

Midcoast Community Council

An elected Municipal Advisory Council to the San Mateo County Board of Supervisors

Serving 12,000 coastal residents

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September 24, 2008

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Supervisor R. Gordon
400 County Center
Redwood City, CA 94063

Re: Comments on August 18, 2008 draft Preliminary Sphere of Influence Report for the City of Half Moon Bay and Unincorporated Midcoast

Dear Supervisor Gordon:

The Midcoast Community Council supports the Preliminary Sphere of Influence Report recommendation on page 11 that designates a sphere of influence for the City of Half Moon Bay “coterminous with existing boundaries” and that designates spheres of influence for each of the local agencies providing services in the Midcoast, consistent with their existing service boundaries.

The Midcoast Community Council (MCC or Council) is an elected Municipal Advisory Council created in 1991 pursuant to Government Code section 31010, representing approximately 12,000 residents of the unincorporated Midcoast. San Mateo County Board of Supervisors Resolution 55042 creating the Council states:

WHEREAS, the unincorporated areas of Montara, Moss Beach, El Granada, Miramar and Princeton (hereinafter referred to as the Midcoast):

- Are neighboring communities with a strong sense of identity and common problems,
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- Desire a vehicle for exploring the feasibility and merits of governmental organization alternatives, such as incorporation and annexation; and

WHEREAS, the Board of Supervisors finds that it is in the best interests of this County to establish a Municipal Advisory Council for the Midcoast;

NOW, THEREFORE, IT IS HEREBY RESOLVED as follows:

3. The Midcoast Community Council is established to advise the San Mateo County Board of Supervisors on matters including, but not limited to, public health, safety, welfare, public works and planning which affect the Midcoast.

Given the mission of the MCC, it is appropriate for the Council to comment on the draft recommendations for updates to the spheres of influence of the local special districts that serve residents in our communities, and for the City of Half Moon Bay. The MCC has a “Forms of Government” committee that has investigated alternative government structures for the Midcoast, including annexation to Half Moon Bay, incorporation as a separate city, or continuation of existing and new services through local special districts. This community dialog should be encouraged, consistent with the Board of Supervisors resolution quoted above.

“A Sphere of Influence designates an agency’s probable future physical boundary and service area. It is territory that a city or special district will annex in the future. It’s also the area where the local government will build facilities and deliver services sometime in the future. A sphere of influence is often bigger than a local government’s current jurisdiction.” – It’s Time to Draw the Line, A Citizen’s Guide to LAFCOs, published by the California State Legislature

The existing spheres of influence for the City of Half Moon Bay (HMB), Coastside County Water District (CCWD), Granada Sanitary District (GSD), and Montara Water and Sanitary District (MWSD) were first established by LAFCo in 1969. Conditions have drastically changed since that initial determination, including the addition of water service by MWSD as a result of special enabling legislation passed in 1991 and ratified by over 91% favorable vote of the Montara / Moss Beach community in 1992. Notwithstanding periodic reviews, there has been no serious consideration of those changed circumstances and reasons for modifying existing spheres of influence until the current Preliminary Sphere of Influence Report.

San Mateo County LAFCo should be congratulated on finally taking a serious look at changed conditions and recommending new spheres of influence that are appropriate for the current situation. Half Moon Bay’s obsolete 1969 sphere of influence, which includes the entire coastside, does not seem appropriate under the constraints of today’s political and fiscal realities.

The Midcoast Community Council is particularly concerned that the recommended spheres of influence allow existing special districts to propose reorganizations or activation of latent service powers so that they may fulfill critical park and recreation needs for the Midcoast, as well as allowing the creation of a new special district to fulfill these functions. The LAFCo goal of reducing the number of special districts is not achieved by establishing spheres of influence that force formation of a new park and recreation district, rather than using existing local agencies.

The remainder of this letter provides some background and history that may not be as well known to you or the LAFCo Commissioners as it is to local residents while you consider the Preliminary Sphere of Influence Update Report (Report).

Background and Overview

“An important consideration in the Commission’s decisions on spheres of influence is the determination that a community of interest exists within an area to be placed within a single sphere.” – December 1984 Sphere of Influence Study for Mid-Coastside San Mateo County

Following World War II, the San Francisco Bay Area grew rapidly, with development filling in San Francisco’s Sunset District, moving into Daly City, expanding communities along the Southern Pacific rail / El Camino Real corridor, and forming new cities such as Foster City. The Coastside was the last large undeveloped area in San Mateo County. Buildout population estimates in the mid-1950s varied from 140,000 to more than 238,000, according to newspaper articles from the time. As one example of anticipated growth here, the April 19, 1958, issue of the *Half Moon Bay Review and Pescadero Pebble*, in an article headlined “Coast Progress Is Forecast At Conference,” wrote: “Keynote was sounded by County Planning Director Frank S. Skillman who said that by the turn of the century agriculture will have disappeared from this county and that the Coastside had better prepare for an avalanche of people on ‘sleepy San Gregorio, peaceful Pescadero and happy Half Moon Bay.’ Population of the area, now 7,000 will be 120,000 by 1970, Skillman predicted, and the capacity is up to three times even that.”

