

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

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November 12, 2014**To:** LAFCo Commissioners**From:** Martha Poyatos, Executive Officer

A handwritten signature in black ink, appearing to read 'M. Poyatos', written over the printed name.

Subject: Request for Authorization to Release Request for Proposals to Prepare Municipal Service Review and Sphere of Influence Update for the San Mateo County Harbor District

At the September 17 LAFCo meeting, the Commission considered and approved a response to the 2013-14 Civil Grand Jury Report on the San Mateo County Harbor District (SMCHD). A key recommendation by the Grand Jury was that the Commission initiate a municipal service review (MSR) of the Harbor District by December 31, 2014. The Commission responded that the recommendation would be implemented.

This staff report requests that the Commission authorize staff to release a Request for Proposals (RFP) for a consultant-prepared MSR and sphere of influence (SOI) update for the SMCHD. LAFCo staff is in the process of completing first-round service reviews for Bayside cities and districts and overseeing a consultant-prepared MSR for North County cities and special districts. Based on staff resources and workload, initiation of a service review on the Harbor District by December 31 necessitates contracting for preparation of the MSR by outside consultants.

Scope of Work

An MSR and SOI update would study Harbor District finances and operations at Pillar Point Harbor and Oyster Point Marina in the context of District enabling legislation (Harbors and Navigation Code Section 6000 et seq.) and the following mandated determinations contained in Government Code Section 56430 for MSRs and Section 56425 for SOI reviews.

Government Code Section 56430:

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the SOI

4. Financial ability of agencies to provide services
5. Status of, and opportunities for, shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery as required by LAFCo policy

Government Code Section 56425(e):

In determining the sphere of influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect to each of the following areas of determination:

1. The present and planned land uses in the area, including agricultural and open-space lands
2. The present and probable need for public facilities and services in the area
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

Based on these areas of determination, the Scope of Work would include:

- Analysis of the current and future need for services and a description of the value of these services to the County as a whole given the countywide boundaries for property tax collection;
- Identification of governance options including the status quo, reorganization of the Harbor District (dissolution with long-term successor(s), detachment of areas that do not directly or indirectly benefit from the facilities and operations of the District, and any other viable service options;
- Fiscal analysis of existing and alternative means of funding services (adjustment to rates) under the status quo scenario or reorganized with successor agency(ies);
- Analysis of the District's current obligations and the extent to which the successor would be obligated to continue to perform those obligations after dissolution (e.g., retiree health benefits, etc.) the allocation/distribution of assets (e.g., property, records, funding, etc.), disposition of liabilities, etc.;
- Analysis of accountability and transparency in the areas of finance, website, and Brown Act compliance;
- Three Year Revenue/Expenditure Budget Trends, Ratios of Revenue Sources, Annual Debt Service Expenditures to Total Annual Expenditures, and Capital Improvement Program, including, but not limited to, current and three previous budgets, audits, calculation of appropriations limit, rate setting, and cost recovery

Fiscal Impact

Adequate funding is available in the 2014-15 budget to perform a focused service review on the Harbor District.

Recommendation

Authorize the Executive Officer to circulate an RFP for preparation of an MSR and SOI update for the San Mateo County Harbor District. Award of a contract to the most qualified bidder would require Commission authorization.