlapping City and GSD boundaries, even possible prospects for City annexation of El Granada.

If, despite the request of the City, LAFCO considers taking action to approve the proposed reorganization, the City would urge LAFCo to continue the item to allow the City and residents of the City to provide LAFCo with additional information and testimony pertinent to its decision.

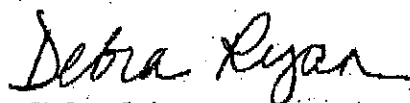
Finally, if LAFCo decides to approve the proposed reorganization and is unwilling to continue this matter, the City would request that LAFCo direct staff to draft additional conditions on the reorganization that:

1. Confirm that the park and recreation service area boundaries do not overlap into the City of Half Moon Bay and may not without a further change of organization
2. Require that all parties of the SAM JPA amend the agreement as necessary
3. Establish financial conditions to protect the JPA interests
4. Set concrete financial boundaries between the services
5. Designate the CSD as the successor to GSD under government Code section 56886.

We appreciate the opportunity to comment on this matter that is before the Commission. Please keep us informed of the process.

Respectfully submitted,

ON BEHALF OF THE HALF MOON BAY CITY COUNCIL



Debra C. Ryan
City Manager

cc: City Council
Adam Lindgren, City Attorney
Chuck Duffy, Granada Sanitary District

Comment Letters
LAFCo File 04-15

**SAN
MATEO
COUNTY**

**RESOURCE
CONSERVATION
DISTRICT**

**625 Miramontes St., Ste. 103
Half Moon Bay, CA 94019-1942
(650) 712-7765 * Fax 726-0494**

December 23, 2004

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

RE: 04-15 - Proposed reorganization of the Granada Sanitary District into the Granada Community Services District

Dear Martha,

The San Mateo County RCD has no objection to the proposed reorganization. Since a portion of the proposed district lies within the boundaries of the RCD, the following comments are offered:

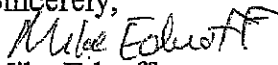
The RCD will continue to provide resource conservation technical assistance, services and programs to landowners currently within our district that are also included in the proposed Granada Community Services District. The RCD will be happy to extend these same services to any properties owned or acquired by the proposed new district.

Half Moon Bay is not within the boundaries of the RCD, however, the RCD also currently provides services to agricultural facilities and rural landowners within the City boundaries, some of which are also located within the proposed new Granada District. The RCD will continue to provide services to these clients as well.

A number of agricultural facilities are included in the proposed new district boundaries. It is important that their input into the process of forming a new district be heard and that their existing right to farm and associated property rights continue to be respected. Working farms are an important component of the culture and quality of life in the coastside. The RCD has been working in voluntary partnership with farmers and other landowners in San Mateo County for 65 years, and would, again, like to offer our services and expertise on agricultural issues to the proposed new district, should there be a need.

Finally, the RCD would request LAFCo to ensure that any future taxes enacted by the proposed new district not negatively impact the existing RCD tax base.

Please contact me if we can provide any additional information.

Sincerely,

Mike Ednoff
Executive Director

*Partnering to Implement Conservation Practices and Promote Environmental Stewardship
on Public and Private Lands Since 1939*

www.sanmateorcd.org

info@sanmateorcd.org

Martha Poyatos - 04-15 - Reorganization of the Granada Sanotary District

From: "John Plock" <jplock@comcast.net>
To: "Martha Poyatos" <mpoyatos@co.sanmateo.ca.us>
Date: 1/4/2005 6:57:31 PM
Subject: 04-15 - Reorganization of the Granada Sanotary District

Martha Poyatos
Executive Officer
Local Agency Formation Commission

I, and many of my neighbors, are opposed to the proposed reorganization of the Granada Sanitary District for the following reasons.

This is the creation of a small special recreation and parks district carved out of a much larger sanitation district. This appears to be contrary to the purposes for which LAFCO was established.

The application states in section E-6 "With a population of approximately 7323, the El Granada area has but .52 acres of community/neighborhood parks." **This is not true.** The El Granada area has:

Approximately 2 acres of an equipped (with slides swings etc. and maintained by the Homeowners association) neighborhood park in the Clipper Ridge (AKA as Princeton By the Sea) area of El Granada.

Has 40 acres in Quarry Park of which 1 acre is a developed children's play area with slides, swings, etc, for the small children of the neighborhood. Quarry Park is owned and operated under a joint powers agreement between the County of San Mateo, the Cabrillo Unified School District and a private nonprofit organization known as Midcoast Parklands. A large area of quarry floor is used for community fund raising events to raise money for Midcoast Parklands to use in the maintenance of Quarry Park. The remainder of the park has vehicular, horse and pedestrian access with trails and benches at view points. There are also portable toilet facilities throughout the park.