The San Mateo County Planning Commission approved a Preliminary General Plan for the Mid-Coastside District in 1962, showing anticipated levels of growth and the nearly total elimination of agriculture in the County, much as Mr. Skillman had suggested four years earlier.

The State Legislature created Local Agency Formation Commissions in 1963 to deal with and attempt to control the proliferation of cities and special districts throughout the state resulting from California's rapid population growth. San Mateo County LAFCo was among the first to adopt the concept of a "sphere of influence" to define the territory in which each agency was expected to eventually provide services. The current coastside spheres of influence were designated in 1969 and have been continued with little careful study and review.

Extensive legislative and tax policy changes since 1969 have made it unlikely that the City of Half Moon Bay will have the financial resources to annex the territory north of the current city limits in the foreseeable future. Half Moon Bay has no plan to service the municipal needs of the Midcoast under an annexation scenario. The City most recently consistently voted not to be a part of a regional solution to wet weather flow problems affecting the Sewer Authority Mid-Coastside, a joint powers authority of which the City is a member. The City has taken the position that it has no responsibility or obligation for essential infrastructure improvements in its own existing sphere of influence, which further underscores the City's separation from the Midcoast. **We urge the Commission to support the staff recommendation for Half Moon Bay's sphere of influence, specifically, to designate Half Moon Bay's sphere of influence as coterminous with the existing city limits.**

As structured, existing Midcoast special districts cannot provide all of the services of a city. San Mateo County, as the provider of last resort, has failed to meet community needs. As noted on page 12 of the Report, "Capacity of public facilities and adequacy of public services in the unincorporated area are characterized by . . . lack of park and recreation facilities and programs in the unincorporated area . . ." among other problems.

The need for park and recreation facilities in the Midcoast has been extensively studied, including efforts by the MCC's Park and Recreation Committee, San Mateo County Park and Recreation Department, and the Midcoast Recreation Planning Team, among others. The Midcoast Community Plan adopted by the Board of Supervisors in 1978 outlined proposed park and recreation needs. More recently, the County conducted a Midcoast Recreational Needs Assessment in 2002, followed by a Midcoast Parks Action Plan. The goals of all these studies and plans are consistent with the Shared Vision 2010 The Promise of the Peninsula prepared by the Board of Supervisors.

The path to effective implementation of the LAFCo recommendation for parks and recreation has complexity and involves many players. During the past year and a half the need assessment and action plan for parks and recreation services have been undertaken by the Midcoast Action Plan Committee (MAPC). That committee has been chaired by the County (Dave Holland, Director of San Mateo County Parks and Recreation) and MCC's current chairs of its Park and Recreation Committee has been a member of MAPC. The report of that committee, Midcoast Action Plan for Parks and Recreation – Planning Team Report, has been vetted extensively in all relevant parts of the coastside. It is supported by the MCC and was adopted by the Board of Supervisors with supportive community comment in May of this year.

The thrust of LAFCo's recommendation is the creation of a parks and recreation body that represents Midcoast residents' interests and is organizationally and financially efficient. The two bodies that have organizational effectiveness and manage the existing property tax base are GSD and MWSD. Both of these agencies have expressed an interest in fulfilling parks and recreation needs in terms of service, revenue, and governance.

As it relates to parks and recreation in the Midcoast in the near term, the Council desires to see:

- Adoption of revised spheres of influence for Half Moon Bay, GSD, and MWSD
- Continuity and coordination of the action elements of the Midcoast Action Plan Report
- An efficient process to create a coordinated and possibly graduated plan for Midcoast Parks and Recreation that is acceptable to LAFCo, the affected agencies, and the local community, and that also reflects current local government organizational structures

The Council believes that this will require the cooperative work of several groups including the MCC and the Council desires to play a role in such a process.

The recommended spheres of influence in the Report recognize and respond appropriately to this problem. "With concurrence that park and recreation is a vital service that must be met in the unincorporated area, the recommended sphere of influences . . . provides a plan for establishing an agency dedicated to park and recreation for the unincorporated area," the Report states on page 13, and then continues: "Recognizing that water and sanitary services are enterprise functions, opportunities exist to establish rates to recover the cost of providing water and sewer service, to facilitate transfer of property tax to a community services district focusing on park and recreation programs and provide for a direct governance model for Midcoast voters."

