

**LOCAL AGENCY FORMATION COMMISSION**

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

October 12, 2011

TO: Members, Local Agency Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: Municipal Service Review and Sphere of Influence  
Update for County Service Area 11 (Pescadero)

Summary:

Attached please find the municipal service and sphere of influence update for County Service Area 11 (Pescadero) (CSA 11). This is the first municipal service review for CSA 11. LAFCo is required by State law to complete municipal service and sphere of influence reviews for all cities and special districts in the County by taking the following actions: prepare a Municipal Service Review report and adopt Municipal Service Review Determinations pursuant to Government Code Section 56430; adopt Sphere Influence Determinations pursuant to Government Code Section 56425; and reaffirm or amend the sphere of influence.

The Commission held a study session in Pescadero on September 21 and received comments. The attached report reflects comments received at the study session and new comparative water rate information. The recommended service review determinations in many cases serve as recommendations to the County of San Mateo and the community regarding the Community's water system and other infrastructure deficiencies including flooding and lack of a public sewer system. The report also recognizes the limitations of a municipal service review when applied to a County Service Area serving the rural service center portion of the Community of Pescadero and recommends that the County of San Mateo consider preparation of an area plan or community plan for Pescadero to more comprehensively address local issues and unique physical and land use situations found in various areas of the County including Pescadero.

It is recommended that the Commission:

- 1) Accept the attached Municipal Service Review and Sphere of Influence Report
- 2) Adopt Municipal Service Review Determinations found on pages 23 to 25
- 3) Adopt Sphere of Influence determinations found on pages 25 to 26
- 4) Reaffirm the status quo sphere of influence of CSA 11 as detailed on page 26
- 5) Direct the Executive Officer to transmit the adopted report and determinations to the County of San Mateo, Pescadero Municipal Advisory Council and other affected agencies.

**Municipal Service Review and Sphere of Influence Update**  
**County Service Area No. 11 (Pescadero)**  
**October 12, 2011**

Introduction

This municipal service review and sphere of influence update for County Service Area 11 is being completed as required by Government Code Sections 56425<sup>1</sup> and 56430. County Service Area 11 is a County-governed special district formed in 1988 to finance the development of a new water source and serve as the water provider for the Pescadero community. Section 56425 requires LAFCo to periodically update spheres of influence. Section 56430 requires that in order to prepare and update spheres of influence in accordance with Section 56425, the Local Agency Formation Commission<sup>2</sup> shall conduct a service review of the municipal services provided in the county or other appropriate area. A municipal service review is an analysis of public services in which determinations are made regarding adequacies or deficiencies in service, cost effectiveness and efficiency, government structure options and local accountability. This version of the report includes new text responding to comments received at the September 21 LAFCo workshop in Pescadero and comparative water rates.

Section 56430 requires LAFCo to adopt considerations in the following areas.

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

Documents referenced in this municipal service review include the following and are available on the LAFCo website ([www.sanmateolafco.org](http://www.sanmateolafco.org)):

- Assessment of Source Water for the Pescadero Water System – CSA 11, 2002, Todd Engineers

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<sup>1</sup> Sphere of Influence is defined as the plan for the probable physical boundaries and service area of a city or district, as determined by the Commission. County Service Area 11 boundaries are limited by the Local Coastal Program to the existing boundaries of Pescadero as a rural service center.

<sup>2</sup> Created by the State legislature in 1963, the Local Agency Formation Commission (LAFCo) is a State-mandated, independent commission with countywide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations, consolidations and dissolutions. A fact sheet on LAFCo is attached to this report.

- Pescadero Community Sewer Project, Facilities Planning Report, 2008  
HydroScience Engineers, Inc.
- Pescadero Fire Flow Analysis, 2009, Winzler & Kelly

### County Service Area 11

County Service Area 11 (CSA 11) was formed in 1988 pursuant to enabling legislation permitting creation of a county service area (Government Code Section 25210 et seq.) to provide water service to the portion of Pescadero included in the boundaries of the urban rural boundary. The urban rural boundary is coterminous with the rural service center boundary and designates the area as eligible for municipal water service under the County of San Mateo General Plan and Local Coastal Program.<sup>3</sup> At the time of formation, the only water supply was individual domestic wells, water from surface impoundments, and locally derived groundwater from wells installed in the alluvial aquifer of Pescadero and Butano Creeks. In the 1970's and 1980's these sources were found to contain relatively high concentrations of nitrate and other naturally occurring salts. This prompted the development of a public groundwater source. The water system was constructed in 1991-1992 and water rates were established at that time. Portions of Pescadero are also served by the County-governed Pescadero Highway Lighting District. Formed to finance street lighting, the District is not subject to sphere of influence designations but is included in this study under discussion of municipal services provided in the area. (Map #1 attached.)

County Service Areas under their enabling legislation may provide all the services of a city, except land use. The only active power provided by CSA 11 is water. If as discussed below it is determined that other services such as sewer can be provided and that CSA 11 would be the operator, it would be necessary to apply to LAFCo for expansion of powers to provide that service.

### Pescadero

Located in San Mateo County's rural south coast approximately 14 miles south of the City of Half Moon Bay and two miles east of Highway One, Pescadero is an unincorporated community with a Census 2010 population of 643<sup>4</sup> and comprising 77.4 acres. First settled in the 1800's on the flood plain of the Pescadero Creek, Pescadero is designated a rural service center in the County's General Plan and Local Coastal

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<sup>3</sup>The County of San Mateo Local Coastal Plan (LCP) defines Rural Service Centers as small rural communities having a combination of land uses which provide services to rural areas. The LCP identifies Pescadero and San Gregorio as Rural Service Centers. County General Plan Policy 9.16 (a) provides for the Urban Rural boundary to be coterminous with the Rural Service Center boundaries.

<sup>4</sup> The Census Designated Place boundaries for Pescadero are not coterminous with the LCP boundaries of the Rural Service Center boundaries of Pescadero. The Pescadero Community Sewer Project Report (October 2008) cites a population of 755, noting that this may include residents outside the Rural Service Center.

Program. The Pescadero Rural Service Center boundaries are coterminous with Urban/Rural boundary, which designates areas eligible for urban services. The Rural Service Center area of Pescadero consists of three non-contiguous areas: the eastern area has residential and commercial land uses as well as Pescadero Elementary School, to the west is an area of residential uses, further west on Pescadero Road is County Fire Station Number 59, which was annexed to CSA 11 in 1994.

The Pescadero community and surrounding rural areas are represented by the Pescadero Municipal Advisory Council (PMAC). Established by the Board of Supervisors in 1992, PMAC advises the San Mateo County Board of Supervisors on issues affecting residents of Pescadero, Loma Mar, Butano Canyon and other South Coast communities. PMAC is comprised of 13 members including the Board Member representing Supervisorial District 3 and twelve members, eleven of whom must reside in one of four districts and there is one member-at-large. Pescadero is part of District 1. (Map #2 attached.) The Council meets the second Tuesday of the month at 7:30 p.m. More information about PMAC is available at: <http://www.pescaderocouncil.org>.

Municipal type services provided in the area are summarized below.

<b>Pescadero (Census 2010 Population - 643)</b>						
<b>Police</b>	<b>Fire &amp; Emergency Response</b>	<b>Water</b>	<b>Sewer</b>	<b>Garbage/ Recycling</b>	<b>Lighting</b>	<b>Roads/Other<sup>5</sup></b>
Sheriff	County of San Mateo via contract with CalFire	County Service Area 11 (San Mateo County Dept. of Public Works)	Private Septic Systems	See footnote <sup>6</sup> and discussion below	Pescadero Highway Lighting District	County of San Mateo

Key Issues

1. Pescadero’s remote location and small population base inherently result in relatively high cost of services including municipal water and solid waste collection.
2. Infrastructure and funding deficiencies exist in the areas of water supply and distribution, flood control and mitigation, solid waste and no public wastewater system.
3. The CSA 11 water system consists of 90 connections and relies on well water with an aquifer, which has been determined to have a limited life. When

<sup>5</sup> Roads, General Government Services

<sup>6</sup> As a remote community there is limited garbage collection service with approximately 80 residents or business owners contracting individually for curbside service. Residents and business owners who do not pay for curbside service take solid waste to the transfer station accessed from Bean Hollow Road, near Pescadero Creek Road or other disposal facilities. See discussion of Transfer Station in following pages.