Has approximately 25 acres of open space in the 100 foot wide medians of 2.1 miles of the following streets: Avenue Cabrillo, The Alameda, Avenue Portola, Avenue Balboa, and Avenue Granada. These open space areas are maintained by the County of San Mateo. They are also used by some of their immediate neighbors for recreational activities such as horseshoe pits, picnic tables, pedestrian and bicycle paths, swings, etc.

Has several miles of accessible beaches and Pilar Point Harbor which provide opportunities for water related recreational activities. (i.e. swimming, surfing, wind surfing, fishing, kayaking, sailing etc:)

Has 77 acres of open space and undeveloped parklands in the properties recently acquired by the County of San Mateo for Recreation and Park purposes. These properties are known as Mirada Surf East with 33 acres and Mirada Surf West with 34 acres. The County has already established a

development fee for Parks and Recreation and has collected in excess of 150,000 dollars. (See Supervisor Gordon's memo of 9/6/2004. Under Supervisor Gordon/s leadership the County has recently completed a Midcoast Park and Recreation Report. This report is available in the LAFCO files.

In short there is no dearth of existing and future Park and Recreational activities by existing and proposed organizations and therefore no need for a small parks and recreation zone or district as part of a Community Service District.

However, if in your wisdom there is merit to the idea of a Community service District with a small zone set aside for Parks and Recreation District, some preliminary questions arise as to the manner in which the electorate will make the decision. Will the entire district vote upon the creation of a special zone? Will the future Director be elected from districts so that voters outside the special zone have no say in the representation of the zone? Will District Directors representing areas outside the special Parks and Recreation zone be permitted to vote upon matters of concern only to the residents of the zone?

In Section B. 1 Services the application states, without any supporting data, "The availability of proposed district facilities would benefit adjacent Half Moon Bay which presently has inadequate facilities used by residents in the unincorporated Midcoast. The district would likewise benefit the Cabrillo Unified School District by ..." The City of Half Moon Bay has an active Parks and Recreation Program and recently acquired a large parcel for Park purposes. If they and the Cabrillo Unified School have not already done so, I respectfully suggest that they be requested to comment on this application and provide details of their parka such as Smith Field and the activities that take place there.

John Plock
923 Francisco Street
El Granada

Martha Poyatos - Re: 04-15 - Reorganization of the Granada Sanotary District

From: Judy Taylor <jt@judytaylor.com>
To: John Plock <jplock@comcast.net>
Date: 1/5/2005 10:55:12 AM
Subject: Re: 04-15 - Reorganization of the Granada Sanotary District
CC: Martha Poyatos <mpoyatos@co.sanmateo.ca.us>

I agree wholeheartedly with John's comments. The further balkanization of the Coastside does not serve any of our interests and only entrenches more parochialism.

Judy Taylor
 552 Palma
 El Granada, CA
 mail to; 790 Main Street
 Half Moon Bay, Ca 94019

John Plock wrote:

Martha Poyatos
 Executive Officer
 Local Agency Formation Commission

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on this application and provide details of their parka such as Smith Field and the activities that take place there.

John Plock
923 Francisco Street
El Granada

Meredith Folsom
251 San Mateo Road Space #4
Half Moon Bay, CA 94019

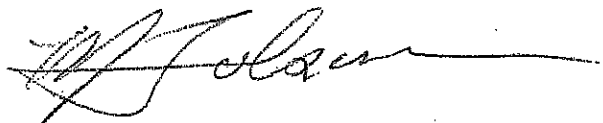
San Mateo LAFCo
455 County Center
Redwood City, CA 94063

RE: Granada Sanitary District's application for parks and recreational powers

To put it plainly, I am opposed to assigning further powers to the Sanitary District. This group of individuals, this organization, was elected for the purpose of dealing with sewage only. They seem to be constantly seeking to add to their powers, which makes me very nervous. Having a group to manage the park is fine, but I believe there is a volunteer group already doing that. Even if there isn't and there is a need to have one, I'd rather vote for folks than have the Sanitary District usurping the power to themselves. Public service can be very lucrative and therefore people once in some kind of position seem to always seek to enlarge their scope and acquire more employees. Besides money, they gain influence in the community, as well as titles for rising in their careers. This stuff is too heady to just give away. You get crooks and tyrants that way.

