



North Fair Oaks Community Council
San Mateo County Coordinated
Departmental Response



Date: May 17, 2013
NFOCC Meeting Date: May 23, 2013
Special Notice / Hearing: None
Vote Required: None

To: Members, North Fair Oaks Community Council

From: Jim Porter, Director of Public Works

Subject: Executive Summary - Background and Budget Information Regarding
County Service Area No. 8

RECOMMENDATION:

This is an informational item.

BACKGROUND:

The North Fair Oaks Community Council (Council) has requested that background and budgetary information for County Service Area No. 8 (CSA-8) be provided to them.

DISCUSSION:

History

CSA-8 was originally formed on November 21, 1972 upon the dissolution of the Dumbarton Fire Protection District to finance fire protection services for that portion of the unincorporated area of North Fair Oaks that is north of the railroad tracks (Dumbarton Spur). The Board of Supervisors (Board) is the governing board of CSA-8 and 16% of the property taxes paid within the area provides revenue to CSA-8. The fire service contracts with the City of Redwood City have resulted in cost savings to CSA-8. The powers of CSA-8 were expanded such that the funds made available through these savings could be used for other services as approved for the community.

The powers of CSA-8 were expanded on April 13, 1982 to include refuse and garbage collection. The remaining unincorporated North Fair Oaks was annexed to CSA-8 on September 21, 1982, such that garbage service could be provided in the entire unincorporated area. This area is part of the Menlo Park Fire Protection District (MPFPD), which receives approximately 16% of the property taxes paid within this area.

The Department of Public Works (Department) administers CSA-8 on behalf of the Board and has a fiduciary responsibility to advise the Board regarding the CSA-8 budget.

Local Agency Formation Commission (LAFCo) Municipal Sphere Review and Sphere of Influence Update for the City of Redwood City, County Service Area 8 and Related County-governed Districts (Report) dated January 10, 2011

The above named Report evaluated the active services of CSA-8, which included:

- Garbage collection (CSA-8 wide)
- Community Policing (CSA-8 wide)
- Fire Protection and Emergency Response (CSA-8 Fire Subzone)
- Graffiti abatement (CSA-8 wide)
- Playground Maintenance (Garfield – benefits CSA-8 residents)
- Fair Oaks Community Center (benefits CSA-8 residents)

The Report states that if the Board determines that additional services should be provided, the Board must apply to LAFCo. The application must include a plan for service and budget.

CSA-8 Budget

CSA-8 has two main sources of revenue – property taxes and garbage charges – and also receives interest on its fund balance and garbage franchise fee revenue. The FY 2011-12 expenditures for the active services exceeded the annual property tax revenue by \$58,396.

Services Approved for the Community

Board actions regarding the use of CSA-8 property tax revenue for services other than fire protection have been based on determinations that the services or projects benefit the broader North Fair Oaks community.

Council Input on Requested Services

There are two avenues that the Council has used to make recommendations on proposed services. Your Council has made recommendations to the Board regarding:

- 1.) specific programs to be financed with CSA-8 funds; and
- 2.) general programs which did not include or identify the source of funding for the program

Your Council can continue to use the specific or general recommendation format that has been used in the past, or develop more specific or general recommendations that can be presented to the Board for their consideration. If the Board determines that additional services should be provided by CSA-8, the Board must apply to LAFCo for activation of the additional services with a plan for providing the service and a budget.

FISCAL IMPACT:

There is no fiscal impact as this is an informational item.



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From: Jim Porter, Director of Public Works

Subject: Background and Budget Information Regarding County Service Area No. 8

RECOMMENDATION:

This is an informational item.

BACKGROUND:

The North Fair Oaks Community Council (Council) has requested that background and budgetary information for County Service Area No. 8 (CSA-8) be provided to them.

Attached is a letter from the Department of Public Works (Neil R. Cullen, Director of Public Works), dated March 1, 2002, which responded to a prior request from the Council for budgetary information specific to CSA-8. The letter provided background information, described established procedures, and answered questions posed by the Council. The information conveyed in the letter relative to the background, process, and administration of CSA-8 is consistent with current CSA-8 operations. This report presents information similar to what was contained in the referenced letter with additional and updated information.