- constructed, the distribution system met and continues to meet residential fire flow requirements, but was not designed to meet current fire flow requirements of the commercial district.
4. Absent CSA 11 system improvements to meet commercial fire flow requirements, new development in the commercial district would be subject to on-site fire suppression water systems.
  5. Current water rates do not support year-to-year operation of the water system, and do not include costs associated with capital improvements that would allow the system to meet commercial fire flow requirements or drilling of an additional well to address the limited aquifer.
  6. Solid waste services for the Pescadero Rural Service Center and surrounding areas are provided via a County operated transfer station. Rates for use of the transfer station do not cover the cost of operations. A subsidy from the Solid Waste Fund has been used to subsidize the transfer station budget. As the Solid Waste Fund balance declines the subsidy will be eliminated. The County of San Mateo Public Works Department has deferred issuing a request for proposal for consultants to evaluate options for providing disposal/recycling without the Solid Waste subsidy pending a proposal from the Pescadero Municipal Advisory Council for operation of the transfer station by a non-profit.
  7. Pescadero is located in the Pescadero-Butano Watershed, the largest coastal watershed between the Golden Gate and San Lorenzo River in Santa Cruz. Much of the Town of Pescadero and Pescadero Creek Road (main access from Highway 1) are located in the flood plain of the Pescadero and Butano Creeks and are subject to flooding annually. Frequent flooding causes physical damage and negative economic impact and is a threat to public safety, public health and natural resources. Flooding on Pescadero Creek Road causes closure of the road and is a severe public safety problem.
  8. Challenges to preparation of a comprehensive plan to respond to flooding in Pescadero include multiple layers of regulatory jurisdiction, surrounding sensitive habitat, combination of public and private landowners, and lack of funding to develop a comprehensive plan.
  9. The San Mateo County Resource Conservation District has applied for a Bay Area Integrated Regional Water Management Plan Grant to create a watershed council and develop a comprehensive plan<sup>7</sup> to remediate flooding in Pescadero.

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<sup>7</sup> The Grant provides for 15% design completion. Additional grants or other funding would be required to finish the design and complete the project.

10. The Community does not have a public wastewater system. Homes and businesses in Pescadero are served by individual septic systems. The California Regional Water Quality Control Board (CA RWQCB) and San Mateo County Environmental Health Department support conversion from individual septic systems to a public sewer system due to inadequate soil structure and high ground water. These conditions result in inadequate treatment of septic wastes and a threat to public health and impediment to installation of effective new septic systems.
11. Since the recommendations of San Mateo County Environmental Health and CA RWQCB, efforts continue to identify a sewer collection system design, sewage treatment alternatives and funding sources. Challenges include availability of land on which to locate the sewage treatment plant and a location that is not in the flood plain or environmentally sensitive and the cost of construction of the system for a relatively small customer base and funding.
12. Individual property owners would be responsible for the cost of abandoning septic systems and connecting homes to the distribution system.
13. The cost of operations, maintenance and future capital improvements of the new system would be funded through rates on a small ratepayer base.
14. County of San Mateo growth projections appear to be overstated given location of Pescadero in a flood plain and for commercial growth, given CSA 11 water system's lack of adequate fire flow.

Service review criteria as set forth in Government Code Section 56430 are examined below.

### **1) Growth and population projections**

Census 2010 population for the Census Designated Place (CDP) of Pescadero is 643. As noted above, the CDP boundaries are not coterminous with the Rural Service Center boundaries.

As noted above, Pescadero is a small rural community with a combination of land uses, which provide services to surrounding rural areas. Land use includes residential, commercial, elementary school, and a fire station. The boundaries of Pescadero are delineated by the Urban/Rural boundary, which designates areas eligible for urban services. Use of septic systems and limited water supply combined with limited opportunity for subdivision indicates minimal potential for population growth in Pescadero.

The Pescadero Community Sewer Project (October 2008) cites the County of San Mateo Local Coastal Program, which proposes that the number of parcels will double in building out to 291 as shown below. Actual build-out is dependent upon water

availability, sewer or septic capacity and economic conditions. Comments on the circulation draft Municipal Service Review also cite unlikelihood of build out reaching projections due to constraints of the Town of Pescadero being within a flood plain. (Map #3 attached.)

	Existing Developed Parcels	Build Out
Residential Dwelling Units	78	250
Commercial	11	40
Other	5	1
Total	94	291

It is recommended that in updating the General Plan, the County reevaluate build out based on current infrastructure conditions and recognizing Pescadero's location within a flood plain. It is also recommended that the County and the Pescadero community consider preparation of an area plan also known as a community plan, which is a plan to resolve local issues and unique physical and land use situations found in various areas of the County.<sup>8</sup>

**2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies**

Water Infrastructure and Operations

The water system consists of two wells (production and emergency/standby well, each with a pump), one 140,000-gallon distribution tank and a distribution system. The water pumped from the wells meets all Federal and State water quality standards and does not require treatment. Water flows from the distribution tank through the distribution system mains by gravity. No distribution pumps are required. CSA 11 has approximately 90 residential and commercial customers.

Operations

CSA 11 office staff is housed at 555 County Center in Redwood City (Administration, Accounting, and Engineering). Field staff is Public Works staff from the Facilities Services Division, based in the Tower Road complex in San Mateo near Highways 280 and 92.

Based on the remote location and distance of the system from the Tower Road complex, one alternative for more efficient operations would be to explore the option of contracting with another water agency such as the Coastside County Water District or

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<sup>8</sup> Area plans also known as community or neighborhood plans serve to guide decisions about development of a community. The County has adopted area plans for San Bruno Mountain, Emerald Lake Hills, Montara-Moss Beach-El Granada, North Fair Oaks, the Coastal Zone in the form of the LCP and Skyline. The County is currently updating the North Fair Oaks Community Plan with Metropolitan Transportation Commission Grant Funding.



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private entities that provide contract service, or share services with the numerous, small water systems that serve the south coast area.<sup>9</sup>

The Public Works Department maintains an internet webpage for CSA 11 on the County Public Works website at <http://www.co.sanmateo.ca.us/portal/site/publicworks/>.

Contact information for County Service Area 11:

County Service Area No. 11  
County of San Mateo  
Department of Public Works  
555 County Center, 5<sup>th</sup> Floor  
Redwood City, CA 94063  
(650) 363-4100; or [acsanchez@co.sanmateo.ca.us](mailto:acsanchez@co.sanmateo.ca.us)

### Water Infrastructure

Three issues are identified with water infrastructure: limited life of the aquifer, inadequate fire flow for commercial uses and most recently reliability of the primary pump for the production well and adequacy of the auxiliary well and pump in the event the production well fails.

### Pump Failure

On the afternoon of Monday, August 22, 2011, the Public Works Department (DPW) received calls from Pescadero community residents reporting no water. Public Works dispatched staff and on arrival the staff person found the pump off and the tank with less than one foot of water. He restarted the pump and stayed until approximately 9:30 p.m. at which time CSA 11 customers had water.

Early morning Tuesday, August 23, 2011, DPW received a text message from a CSA 11 customer that there was no water. At 6:40 a.m., DPW staff left for CSA 11 and on arrival determined the pump was not working and needed to be replaced. The emergency/standby well was put into operation immediately and continued to pump until the replacement pump was on line.

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<sup>9</sup> South coast water suppliers include three county operated systems, two State Park systems, and six mutual (property owner) operated systems. Some or all of these operators may benefit from sharing services. (Map #4 attached.)

### Corrective Actions

The following summarizes subsequent events and actions taken by DPW to respond to the pump failure and water outage.