Thank you for your time and attention.

Regards,

A handwritten signature in black ink, appearing to read 'M. Folsom', with a long horizontal flourish extending to the right.

Meredith Folsom

Attachment 5

Coastside Special Districts		
District Name (L=Locally elected board or BOS=Board of Supervisors as governing board)	Services Provided	Area Served
Coastside County Water District (L)	Water	City of HMB, Unincorp. Midcoast, portion south coast, Hwy 92 Corridor & Skylawn Memorial Cemetery
Montara Water & Sewer District (L)	Sewer and Water	Montara and Moss Beach
Granada Sanitary District(L)	Sewer and Trash collection by contract	El Granada, Princeton, Miramar and a portion of Half Moon Bay
Half Moon Bay Fire Dist.(L)	Fire Protection, Emergency Medical Service	City of HMB, Unincorp. Midcoast south of Pt. Montara Fire Dist. & surrounding rural area
Pt. Montara Fire District (L)	Fire Protection, Emergency Medical Service	Montara, Moss Beach
County Service Area No. 6 (BOS)	Street lighting, water for landscaping, flood control	Princeton by the Sea
County Service Area No. 10 (BOS)(Inactive)	Formed to levy assessments for park maintenance, levy was not passed	Montara, Moss Beach
County Service Area No. 12 (BOS)(Inactive)	Formed to facilitate acquisition and transfer of Citizens Water to Coastside County Water, but remained inactive	Montara, Moss Beach & HMB Airport
Granada Highway Lighting District (BOS)	Street Lighting	El Granada
Montara Highway Lighting District (BOS)	Street Lighting	Montara & Moss Beach
Midpeninsula Regional Open Space (L)	Acquisition, planning and maintenance for Open Space and Agricultural Preservation	Coastal San Mateo County, Bayside San Mateo County from San Carlos south, Portions of Santa Clara/Santa Cruz Counties
San Mateo County Mosquito Abatement District (L)	Mosquito Abatement	San Mateo County
San Mateo County Harbor District (L)	Maintain Harbor and Marina facilities & provide search & rescue at Pillar Point	San Mateo County
San Mateo County Resource Conservation District (L)	Information & education to promote conservation of natural resources, prevent erosion, management practices	Coastal San Mateo Co.

APPLICATION FOR A CHANGE OF ORGANIZATION OR REORGANIZATION TO THE LOCAL AGENCY FORMATION COMMISSION RECEIVED

A. GENERAL INFORMATION

- 1. **Briefly describe the nature of the proposed change of organization or LAFCo reorganization.**

Proposed reorganization of the Granada Sanitary District into the Granada Community Services District with sewer service, garbage disposal, and parks and recreations services under the provisions of Section 61000 et seq. of the Government Code.

- 2. **An application for a change of organization or reorganization may be submitted by individuals in the form of a petition or by an affected public agency in the form of a certified resolution. This application is submitted by (check one):**

Landowners or registered voters, by petition

An affected public agency, by resolution

(If this application is submitted by petition of landowners or registered voters in the affected territory, complete the petition form.)

- 3. **What are the reasons for the proposal?**

Operation and possible acquisition of park and recreation facilities for the residents within unincorporated El Granada.

- 4. **Does this application have 100 % consent of landowners in the affected area?**

yes

no

- 5. **Estimated acreage:**

± 4,010 acres

B. SERVICES

- 1. **List the name or names of all existing cities and special districts whose service area or service responsibility would be altered by the proposed change of organization or reorganization.**

The proposed community services district would have no effect on existing cities or on special districts. The availability of proposed district facilities would benefit adjacent Half Moon Bay which presently has inadequate facilities used by residents in the unincorporated Midcoast. The district would likewise benefit the Cabrillo Unified School District by making public recreation facilities available for school purposes and the Half Moon Bay and Point Montara Fire Protection Districts and the California

Department of Forestry through improvements to park facilities within wildland fire areas.

2. List all changes to the pattern of delivery of local services to the affected area. For each service affected by the proposed change(s) of organization, list the present source of service (state "none" if service is not now provided), the proposed source of service or construction of necessary facilities (if any) and operation. Examples are given on the first two lines of the space provided for your response.