The recent Municipal Service Review for the City of Half Moon Bay and Unincorporated Midcoast, adopted by LAFCo in June of this year, called particular attention to Government Code section 16270, and the intent of the State Legislature that enterprise services should be financed exclusively through user fees and charges. A recommendation from the Legislative Analyst Office to eliminate tax revenue to enterprise districts alarmed both the GSD and MWSD boards. Sacramento has already diverted 40% of the local property tax revenue to meet State obligations. Both GSD and MWSD are interested in performing non-enterprise services to their communities so that local property tax revenues can be allocated to those non-enterprise services and remain available to meet local needs.

It is the Council's understanding that GSD is planning to submit an application to LAFCo for reorganization as a Community Services District, to carry out this approach. GSD needs its own non-zero sphere of influence to facilitate this community-oriented solution. Failure of Measure O in the recent November 2007 election eliminates the anticipated tax revenue that San Mateo County Parks and Recreation Department had hoped would support Midcoast parks and recreation. GSD appears to be willing to step in to fulfill this need. **We urge the Commission to support the staff recommendation for Granada Sanitary District's sphere of influence.**

MWSD has also begun consideration of providing recreation services, as allowed under its enabling legislation, so that local property taxes can support local services, rather than being diverted to fund Sacramento's responsibilities. MWSD also needs its own non-zero sphere of influence for this potential solution to park and recreation needs to be viable. **We urge the Commission to support a modified staff recommendation that recognizes the historic service area of Citizens Utilities Company of California as part of MWSD's sphere of influence.**

The final enterprise service provider serving the Midcoast is Coastside County Water District. It is the Council's understanding that CCWD is not considering any changes to its organization or services that would allow it to provide park and recreation services. However, CCWD's participation is not necessary to meet Midcoast park and recreation needs, because GSD's recommended sphere of influence, together with MWSD's, cover the entire unincorporated portion of the Coastside where park and recreation services are needed. **We urge the Commission to support a sphere of influence for CCWD coterminous with its existing service area, including only the Midcoast communities of Miramar, El Granada, and Princeton.**

Brief History of Agencies, Spheres of Influence, and Significant Changed Circumstances

Local government on the Coastside began in 1947 with the formation of Coastside County Water District. Beginning in the mid-1950s, discussion of forming a Coastside city resulted in an incorporation committee, largely based around the Spanishtown area. Attempts to solicit interest and participation in forming a larger Coastside city among residents of El Granada and areas further north were unsuccessful. During this time, both the Pillar Point Improvement Association and the Montara / Moss Beach Improvement Association held many public meetings to discuss alternatives for local government and provision of necessary services.

To solve discharges of untreated wastewater into the Pacific Ocean and provide for the growth anticipated in the mid 1950s, San Mateo County proposed a coastside sanitation district extending from Devil's Slide to Purissima. This plan was opposed nearly unanimously by the property owners and voters on the coastside, who were unwilling to be assessed for a sewage treatment plant designed to serve the massive development envisioned at the time.

Meanwhile, at the same time as the discussions proposing the formation of the City of Half Moon Bay were occurring, the separate local communities of El Granada / Princeton (through the Pillar Point Improvement Association) and Montara / Moss Beach (through the Montara / Moss Beach Improvement Association) were proceeding to form independent local districts to meet their own sanitary sewer and wastewater treatment needs. These districts – Granada Sanitary District and Montara Sanitary District – were formed in 1958. The City of Half Moon Bay was finally incorporated in 1959.

Looking at the aerial photographs from this period clearly indicates why these three separate communities were interested in local solutions. Large agricultural areas separated the developed area around Spanishtown, the developed area around Princeton and El Granada, and the developed area in the Montara / Moss Beach community. The breakwater at Pillar Point Harbor had not yet been built.

Despite the independent spirit of these separate Midcoast communities, a sphere of influence study in 1969 and the 1984 Sphere of Influence Study for Mid-Coastside San Mateo County concluded that in the long term (using a 20-year planning horizon), the entire coastside between Pacifica and Pescadero should be encompassed by a single coastal city. Accordingly, it gave the City of Half Moon Bay a sphere of influence that included the entire coastside. There has been no comprehensive evaluation and update of coastside spheres of influence until the current LAFCo Report, which responds to recent legislative mandates.

When LAFCo first established its now-obsolete spheres of influence for the Midcoast in 1969, Half Moon Bay was the only incorporated coastal city in San Mateo County south of Pacifica. The general view at that time was for an urban / suburban community stretching from south of Half Moon Bay to the southern base of Montara Mountain. California Department of Transportation (CalTrans) was planning a four-lane freeway bypass of Devil's Slide, together with a 19th Avenue freeway from the San Mateo / Hayward bridge in San Mateo out to a proposed Coast Freeway (even including a tunnel through the Coastal Range), as well as other freeway connections from I-380 into what is now Pacifica and along the current Route 84 corridor. Interstate 280 along the Crystal Springs reservoirs had already been built, including an interchange for the 19th Avenue Freeway (now Route 92).