1. Tuesday, August 23, DPW delivered 3,500 gallons of water to CalFire Pescadero station for fire fighting purposes at approximately 11:30 a.m.
2. DPW located a specialized pump repair contractor and a pump that could be at the site on Tuesday. The new pump was installed by approximately midnight on Wednesday, August 24. The pump was lowered approximately 37 additional feet into the well. DPW staff was on site until approximately 4:30 a.m. Wednesday.
3. The California Department of Public Health, Division of Drinking Water and Environmental Management (CA DPH) required DPW to issue a boil water order because the system lost pressure. DPW went door-to-door providing Boil Water Notices to each CSA 11 customer.
4. The boil water notice caused the San Mateo County Environmental Health Department to require the businesses that sell food to close unless they sold prepackaged food exclusively.
5. DPW investigated providing a water truck, but the trucking companies would not leave a truck in Pescadero for people to draw water from. DPW also considered trucking in water, but the 13,000 gallons needed to pressurize the tank would require too great a number of trucks, it would be difficult to get water into the tank and customers would still be under a boil water notice. Also, using water that could introduce unwanted materials/substances presented a risk to the integrity of the water system. DPW therefore decided against trucking in water.
6. On Tuesday August 23, DPW ordered and had delivered 900 gallons of water with two gallons per person per day delivered to the Princeton Yard by 3:00 p.m. which were delivered by DPW to Pescadero for distribution. Four portable toilets were also delivered to a lot at Stage Road and Pescadero Creek Road.
7. The pump charged the CSA 11 system (approximately 13,000 gallons needed for system). Due to loss in system pressure, chlorination was required. After the system was charged, DPW discharged water from hydrants to ensure that chlorine residual was present in the system. Five samples from various locations within the system were collected beginning at 3:00 p.m. and delivered to the lab at 5:00 p.m. on Wednesday August 24.
8. At 2:40 p.m. on Thursday, August 25, DPW learned that samples taken for testing on Wednesday, August 24 were found to be safe and at 12:45 p.m. Thursday, August 25, DPW learned that the second round of samples tested were found to be safe
9. DPW contacted the CA DPH, which provided a Cancellation of Boil Water Order, DPW called the four food establishments in town, e-mailed the Puente Resource Center for the printing of notices in English and Spanish, contacted the Pescadero Elementary School regarding the cancellation, and delivered the cancellation notices door-to-door.

10. On Tuesday, August 30, DPW met with representatives of PMAC and outlined the chain of events, DPW response to water outage outlined above and measures to be taken to assure reliability of system.

The pump that failed had been replaced in 2009. It was installed at the depth indicated on the record drawing, which showed a well depth of 260 feet. However, when the pump was removed, a 300-foot metal tape was lowered into the well and was reported not to reach bottom. If that measurement is accurate and based on prior well soundings by CSA 11, it may indicate the pump was not fully submerged in water and may have been pumping water and air which would cause premature pump failure. A decision was made to install the new pump an additional 37 feet lower.

Priorities identified by DPW include continued monitoring of the storage tank level and associated measuring devices each week day from August 29 to September 9, 2011 and two times per week thereafter; testing the existing alarm system and ways to improve alarm reliability; investigating the standby well to determine why the output was not as anticipated; determining the well depth and screen depth based on a video inspection of both wells; determining whether the three-inch galvanized pipe in the production well should be replaced; connecting stainless steel cable to the pump and reconnecting the sounding tube; completing cost accounting of water outage to determine impact to CSA 11 fund balance; and considering potential modifications to operations for wells, pumps and tank including permitting by CA DPH to allow use of Well 2 for non-emergency purposes.

DPW is scheduling a meeting in Pescadero to meet with CSA 11 customers to discuss the water outage, operations moving forward and future water rates. DPW is also working with the Rural Communities Assistance Corporation (RCAC)<sup>10</sup> for assistance in establishing a new rate structure and conducting outreach with CSA 11 customers toward adopting an appropriate rate structure.

### Aquifer

The water system relies on well water from an aquifer that has been determined to have a limited life. The wells (main well and standby well) are located on County owned property accessed from Bean Hollow Road. When the system was designed and constructed it met the current local fire flow requirement for Pescadero, which was 500 gallons per minute for 2 hours with a residual pressure of 20 pounds per square inch at the fire hydrant. However, the system was not designed to meet the current fire flow needs of the Commercial district.

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<sup>10</sup> RCAC provides assistance to small municipal and nonprofit water systems, wastewater systems and solid waste management programs in 11 western states. RCAC offers technical assistance in assessment of infrastructure, organizational and financial capacity and needs, identifying and evaluating potential solutions, analysis and comparison of financing and rate scenarios, identification of funding sources and assistance with financial packaging and funding applications.

In 2002, a study prepared by Todd Engineering for CSA 11 identified the limited life of the aquifer. Analysis concluded that wells could fail in 8 to 15 years due to lack of water and that installation of a new deeper well in the vicinity of the existing wells would extend the life of the CSA 11 water supply to at least 38 years. Based on the report, it was determined that grant money combined with a loan from the County General Fund should be sought to drill a deeper well. After obtaining a USDA grant in the amount of \$135,000 for this purpose, due to lack of support from the community, the Board of Supervisors took action to decline the grant and no further action was taken.

CSA 11 continued to monitor the water surface elevation of the well and recent data indicates that levels are declining. In response to disagreement by the community regarding results of well monitoring, DPW has included community members in observation of well monitoring and as noted above under "Pump Failure" has outlined steps to verify well depth.

### Fire Flow

In 1999, a fire flow analysis was prepared by Winzler & Kelly at the direction of the Board of Supervisors with funding from the County Fire Budget. The fire flow analysis identified and evaluated three alternatives for meeting fire flow requirements for the commercial district.

The first alternative analyzed the existing water system under an increased fire flow of 1,500 gallons per minute (GPM) with gravity flow. The results confirmed that the Pescadero water system was not capable of supporting a fire flow of 1,500 GPM. The most significant deficiencies for the Commercial District occurred at the south end of Stage Road south of Pescadero Creek Road. The second alternative represents the existing system under an increased fire flow of 1,500 GPM with the inclusion of a fire protection pump. The third alternative includes a fire flow analysis with new improved distribution main sizes to achieve fire flows by gravity flow.

The study recommended that although installation of a fire protection pump at the water storage facility is feasible for meeting new fire code requirements of 1,500 GPM for 2 hours, the County of San Mateo and the Pescadero Municipal Advisory Committee should strongly reconsider the alternative of upsizing the Pescadero water system distribution mains to meet fire flow goals by gravity. The study stated that gravity flow systems are much more reliable for water service and the long term costs of maintenance and repair prove less costly to providing adequate fire protection and water service than when compared to a fire protection pump.

The study estimated the cost of Alternative 2 at \$542,000 and the cost of Alternative 3 at \$1,006,000. No action has been taken on the recommendations in the report.

Absent improvements to the CSA 11 system to meet fire flow, new commercial construction in Pescadero would require individual developers to include on-site water systems for fire suppression that meet specifications approved by CalFire.

### 3) Financing constraints and opportunities

#### CSA 11 Budget

The District's 2009-10 Actual, 2010-11 Actual and the 2011-12 Adopted Fiscal Year budgets are summarized in the table below:

<b>County Service Area 11 Budget</b>			
	<b>Actual 2009-10</b>	<b>Actual 2010-11</b>	<b>Adopted 2011-12</b>
<b>Revenue</b>			
Water Sales and Monthly Charges	43,878	43,382	42,000
Returned Check	75	0	0
Surcharges & Penalties	1,698	1,620	0
Connection Charges	2,310	0	0
Interest/other	538	<sup>11</sup> 16,545	440
<b>Total Revenue</b>	<b>48,499</b>	<b>61,547</b>	<b>42,440</b>
<b>Fund Balance</b>	<b>59,777</b>	<b>47,637</b>	<b>43,512</b>
<b>Total Sources</b>	<b>\$108,276</b>	<b>\$109,184</b>	<b>\$85,952</b>
<b>Expenditures</b>			
Misc. Office (Outside Printing, Postage, and Paper)	37	558	0
Software License (Billing Software)	6,125	3,200	3,300
Misc. Maintenance	6,198	6,086	3,550
Utilities	4,325	4,026	7,700
Contract Services (Lab. Testing and Backflow Prevention Testing)	2,501	1,555	7,000
Engineering, Operations & Maintenance	18,118	29,581	25,000
Other Special Expenses	2,601	190	3,400
Admin. Accounting	0	0	3,000
Retirement of Long Term Debt	18,368	18,993	19,511
Interest on Long Term Debt	2,108	1,483	1,110
Uncollectable Amounts	258	0	300
<b>Total Expenditures</b>	<b>60,639</b>	<b>65,672</b>	<b>73,871</b>
<b>Operating Revenue less Expenditures</b>	<b>(12,140)</b>	<b>(4,125)</b>	<b>(31,431)</b>
Fund Balance at End of FY	47,637	43,512	<sup>12</sup> 12,081

The budget format above allows for comparison of operating revenues and expenditures and changes in fund balance as the fund balance offsets operating

<sup>11</sup> Includes a refund of \$15,963 for utility costs incorrectly applied to CSA 11.