SERVICE	PRESENT SOURCE	PROPOSED SOURCE	FUNDING SOURCE	
			CONSTRUCTION	OPERATING
Parks and Recreation	None	Community Services District	n/a	Current property taxes

C. PROJECT PROPOSAL INFORMATION

1. Please describe the general location of the territory which is the subject of this proposal. Refer to major highways, roads, and topographical features.
The area is bounded by unincorporated Montara to the north, the San Francisco Wildlife Reserve and Water Department boundaries to the east, the City of Half Moon Bay's northwesterly boundary to the SF Water Department boundary to the south, and the Pacific Ocean to the west, excluding area within the city limits of Half Moon Bay (see attached map).
2. Describe the present land use (s) in the subject territory.
Land uses include single family and multi family residential, commercial, industrial, light manufacturing, institutional (airport, hospital, harbor), and agricultural.
3. How are adjacent lands used?
North: Single family residential and agricultural
South: Single family residential and agricultural
East: Open space (wildlife and watershed lands)
West: Ocean
4. Will the proposed change of organization result in additional development? If so, how is the subject territory to be developed?
No, creation of a community services district will not increase or impact levels of development.
5. What is the general plan designation of the subject territory?
Very Low Density Residential; Medium Low Density Residential; Medium Density Residential; Medium High Density Residential; High Density Residential; Neighborhood Commercial; Commercial Recreation (Coastside); General Industrial; Airport; Institutional; Public Recreation; Agriculture; General Open Space

6. **What is the existing zoning designation of the subject territory?**
 RM; RM CZ/DR/CD; RM CZ/AO/DR/CD; RM CZ/DR/GH/CD; PAD/CD;
 PAD/DR/GH; R 1/S 10/DR/GH; R 1/S 9/DR; R 1/S 17/DR; R 1/S 17/AO/DR; R1/S
 17/DR/GH; R 3 A/S 5/DR; PUD; P/GH; C 1/S 3/DR; CCR/DR; COR/DRIGH;
 COSC/DR; M 1/DR; M 1/AO/DR; H 1/DR; W/AO/DR; W/DR
7. **What rezoning, environmental review, or development approvals have already been obtained for development in the subject territory?**
 Initial study and mitigated negative declaration have been prepared by the applicant.
8. **What additional approvals will be required to proceed?**
 Vote of electorate to establish the district and election of a five member board of directors.
9. **Does any portion of the subject territory contain any of the following -- agricultural preserves, sewer or other service moratorium or wetlands subject to State Lands Commission jurisdiction?**
 Yes. Within the proposed district boundaries are agricultural preserves and wetlands.
10. **If no specific development projects are associated with this proposal, will the proposal increase the potential for development of the property? If so, how?**

No additional specific development projects are associated. It is expected that additional recreation and park development will occur.

LAFCO will consider the person signing this application as the proponent of the proposed action(s). Notice and other communications regarding this application (including fee payment) will be directed at:

NAME: Granada Sanitary District

ADDRESS: 504 Avenue Alhambra, Suite 202
 P.O. Box 335
 El Granada, CA 94018

ATTN: Chuck Duffy, General Manager

PHONE: 650-726-7093

Chuck Duffy by *Delia Corvito*
 for *Chuck Duffy*
SIGNATURE OF PROPONENT:

D. AFFECTED PUBLIC AGENCIES

Please complete this section if this application is submitted by resolution of one or more affected public agencies. Certified copies of resolutions listed below must accompany this application.

1. The names and resolutions of agencies applying for the change of organization or reorganization described above are as follows:

AFFECTED AGENCY	RESOLUTION NO.	DATE ADOPTED
Granada Sanitary District	2004-021	11/18/2004

2. Does this application have 100 % consent of landowners in the affected area?

_____ Yes X No (If Yes, include proof of consent.)

E. PLAN FOR PROVIDING SERVICES

- Enumerate and describe the services to be extended to the affected territory.**
The affected territory is already provided with sewage and garbage disposal services by the Granada Sanitary District. This district will be dissolved as a part of this reorganization. Parks and recreation services are proposed to be extended to the new community services district.
- Describe the level and range of those services.**
The level and range of services will vary depending upon the potential projects proposed by the Board of Directors or individual groups or citizens.
- Indicate when those services can feasibly be extended to the affected territory.**
This will also vary depending on the proposed project.
- Indicate any improvements or upgrading of structures, roads, sewer or water facilities, or other conditions to be imposed or required within the affected territory.**
None.
- Describe financial arrangements for construction and operation of services extended to the affected territory. (Attach proposed operations budget if available) Will the territory be subject to any special taxes, charges or fees? (If so, please specify.)?**
There is no additional construction or operation of services planned at this time, aside from the existing sewer and garbage disposal services. The parks and recreation

services will only commence subject to the approval of a proposed project. No new special taxes, charges, or fees will be imposed, aside from the current sewer and garbage disposal fees.

