



## Attachment B

### **Recommended Municipal Service Review Determinations City of San Carlos, Unincorporated Palomar Park and Devonshire Areas and Related County-Governed Districts**

#### **1. Growth and Population Projections**

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

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

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

#### **3. Financial Ability of City to Provide Services**

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

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- d. The City has taken a proactive approach to mitigate increasing public safety costs through contracting with the San Mateo County Sheriff's Department and by conducting an exhaustive study of fire delivery alternatives.

#### **4. Status of, and Opportunities for, Shared Facilities**

- a. By necessity and best practice, the City of San Carlos practices resource sharing and shared facilities with the County, cities and other agencies as detailed in the Municipal Service Review.
- b. At the writing of this report, the County, cities and special districts are considering various resource sharing and cost-cutting measures including but not limited to contracting and sharing services in the areas of police, fire and public works services to achieve efficiencies and economies of scale.
- c. Collectively the County of San Mateo, cities and fire districts spend \$185 million annually on fire protection and emergency response.<sup>1</sup> Salaries, health care and pensions are major cost drivers of fire and emergency response. In spite of long-standing practices of automatic aid and shared services, cost of service has grown in the face of diminished funding sources. The prolonged economic downturn and negative impact to funding sources and the pending dissolution of the Belmont San Carlos Fire Department underscore the need for the County, fire districts and cities to create further efficiencies, work toward sustainable regional service delivery and a stable governance model.

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

- a. The City of San Carlos maintains an extensive website that provides access to City programs, documents and other information in a timely manner.
- b. The Council appointed boards, committees and commissions provide for public input and participation in a variety of city programs and services.
- c. Opportunities exist to collaborate with the County of San Mateo to annex areas in the City's sphere of influence that are surrounded by the City, that could benefit from City services and contribute to city property tax and other revenues.
- d. Opportunities exist to collaborate with the County of San Mateo to explore governance alternatives of the Scenic Heights County Sanitation District and the Devonshire County Sanitation District for more cost effective and efficient service and equitable rates.
- e. Existence of non-contiguous unincorporated neighborhoods creates inherent inefficiencies in provision of municipal services by the County including services such as road maintenance, sewer service, police and fire protection and building inspection. For the City of San Carlos, this includes the Palomar Park and Devonshire Canyon.

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<sup>1</sup> Based on 2010/2011 appropriation budgets of the County Structural Fire Fund, cities and special districts that provide fire protection and emergency response. See attached table.

- f. There is a demonstrated need for the County and the City to coordinate land use decisions and future sewer infrastructure needs for unincorporated areas including Devonshire and Palomar Park.
- g. Opportunities also exist for the County and City to promote annexation of unincorporated areas to achieve efficiencies in service delivery and/or examine contract service provided by the agency best able to provide efficient service.
- h. Absent annexation, opportunities exist for the County and City of San Carlos to examine alternatives in operation and governance of the County-governed sanitation district operations for a more efficient and regional approach. These include: establishing sewer service as a subsidiary district of the City to provide for a subsidiary district with responsibility for sewer functions and sewer service for city territory and unincorporated areas in the City's sphere; the County contracting with nearby cities for sewer maintenance and operation; and expansion of the service of the South Bayside System Joint Power Authority (SBSA JPA) to transfer sewer operations and maintenance of sewer infrastructure of all entities that flow to the plant.