<sup>12</sup> Estimated fund balance. The Adopted 2011-12 budget does not reflect yet to be calculated cost of water pump failure and water outage.

deficits. The Adopted 2011-12 Budget reflects a projection of revenues and expenditures.

Upon formation, CSA 11 obtained a loan in the amount of \$296,100 from the State of California Department of Water Resources. If upon formation, the property owners did not pay their assessment in full 45 days after approval of the final project report, the property owners paid assessments for 10 years beginning FY 1994-1995 and ending FY 2003-04. The payments were collected through the property tax roll. The Loan Payment Schedule is April 1, 1993 through October 1, 2012, which will reduce budget expenditures by approximately \$21,000 thereafter.

The Adopted 2011-12 budget above includes \$42,000 in water fee revenue and \$73,871 in appropriations including \$25,000 for engineering, operations and maintenance, and \$20,621 for retirement of long-term debt. The fund balance has been drawn down in prior years to balance the operating budget with the estimated fund balance at the end of 2011-12 fiscal year estimated at \$12,081. This will be impacted by the costs associated with the pump failure. As discussed below, it will be necessary to raise water rates to provide for a balanced operating budget including a contingency reserve for the 2012-13 fiscal year.

Looking forward, with retirement of the loan obligation and elimination of the annual debt payments of approximately \$21,000, without rate adjustment, annual revenues from water sales and monthly service charges are projected at \$42,000 and annual expenditures, excluding funding for capital improvements are an estimated \$53,250 for FY 11-12, resulting in an estimated annual deficit of approximately \$11,250.

#### Water Rates:

CSA 11 customers are billed bi-monthly based upon meter readings for the preceding sixty days. The bill is comprised of a "Service Charge" and a "Volume Charge" component. The Service Charge is a flat monthly charge designed to recover costs that do not vary with consumption, such as meter reading and billing and maintenance of the distribution system. The "Volume" charge is based on the amount of water used. One unit (100 cubic feet) equals 748 gallons. Water rates were last amended in September 2003.

Service Charge:	\$22.00 per month for a 5/8" or 3/4" connection \$33.00 per month for a 1" or 1 1/2" connection
Volume Charge:	\$1.38 per unit

New customers whose properties are within CSA 11 may connect to the system upon payment of a buy-in charge, service connection fee and meter deposit as detailed below.

Buy-in Charge	Base buy-in charges are effective October 1, 2003 and are adjusted annually on July 1 according to the ENR Construction Cost Index:  \$ 8,000.00 base charge for connections less than 1-inch in diameter \$10,000 base charge for connections greater than 1-inch in diameter
Connection Fee	Varies from \$660.00 to \$1650.00
Meter Deposit	\$35.00

As shown in the budget and discussed above, water rates are not sufficient to cover operations and maintenance and the budget has been balanced by application of fund balance. It is crucial that water rates be adjusted by the beginning of the 2012-13 Fiscal Year to cover the cost of service in addition to building a prudent reserve or capital fund. This rate setting process could examine tiered versus flat rates and could take into consideration costs associated with needed improvements for commercial fire flow, the need to address limitations of the aquifer and the priorities identified in response to the pump failure. It is recommended that CSA 11 begin a rate setting process immediately.

**Rate Comparison – Other Agencies:**

In updating rates the County may wish to consider a tiered rate pricing versus flat rate. The following includes examples of tiered rates structures of other public water agencies in San Mateo County. One hundred cubic feet (hcf) is the standard unit of water and equals 748 gallons.

**North Coast County Water District (12,412 customers)**

Monthly Service Charge: 24.94

Volume Charge:

First 5:	2.53 per hcf
6 to 16:	5.62 per hcf
17 to 28	8.04 per hcf

Bill for 12 hcf :                      \$24.94, 5 x 2.53 and 7x5.62= \$76.93

**Coastside County Water District (6,583 customers)**

Bi-Monthly Service Charge \$30.72

Volume Charge:

0-8 hcf	\$5.02 per hcf
9-25 hcf	\$5.53 per hcf
26-40 hcf	\$7.19 per hcf
41 or more hcf	\$8.88 per hcf

Bill for 12 HCF:  $\$15.36 + 8 \times 5.02 + 4 \times 5.53 = \$77.60$

**Montara Water and Sanitary District (1,656 customers)**

Monthly Service Charge Meter 5/8" \$20.84

Volume Charge:

0 to 6 hcf	\$6.54 per hcf
7 to 13 hcf	\$8.72 per hcf
14-27 hcf	\$10.90 per hcf
over 27 hcf	\$15.26 per hcf

Bill for 12 HCF:  $\$20.84 + 6 \times 6.54 + 6 \times 8.72 = \$112.40$

**County Service Area 11 (100 customers)**

Monthly service charge: \$22

Volume Charge: \$1.38 per unit

Bill for 12 units:  $12 \times 1.38 = \$16.56$  plus \$22 = \$38.56

**County Service Area 7 (68 customers)**

Monthly Service charge \$20

Volume Charge \$4.80

Bill for 12 units:  $\$57.60 + 20 = \$77.60$

**Future Review of Rates**

Future review of rates could include factors such as updated capital improvement priorities, on-going maintenance and rate structure models including a tiered rate model that encourages conservation. Consideration can also be given to a rate structure that phases increases over time to allow for gradual implementation of some improvements. It is also recommended that the County adopt a policy for the frequency of rate reviews to ensure that water service revenues keep pace with the cost of operations and capital improvements to the extent possible.



As discussed in Pump Failure above, the County has contacted RCAC for assistance with rate setting and community education and outreach.

Septic Systems and State Water Resources Control Board

There is not a public sewer system or centralized sewage treatment plant in Pescadero. Development is served by individual septic systems. In 2004, the Regional Water Quality Control Board, San Francisco Bay Region (RWQCB), issued Resolution 04-R2-0088, supporting a 2004 Public Health Declaration by the County. The County declaration stated that “inadequate soil structure and high groundwater in the area provides poor conditions for adequate treatment of septic wastes from the residences and businesses in the Community resulting in a threat to public health, and precludes the installation of effective new septic systems.” As a result, the County commissioned a study to evaluate potential options for a sewer collection and treatment system for the Rural Service Center of Pescadero.

Construction of a new sewer collection and treatment system has four basic component costs: capital costs for construction of the sewer collection system, capital costs for construction of the sewage treatment plant, on-going annual operations and maintenance (all of which are funded by property owners that connect to the system) and the costs for each property owner to abandon the septic system and connect the structure to the sewer main. Please see the following tables for estimated capital cost annualized and operations and maintenance costs that would be funded through rates or assessments.

The study titled “Pescadero Community Sewer Project” was completed in October 2008 and identified that gravity and Septic Tank Effluent Pump (STEP) systems or Septic Tank Effluent Gravity (STEG) system are feasible in Pescadero. The following table summarizes the estimated costs of these alternatives.

	Gravity	STEP/STEG
Total Capital Cost	\$2.7 million	\$2.5 million
Annualized – 20 yrs	\$256,000	\$237,000
Annual O & M Cost	\$39,000	\$54,000

The Sewer Project Report identified three possible locations for the sewage treatment plant and three types of sewage treatment plants. Excluding land acquisition, the report estimated costs of these three alternatives as shown below.<sup>13</sup>

Cost Item	MBR Plant	IMAS Plant	SBR Plant
Total Capital Cost	\$600,000	\$400,000	\$481,000
Annualized – 20 yrs	\$57,000	\$38,000	\$45,000
Annual O & M Cost	\$12,000	\$16,000	\$19,000

<sup>13</sup> Please refer to the complete report at [www.sanmateolafo.org](http://www.sanmateolafo.org) for more information.

Challenges in developing a new public sewer system include the high cost of construction and maintenance for a system serving a relatively small customer base (90 connections),<sup>14</sup> locating a treatment plant out of the flood plain and not in proximity to sensitive habitat, and on land that is owned by the County of San Mateo or can be made available by another entity. In addition, the remote location of Pescadero, travel time from County facilities affect costs and ability to comply with State regulations that require response to spills within a specified time period.

Also of note is that water demand in areas with septic systems is typically lower than areas with public sewer systems. If the community is successful in developing a public sewer system, it is likely there will be an increase in demand for domestic water. In that regard, priority must be placed on establishing a sustainable water supply for potentially increased demand.