6. In as much detail as required to give a clear explanation, explain why this proposal is necessary at this time.

Residents within the unincorporated El Granada area are significantly underserved in community and neighborhood park facilities and recreation programs. With a population of approximately 7,323, the El Granada area has but .52 acres of community/neighborhood parks. National Park and Recreation Facility Standards indicate that, at a minimum, this populace should have 15.5 acres of neighborhood parkland and 46.3 acres of community parkland. At present, El Granada area residents have less than 1 % of this total, which negatively affects community health, welfare, vitality and property values.

The unincorporated El Granada area is isolated from adjacent park and recreation facilities and programs except those of adjacent City of Half Moon Bay. Half Moon Bay has approximately 11,842 residents, and has approximately 18 acres of community and neighborhood parks, 71% below national standards. These facilities are overused by both City residents and the population of the unincorporated area.

The County of San Mateo and State own and operate regional parks in the vicinity of the El Granada area. However, these are largely unimproved, with no facilities for active recreational activities such as playing fields and are largely not within the distance radii recommended by national standards (1/3 of a mile for neighborhood parks; 1 mile for community parks).

As regards rural type open space and recreation, the County and State parks and beaches serve a much larger population than the El Granada area, although they also serve residents of the El Granada area. In the past, residents of the El Granada area have also had relatively free access to privately owned properties within the El Granada area for rural type recreation and open space. However, as the increasing population of the El Granada area has placed greater demand upon such privately held properties and as development has occurred on formerly open lands, access has become more restricted.

Presently, no agency provides community park facilities and active recreational programs or open space connections to surrounding regional park facilities. In addition, no special district exists which includes all of the territory of the El Granada area, which has the power to provide recreation and park services, which has the power to acquire property for park and recreational purposes, which has an elected Board of Directors, which has the ability to receive grants and levy taxes and assessments and otherwise provide for local park and recreational needs.

Benefits of a Granada Community Services District include the following:

- A local district would be best able to ascertain the desires of local residents, respond to complaints and requests, focus entirely on park issues and operations, move quickly to acquire available properties and develop a long range plan for Coastside recreation.
- A local district with its own staff and economic base would not place a burden upon County staff and County economic resources.
- There is no existing entity available to provide park and recreation facilities in the area. The County's policy has been to operate only regional park facilities.

This section completed by Chuck Duffy, General Manager, Granada Sanitary District

GRANADA SANITARY DISTRICT

RESOLUTION NO. 2004-021

**RESOLUTION OF APPLICATION FOR A REORGANIZATION OF THE GRANADA
SANITARY DISTRICT INTO A COMMUNITY SERVICES DISTRICT**

WHEREAS, the Board of Directors of the Granada Sanitary District has determined that it is in the public interest for it to reorganize the Granada Sanitary District into a Community Services District under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the proposed Reorganization includes the dissolution of the Granada Sanitary District and the concurrent formation of a Community Services District; and

WHEREAS, a description of the boundaries of affected territory accompanied by a map showing the boundaries is attached as Exhibit C hereto; and

WHEREAS, the proposed terms and conditions are set forth in Exhibit D hereto; and

WHEREAS, the reason for the proposal is to enable a local existing public entity with a locally elected board of directors to provide parks and recreation services in the El Granada area; and

WHEREAS, the proposal contained in the Application attached hereto is consistent with the sphere of influence of any affected city or affected district; and

WHEREAS, this Resolution of Application is submitted with the Application for the Reorganization of the Granada Sanitary District into a Community Services District and a Plan for Services.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Granada Sanitary District that the Application for Reorganization of the Granada Sanitary District into a Community Services District attached hereto as Exhibit A is hereby approved and the General Manager is authorized and directed to file it with the San Mateo County Local Agency Formation Commission.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Board of Directors of the Granada Sanitary District that the Plan of Services attached hereto as Exhibit A is hereby approved and the General Manager is authorized and directed to file it with the San Mateo County Local Agency Formation Commission.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Board of Directors of the Granada Sanitary District requests that proceedings be taken for the proposal contained in the attached Application pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the Granada Sanitary District, held on the 18th day of November 2004.

AYES, and in favor thereof, Members: Clark, Lohman, McGraw, Pollard, Woren.

NOES, Members: None.

ABSENT, Members: None.


ABSTAIN, Members: None.



~~Shawn McGraw, President~~

Leonard Woren, Vice President

Countersigned:



Fran Pollard, Secretary