Developers, supervisors, and commercial interests were planning for the urban growth that would follow the anticipated infrastructure construction. In its original 1969 determination and later 1984 re-affirmation of coastside spheres of influence, it may have been appropriate for LAFCo to have determined that a "single-city" coastside governmental model seemed to be most consistent with

anticipated circumstances.

However, many factors negating that determination have changed since Half Moon Bay's Sphere of Influence was adopted in 1969, including:

- Statewide voter approval of Proposition 20, the California Coastal Zone Conservation Act, in 1972, which limited and regulated development in the Coastal Zone
- Legislative enactment of the California Coastal Act in 1976 and creation of the California Coastal Commission
- The fiscal effects of Proposition 13, enacted by initiative in 1978, that have drastically limited the City's taxing powers that could support any notion of annexation
- Certification of San Mateo County's Local Coastal Program in 1980 and subsequent certification of the City of Half Moon Bay's Land Use Plan and later its Coastal Plan
- Passage of Measure T in 1996 by over 74% of San Mateo County voters approving a two-lane tunnel rather than the Devil's Slide Bypass freeway
- Approval of Midpeninsula Regional Open Space District's annexation of the Midcoast area in 2004, resulting in protection of some coastal open space lands
- A 2008 court decision in the Beachwood case severely affecting the City's economic capability for annexation of territory that would increase its fiscal responsibilities

Half Moon Bay – incorporated in 1959 – has had 49 years to pursue annexation of some or all of the Midcoast and has not pursued any action towards annexation. Half Moon Bay's repeated refusal to participate in the Sewer Authority Mid-Coastside Wet Weather Flow Program improvements within its current sphere of influence – including upgrades to serve the portion of GSD within HMB's city limits – reinforces the perception that HMB cannot see and plan beyond its own city limits. LAFCo should recognize the political reality and redraw HMB's sphere of influence to be coterminous with the existing city limits, as recommended in the Report. This will allow the Midcoast to continue to pursue its own solutions independently, as it has done for over 50 years.

Existing Half Moon Bay Sphere of Influence No Longer Viable

The 1984 Sphere of Influence study concluded that the long-range goal for the Coastside was a single city, encompassing all municipal services. At that time, the distorting effects of Proposition 13's limits on property tax revenue were not fully understood. Half Moon Bay today receives only 22% of its revenue from property taxes; other revenue sources include sales taxes and transient occupancy taxes. For Half Moon Bay to annex any portion of the Midcoast, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires preparation of a plan of service showing sources of financing, as well as environmental studies required under the California Environmental Quality Act. Half Moon Bay would be under severe financial constraints to implement the needed services for the Midcoast to support annexation.

Following the 1984 Sphere of Influence study, LAFCo prepared a Mid-Coast Incorporation / Annexation Fiscal Study, released in June 1998. That thorough and excellent study prepared by LAFCo staff found that annexation of the Midcoast to the City of Half Moon Bay would increase the City's deficit by \$1,440,000 (in 1998 dollars). Clearly, annexation and a single coastal city are not financially viable given the constraints on government financing imposed by Proposition 13, subsequent initiatives, legislative action, the recent Beachwood court decision, and the extensive urban infrastructure deficiencies noted in the Report on pages 11 and 12. Simply stated, a Midcoast single-city model would not be viable anytime in the foreseeable future.

Conclusion

Half Moon Bay has not acted to plan, promote, or protect its alleged future interests in the unincorporated area. The City has not lobbied San Mateo County to improve roads or implement storm water controls or storm water management infrastructure. It has allowed the infrastructure to become increasingly overloaded by urban level growth. The City has no plan to service the unincorporated area in its existing obsolete 1969 sphere of influence.

Based on extensive interviews with individual homeowners in the Midcoast, it is quite evident that the Montara / Moss Beach, El Granada, Miramar, and Princeton communities have no interest in joining Half Moon Bay as part of a single Coastside city.

The Midcoast Community Council strongly supports the recommendation in the Preliminary Sphere of Influence Update report to designate Half Moon Bay's sphere of influence along existing city limits, allowing for the Midcoast community to continue solving its own problems.

LAFCo's long-range goal of a single coastside city, reflected by the existing Half Moon Bay sphere of influence, should not prevent intermediate steps that can meet immediate local community needs with existing agencies.

Respectfully submitted,

Leonard Woren, Chair

Cc Martha Poyatos