Since completion of the Sewer Project Report, the Pescadero Municipal Advisory Council continues to work with the County of San Mateo and Rural Communities Assistance Corporation (RCAC) to pursue potential funding sources and alternative designs. Comments from PMAC reflect lack of support for the recommended design of the sewer project and concern that alternatives be explored that would result in a more affordable treatment plant and collection system. Constraints to designing and constructing a sewer collection system and treatment plant for the study area include location of development to be served in the floodway, availability of land on which to locate a sewage treatment plant that is not in the floodway or distant from the collection system and the small customer base that must fund construction and operation.

### Pescadero Lighting District

Formed in 1949, Pescadero Highway Lighting District is one of 12 county-governed lighting districts. The District territory includes the majority of the largest non-contiguous portion of Pescadero. District infrastructure includes 29 streetlights. As a non-enterprise district, the primary funding for the district is property tax to fund repair and maintenance, energy costs and capital improvement (replacement or addition of light poles).<sup>15</sup>

### Pescadero Highway Lighting District Budget

The Adopted 2011-12 budget includes a fund balance of \$159,758, property tax and other revenue of \$9,446 for a total of \$169,209. Financing requirements include services and supplies of \$10,200 and an appropriation for contingencies of \$159,004 for total appropriations of \$169,204.

Pescadero Highway Lighting District	2009-10 Actual	2010-11 Actual	2011-12 Adopted
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<sup>14</sup> Costs provided do not include cost of abandoning septic and connection to sewer which should be estimated based on individual parcel site conditions.

<sup>15</sup> As a district formed prior to Proposition 13, the District receives a share of the 1% property tax.

<b>Revenues</b>			
Property Tax	9,076	8,993	8,446
Interest	1,443	1,861	1,000
ERAF Rebate	5,849	5,208	0
Fund Balance	145,861	168,758	159,758
<b>Total Sources</b>	<b>\$162,230</b>	<b>\$184,820</b>	<b>\$169,204</b>
<b>Expenditures</b>			
Operations/Maintenance/Repairs	5,709	1,327	7,500
Electric & Gas Utilities	1,237	1,261	2,700
Appropriation for Contingency	155,284	182,233	159,004
<b>Total Requirements</b>	<b>\$162,230</b>	<b>\$184,820</b>	<b>\$169,204</b>

The five-year average of revenue for the District (FY 2006-07 through FY 2010-11) has been approximately \$15,345. Approximately 30% or \$4,590 of this revenue is derived through refunds from the Educational Relief Augmentation Fund (ERAF).<sup>16</sup> This revenue is not budgeted annually as a revenue because it is not a dependable revenue source. It has however become a significant contributor to the revenue and fund balance of the District. The interest earned by the District has averaged to be approximately 12% or \$1,892. The remaining revenue is generated through an allocation from the property taxes paid, which averages to be 58% or \$6,906.

The five-year average expenditures for the District (FY 2006-07 through FY 2010-11) have been approximately \$4,400. These expenditures are primarily comprised of electrical expenses (approximately 27% or \$1,206) with the remaining expenditures associated with repairs to existing streetlights and administration of the District. District repairs or service to streetlights are driven primarily by street light outages reported by residents or property owners or by night surveys performed by staff. Repairs vary from replacing bulbs, replacing fixtures, and upgrading fixtures. The number of repairs per fiscal year varies during the five year period from 0 repairs in one fiscal year to 9 repairs in another fiscal year. The average number of repairs per year over the five-year period was three. To perform this work, assigned staff travel from the County's Tower Road complex to Pescadero.

District revenue has exceeded expenditures each fiscal year, which has contributed positively to the District fund balance. The fund balance for the District at the end of the FY 2010-11 was \$168,758 compared to a fund balance of \$93,431 at the end of the FY 2003-04. An appropriate fund balance target would be based on the number of lights maintained by the District, the average operation and maintenance expenditures, replacement costs, an estimate of additional lights that could be added to the District without additional funding, and any future infrastructure upgrades that may be desired or deemed necessary (new lights, stand-alone light poles, or undergrounding of utilities).

<sup>16</sup> ERAF refunds occur when the ERAF contributions to school districts from the county, cities and special districts exceed the amount required to fund schools up to their revenue limits.

## Roads

Bay Area jurisdictions use the Pavement Condition Index (PCI)<sup>17</sup> to measure the condition of its roads. The Pavement Management System and PCI were developed by the Metropolitan Transportation Commission. The PCI is based on road conditions that include cracking, furrowing or rutting, potholes, and general weathering and provides information necessary to establish a maintenance program and budget for road maintenance. According to the County's Pavement Management Plan and PCI, the County maintains approximately 3.36 centerline miles within the rural service center portion of Pescadero and indicates the PCI for these sections is 62.36.

## Public Safety

Pescadero is within the jurisdiction of County of San Mateo fire protection and emergency response. The County contracts with CalFire which operates out of Station 59 on Pescadero Road.. The next nearest stations are La Honda Station 57 and Coastside Fire Station 40 in Half Moon Bay. The County Sheriff serves Pescadero as part of Sheriff Beat 80 serving the rural south coast and Skyline areas

## Flooding

As noted elsewhere, Pescadero is located in the Pescadero-Butano Watershed, the largest coastal watershed between the Golden Gate Bridge and San Lorenzo River in Santa Cruz. Much of the Town of Pescadero and Pescadero Creek Road (main access from Highway 1) are located in the flood plain of the Pescadero and Butano Creeks and are subject to annual flooding. Frequent flooding causes physical damage and negative economic impact, and a threat to public safety, public health and natural resources. Flooding on Pescadero Creek Road causes closure of the road and is a severe public safety problem.

The most frequent flooding occurs at the Butano Creek Bridge along Pescadero Creek Road. Flooding at this location often results in at least one of the two traveled lanes along Pescadero Creek Road between Highway 1 and the Town being under water and blocked access from Highway 1 including the CalFire Station.

Absent a comprehensive study of potential solutions, members of PMAC and others have suggested a variety of improvements intended to reduce instances of flooding along Pescadero Creek Road at Butano Creek Bridge. These have not been analyzed for feasibility, unintended impacts to other areas or cost. Suggestions include: dredging the Pescadero Marsh, excavation and clearing of debris in the Creek downstream of the bridge, a pump at the bridge on Pescadero Creek Road to pump water downstream and raising a section of Pescadero Creek Road above

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<sup>17</sup> The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less.

flood level. There has not been a comprehensive analysis of solutions to flooding, however, such improvements have the potential to increase localized flooding elsewhere.

Challenges to preparation of a comprehensive plan to respond to flooding in Pescadero include multiple layers of regulatory jurisdiction, surrounding sensitive habitat, combination of public and private landowners, and lack of funding to develop a comprehensive plan. The San Mateo County Resource Conservation District has applied for a Bay Area Integrated Regional Water Management Plan Grant to create a watershed council and develop a comprehensive plan<sup>18</sup> to remediate flooding in Pescadero.

### Solid Waste

Due to Pescadero's sparse population and remote location, there is no franchised garbage collection service in Pescadero or surrounding areas. Residents and businesses in Pescadero and surrounding areas either have individual subscription service with a garbage collection service, drop off solid waste at the Pescadero Transfer Station (PTS) located off of Bean Hollow Road near Pescadero Creek Road or take their waste to a landfill. The PTS is operated by Allied/Republic through an agreement with the County of San Mateo. The agreement stipulates the annual cost for operating the PTS. The PTS is open five (5) days per week and Allied/Republic receives \$174,710 per year for operation of the PTS. In addition to the cost to operate the PTS, the County pays a per ton cost (currently \$101.37/ton) to dispose of municipal solid waste from the PTS. Other disposal costs are indicated in the Agreement. The following table presents an analysis of the Expenses and Revenues for the PTS. The "Net Payment to Allied/Republic" is from the Solid Waste Fund.<sup>19</sup>

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<sup>18</sup> The Grant provides for 15% design completion. Additional grants or other funding would be required to finish the design and complete the project. Staff in the office of Supervisor Horsley is also pursuing other grant sources.

<sup>19</sup> The Solid Waste Fund resulted from a Contract between the County and the Operator of Ox Mountain Land Fill that established a per ton compensation fee be paid to the County by the operator for every ton disposed at the landfill. That contract expired in 2009 and the new operator was not willing to negotiate new agreement. The Solid Waste Fund is receiving no revenue and being drawn down by other land fill related expenditures. Therefore it should not be considered a funding source/subsidy for solid waste disposal in Pescadero.

<b>FY 2009-10 Pescadero Transfer Station Expenses and Revenue</b>	
Annual Operations Expenditure	\$174,701.04
MSW Disposal and Recycling Costs	<u>\$ 81,723.80</u>
Gross Expenditure	\$256,424.84
Tipping Fee Revenue	<u>(\$ 78,893.78)</u>
Net Payment to Allied/Republic	177,531.06
Solid Waste Fund Subsidy Percentage	69.23%

The PTS receives municipal solid waste, mixed recyclables, metal, yard waste, and construction and demolition debris of approximately 800 tons of material per year. The gate rate (or Tipping Fee Revenue as indicated in the table) is set by the Board of Supervisors through resolution. Rates were last raised in 2008. The San Mateo County Department of Public Works in prior studies has determined where materials are coming from and that PTS serves areas beyond the Pescadero Rural Service Center. (Stage, North Street, Water Lane, and Pescadero Creek Road.) The County of San Mateo has deferred issuing a Request for Proposal for a Study of Service and Rate Analysis to address service alternatives and rates, including elimination of the Solid Waste Fund Subsidy, in anticipation of a proposal from PMAC for non-profit operation of the Transfer Station.

**4) Status of, and opportunities for, shared facilities and cost avoidance**

The remote location of Pescadero limits opportunities for resource and facility sharing.

The recent pump failure and water outage illustrates the challenge of responding to a water emergency in a remote area and the County's ability to pool resources of the Public Works Department that would not be available to a small, single purpose special district with 90 connections.

As noted above, the County is encouraged to examine sharing service with other small water providers on the south coast. One identified opportunity is sharing of licensed operators. Map # 4 (attached) illustrates the location of the numerous small water systems in the area, each of which is required by State regulation to be operated by a State licensed operator. By convening a workshop or meeting of the managers of these systems, the alternative of sharing licensed operators can be discussed. It is also recommended that the County discuss the potential for contract service with Coastside County Water District or private firms for water system operation. Contracting with another entity could create efficiencies and improved response time.

**5) Accountability for community service needs, including governmental structure and operational efficiencies**

In regard to public accountability, the San Mateo County Board of Supervisors is the governing body of CSA 11 and the County of San Mateo Public Works Department is

responsible for District operations. The Department of Public Works maintains a website with water rate and other information about water service. The San Mateo County Board of Supervisors as the rate setting body is subject to the Ralph M. Brown Act and Proposition 218 governing public meetings and public hearings to set rates. The Board of Supervisors adopts a budget for the CSA 11 annually and the Department of Public Works publishes an Annual Water Quality Report.

In addition, the Pescadero Municipal Advisory Council meets monthly and provides an additional opportunity for public input concerning public services in Pescadero and surrounding communities.

For the purpose of this report, discussion of government structure relates to alternative forms of government for service delivery that would promote efficiencies. As a District that operates a small system in a remote area, it does not overlap with any other local service provider. The nearest water provider is Coastside County Water District serving the City of Half Moon Bay and surrounding areas 14 miles to the north. Opportunities may exist for the County to contract with Coastside County Water District. In addition, there are private companies that provide contract operation and maintenance of public water and sewer systems.

Alternative models to the current governance by a County Service Area in which the Board of Supervisors is the governing body and the County of Public Works Department operates the water system, include:

- Community Services District that would be governed by a locally elected board that would either employ staff or contract with another entity for services. The locally elected board would be responsible for setting rates, operating the system and compliance with State regulations concerning public water systems.<sup>20</sup>
- Transfer of the system to a private utility or entity including Calwater
- Formation of a mutual water company

The alternatives summarized above would be alternatives to consider if the County of San Mateo determines that it is not feasible for the County to operate the system due lack of rate payer support resulting in inadequate revenues.

#### Inventory of Active Services: CSA 11

Enabling legislation for county service areas (Government Code Section 25213) authorizes county service areas to provide a broad set of municipal services, in essence all services a city may provide (except land use). Since 1997, provisions of the Cortese Knox Hertzberg Act were amended to require that LAFCo identify which of the services of a multi-purpose district are actively provided and which are inactive. Pursuant to Government Code Section 56425(i), in preparing a municipal service review and sphere

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<sup>20</sup> Formation of a Community Services District (CSD) can be initiated by 25% registered voter petition or by resolution of application of the County. If approved by LAFCo, the CSD proposal is subject to majority voter approval at election.

update, LAFCo is required to prepare a statement of the nature and location of functions and services provided by the districts. If a district proposes to add a new service permitted under district enabling legislation, the District must apply to LAFCo for approval. County Service Area 11 provides the following services in the areas as specified and any other services authorized by County Service Area enabling legislation are inactive:

#### Water Service District-wide

If in the future it is determined that other services permitted in CSA enabling legislation should be provided and funded by CSA 11, the County Board of Supervisors as governing body of the District could apply to LAFCo. The application would include a plan for providing services and a proposed budget including revenues to fund service and any associated revenue sources such as an assessment, fee or tax.



**Recommended LAFCo Determinations Pursuant to Government Code Section 56430**

**1) Growth and population projections for the affected area.**

County of San Mateo growth projections may be overstated given location of Pescadero in a flood plain. For commercial growth, CSA 11 water system's lack of adequate fire flow is an impediment to new commercial construction. The County is encouraged to reevaluate growth projections for Pescadero with the update of the General Plan.

**2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

- a) Infrastructure and funding deficiencies exist in the areas of water supply and distribution, flooding, solid waste and lack of wastewater system.
- b) The County Service Area 11 water system consists of 90 connections and relies on well water with an aquifer with limited life. When constructed the distribution system met and continues to meet residential fire flow requirements but was not designed to meet current fire flow requirements of the commercial district.
- c) Absent CSA 11 system improvements to meet commercial fire flow requirements, new development in the commercial district would be subject to on-site fire suppression water systems.
- d) The Community does not have a public wastewater system. Homes and businesses in Pescadero are served by individual septic systems. The California Regional Water Quality Control Board and San Mateo County Environmental Health Department support conversion from individual septic systems to a public sewer system due to inadequate soil structure and high ground water providing poor conditions for adequate treatment of septic wastes resulting in a threat to public health and impediment to installation of effective new septic systems.
- e) Pescadero is located in the Pescadero-Butano Watershed, the largest coastal watershed between the Golden Gate Bridge and San Lorenzo River in Santa Cruz. Much of the Town of Pescadero and Pescadero Creek Road (main access from Highway 1) are located in the flood plain of the Pescadero and Butano Creeks and are subject to flooding annually. Frequent flooding causes physical damage and negative economic impact, and a threat to public safety, public health and natural resources. Flooding on Pescadero Creek Road causes closure of the road and is a severe public safety problem.

**3) Financial ability of agencies to provide services.**

- a) Current CSA 11 water rates do not support year-to-year operation of the water system, and do not include costs associated with capital improvements

that would allow the system to meet commercial fire flow requirements or drilling of an additional well to address the limited aquifer.

- b) New infrastructure (sewer, flood control infrastructure) for existing development is dependent upon a funding source such as an assessment, tax, or State or Federal assistance.

**4) Status of, and opportunities for, shared facilities.**

- a) Opportunities exist for CSA 11 to examine sharing resources with the numerous small water systems operated on the rural south coast and to examine contracting with Coastside County Water District for system operation.
- b) Opportunities may exist for non-profit operation of the transfer station in partnership with the County of San Mateo.
- c) Opportunities exist to jointly pursue a comprehensive plan to remediate flooding through a partnership of the County of San Mateo, Pescadero Municipal Advisory Council, San Mateo County Resource Conservation District and public and private landowners in the area

**5) Accountability for community service needs, including governmental structure and operational efficiencies.**

- a) The Board of Supervisors serves as the governing body of CSA 11 and the County Public Works Department operates the system and is the point of contact for water rate payers.
- b) The County Public Works Department maintains a website with contact information, rate information and water quality.
- c) As a small, remote community there are inherent service inefficiencies in providing service to Pescadero due to distance from Public Works facilities in San Mateo and Redwood City.
- d) Because the County of San Mateo Public Works Department operates many non-contiguous systems, when needed it is able to pool resources to respond to emergencies, in a manner that a small, single purpose district could not.

**6) Any other matter related to effective or efficient service delivery, as required by Commission policy.**

State policy gives LAFCo the discretion to determine the geographic area to be studied in municipal service reviews. There is not a Commission policy concerning limiting service reviews to a specific geographic area, nor is the LAFCo service review mandated to include general county services or polices. While this municipal service review focuses on County Service Area 11, which is limited to the urban rural boundaries of the Pescadero Rural Service Center, it identifies service or infrastructure challenges in the areas of flooding and solid waste that affect the broader rural south coast because these issues impact the territory of CSA 11.

While these issues are beyond the scope of a Municipal Service Review, discussion provided in the service review is an opportunity for public dialogue. It is recommended that in updating the General Plan, the County reevaluate build out based on current infrastructure conditions and recognizing Pescadero's location within a flood plain. It is also recommended that the County and the Pescadero community consider preparation of an area plan also known as a community plan, which is a plan to resolve local issues and unique physical and land use situations found in various areas of the County.

### **Sphere of Influence Determinations**

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

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

Land use designations in County Service Area 11 (Pescadero) include primarily residential use with some institutional and commercial uses. The area is surrounded by, but does not include, agricultural lands.

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

The Municipal Service Review provides information on the need to develop a public sewer system, remediate flooding, address solid waste disposal and needed improvements to the water system. The study area consists of three non-contiguous areas developed with primarily residential land use. It is part of a Census Designated Place with a Census 2000 population of approximately 643 persons in need of basic municipal services. It is anticipated that the level of demand may increase modestly as a result of limited development potential. The County of San Mateo provides all municipal type services in the area.

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

Services provided to the study area are outlined in the service review above.

CSA 11 active service is domestic water. As identified in the Municipal Service Review, there is a need to improve water flow for fire suppression, address limits of the aquifer and reliability of the system including pump and wells. Other services are provided by the County of San Mateo. The Municipal Service Review identifies challenges the

community and the County face in regard to flooding, solid waste and the future need for a public sewer system.

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

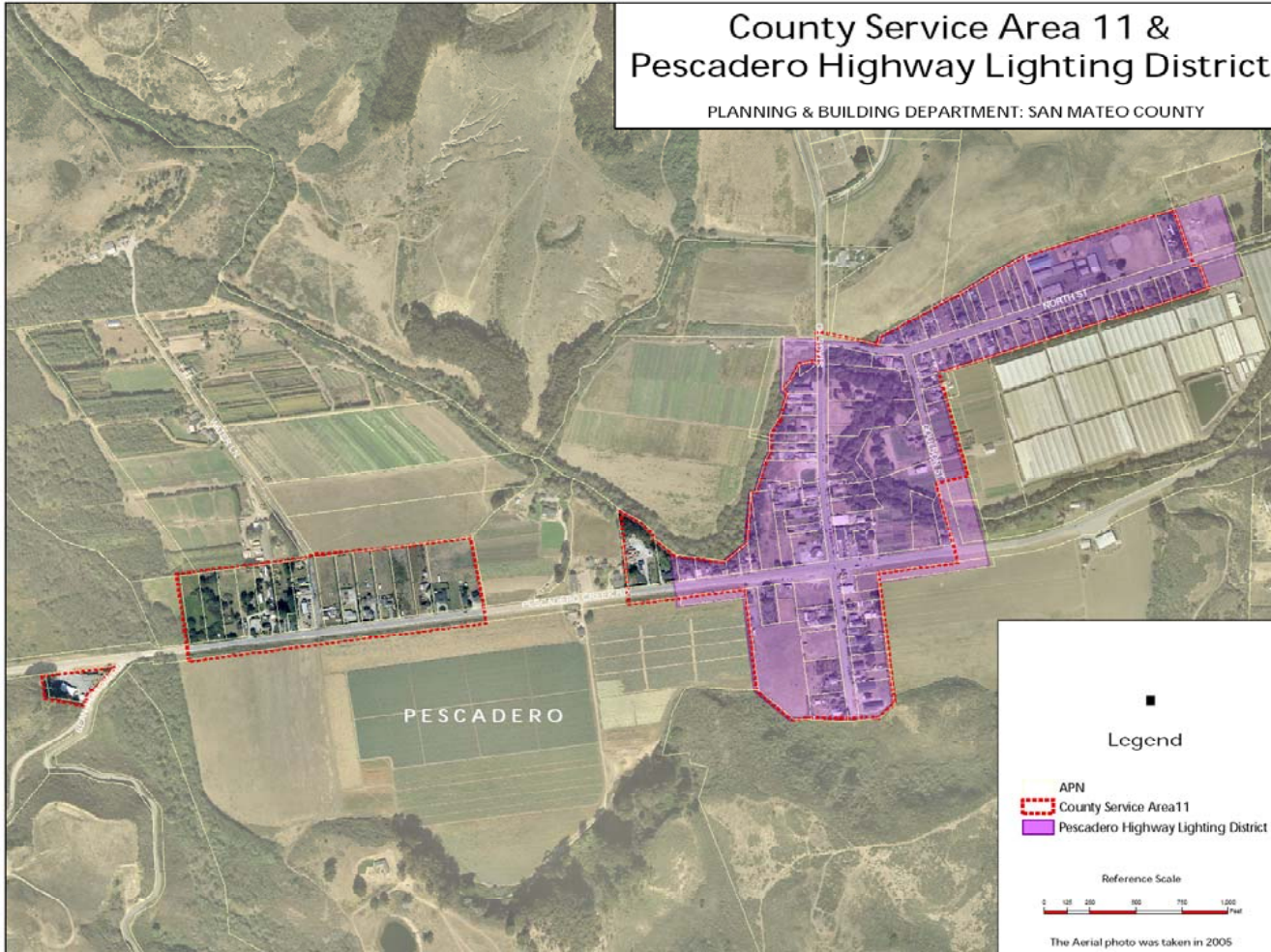
Pescadero is a Rural Service Center and part of the larger, agricultural rural south coast community. As a Rural Service Center bordered by the Urban Rural boundary, CSA 11 is a community of interest in that it represents the community eligible for and dependent upon municipal-type services that can be provided by the County.

Recommended Sphere of Influence

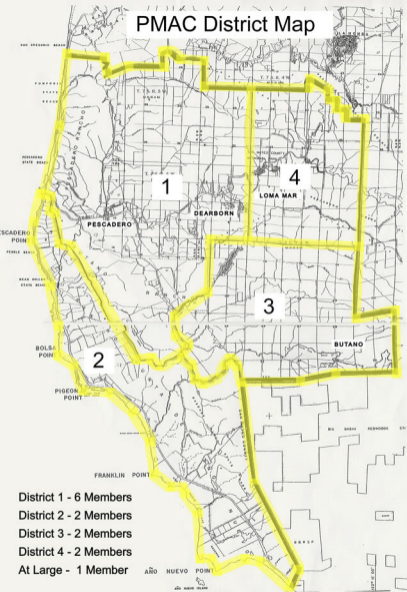
County Service Area 11 (CSA 11) was formed to provide reliable water service to the Community of Pescadero. The Commission subsequently adopted a sphere of influence for CSA 11 of status quo, indicating that the District should continue to operate. Since that time, while the service review outlines challenges for the County in operating remote, small water systems, there have been no significant changes that merit amendment of the sphere of influence. Reaffirming the sphere of influence does not impede future efforts by the County or community to pursue resource sharing or alternative governance models if the County finds there is lack of ratepayer support for County operation of the system, or the ratepayers seek to pursue an independent private or public governance model. It is therefore recommended that the Commission reaffirm the status quo sphere of influence of CSA 11.

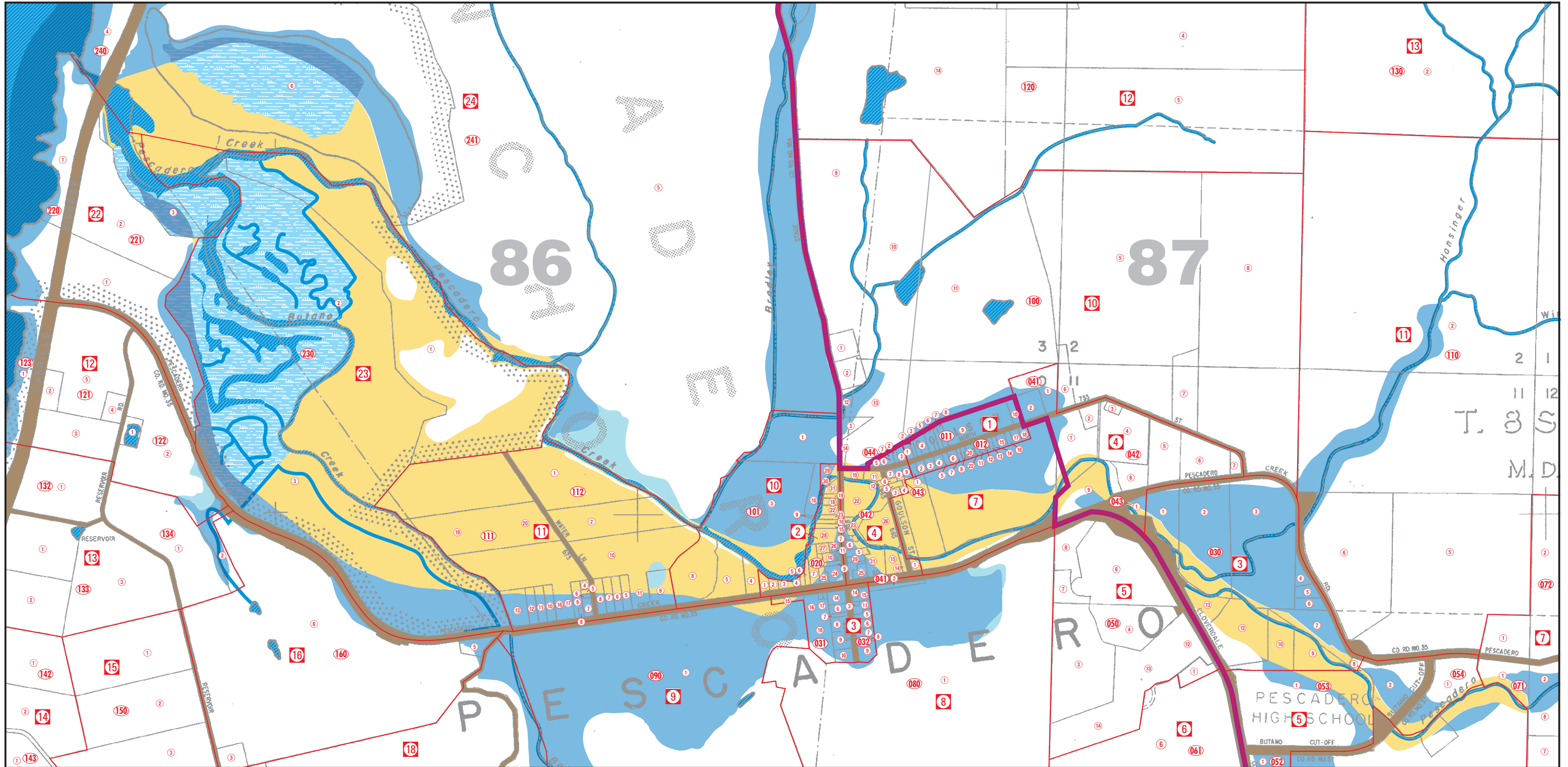
# County Service Area 11 & Pescadero Highway Lighting District

PLANNING & BUILDING DEPARTMENT: SAN MATEO COUNTY







# PMAC District Map










# Pescadero Floodway Map

-  Flood plain
-  Floodway
-  500-yr Flood
-  Lake

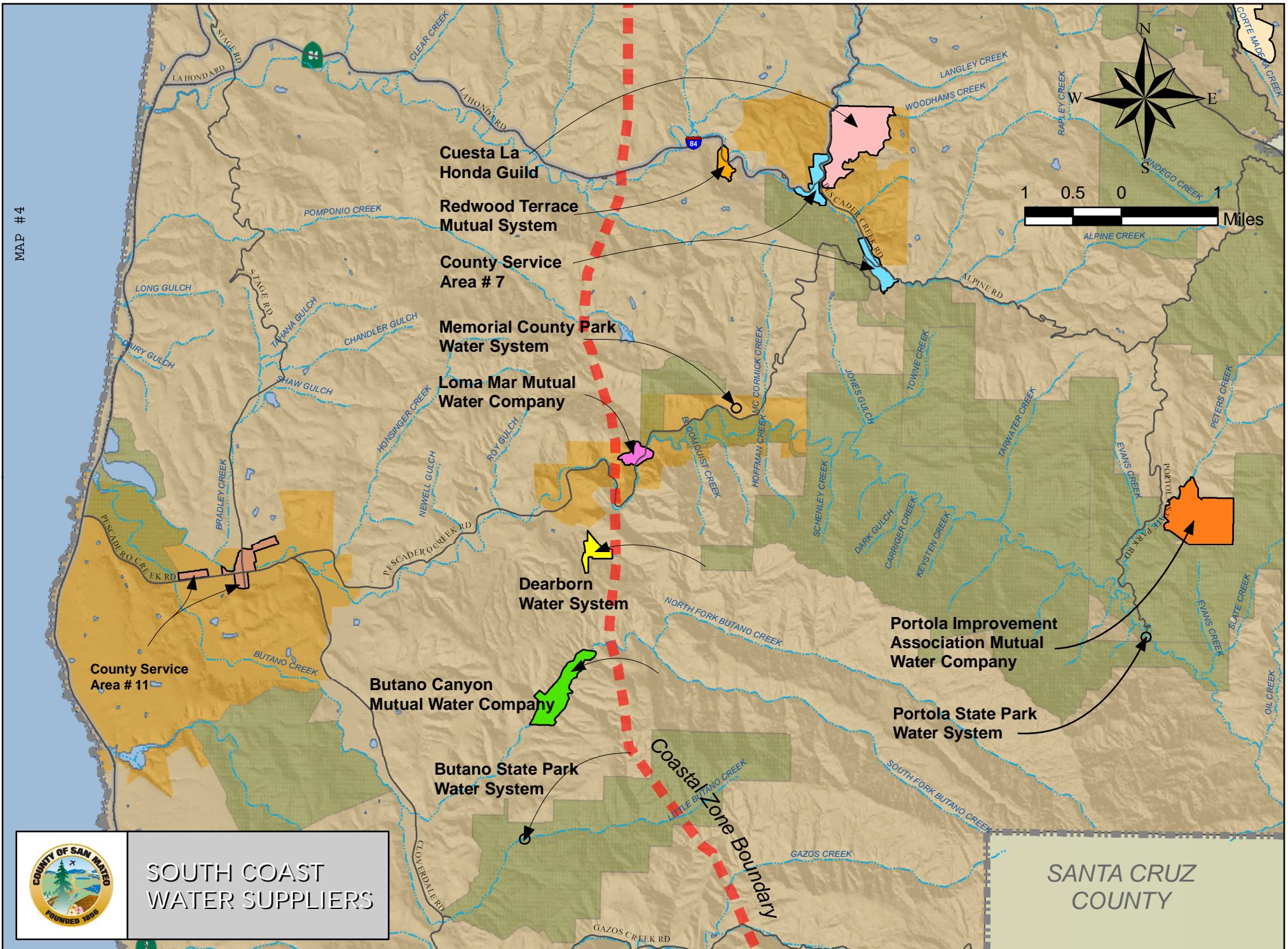
-  Marshland
-  Creeks; perenial
-  Major Roads

- 87** Assessors book number
-  Assessors book boundary
-  Assessors page boundary

-  Assessors page number
-  Assessors block number
-  Assessors parcel number



**Disclaimer:** The digital flood hazard data used on this map was derived from scanned and composited FEMA Floodway maps. The base cartographic map information was derived from a combination of Assessor and Public Works maps. For this reason and several others, including the scale or resolution that the information is displayed at, these maps should be considered an **advisory tool** for general hazard awareness, education, and flood plain management. This map is **not a legal document** to be used when making a single site flood hazard determination. That determination will have to be made by direct use of the FEMA FIRM or Floodway maps. (This is a non-archival inkjet print and is subject to fading when exposed to direct sunlight. Please store or display accordingly for maximum longevity.)



**SOUTH COAST  
WATER SUPPLIERS**

**SANTA CRUZ  
COUNTY**