DISCUSSION:

History

CSA-8 was originally formed on November 21, 1972 upon the dissolution of the Dumbarton Fire Protection District to finance fire protection services for that portion of the unincorporated area of North Fair Oaks that is north of the railroad tracks (Dumbarton Spur). The Board of Supervisors (Board) is the governing board of CSA-8. Financing this service was by the levying of a property tax. The amount of property taxes collected varied in any given year until the passage of Proposition 13, which amended the State Constitution and set a fixed property tax rate. The amount of property tax funds that CSA-8 receives, as well as, the property tax funds that other governmental agencies that had a tax rate prior to Proposition 13 receive, is now based on a formula and represents a percentage of the fixed rate per \$100 of assessed

valuation that is levied on property. In general, CSA-8 receives 16% of the property taxes paid within the area described above.

The powers of CSA-8 were expanded on April 13, 1982 to include refuse and garbage collection as the community was concerned that a significant portion of the properties in North Fair Oaks was not subscribing to garbage service and that garbage was not being collected in the area.

On September 21, 1982 annexation of the remaining unincorporated North Fair Oaks to CSA-8 occurred such that garbage service could be provided in the entire unincorporated area. There was no property tax exchange because garbage collection is an enterprise activity. Additionally, this area is part of the Menlo Park Fire Protection District (MPFPD), which receives approximately 16% of the property taxes paid within this area and MPFPD provides service from Station No. 5 located on Fair Oaks and Fifteenth Avenues. Property tax revenue is a relevant distinction between the area that was originally designated as CSA-8 (north of Dumbarton Spur) versus the area annexed later (south of Dumbarton Spur).

A fire service contract with the City of Redwood City was executed on November 18, 1997 which resulted in cost savings to CSA-8. However, there are no provisions for reducing the tax rate as provided by Proposition 13. Therefore, the Board, through the required public process, expanded the powers of CSA-8 in order that the funds made available through the savings on the fire service contract could be used for other services as approved for the community.

On June 19, 2007 the County and City of Redwood City executed a subsequent 15-year fire service contract with a term from July 1, 2007 through June 30, 2022. The contract specifies that the payment of up to 32% of the property tax revenue received from CSA-8 Fire Protection Subzone be paid to the City. Attached is Exhibit C "Map of CSA 8 Fire Protection Sub-Zone" from the contract. This payment structure continues to create a surplus of property tax revenue compared to the required payment.

CSA-8 Administration

The Department of Public Works (Department) administers CSA-8 on behalf of the Board and the Department's fiduciary responsibility is to advise the Board:

- a.) that sufficient funds are available in CSA-8 to finance the services that it has contracted for (ie. fire and garbage); and
- b.) that the proposal to use the funds collected are in keeping with the intended use for which the funds are being collected.

Tax revenues and the garbage revenues are tracked and differentiated in order to insure that the expenses financed with the fees collected for garbage service are related to that service.

Local Agency Formation Commission (LAFCo) Municipal Sphere Review and Sphere of Influence Update for the City of Redwood City, County Service Area 8 and Related County-governed Districts (Report) dated January 10, 2011

The above named Report evaluated the active services of CSA-8, which included:

- Garbage collection (CSA-8 wide)
- Community Policing (CSA-8 wide)
- Fire Protection and Emergency Response (CSA-8 Fire Subzone)
- Graffiti abatement (CSA-8 wide)
- Playground Maintenance (Garfield – benefits CSA-8 residents)
- Fair Oaks Community Center (benefits CSA-8 residents)

The Report states that if the Board determines that additional services should be provided, the Board must apply to LAFCo. The application must include a plan for service and budget. Pages 36-39 from the Report are attached. The Report can found in its entirety on the LAFCo website at: <http://www.co.sanmateo.ca.us/portal/site/lafco>

CSA-8 Budget

CSA-8 has two main sources of revenue – property taxes and garbage charges – and also receives interest on its fund balance and garbage franchise fee revenue. A fund balance is necessary to provide cash flow for CSA-8 since it receives revenues only twice per year when tax revenues are distributed. This is also true of the garbage charges as they are also collected together with property taxes.

The Fund Balance for CSA-8 was \$4,135,573 at the end of FY 11-12. The Fund Balance includes CSA-8 Fire Subzone (\$3,296,621) and CSA-8 Garbage (\$838,952).

The following table lists the FY 2011-12 CSA-8 active services expenditures paid by CSA-8 property tax revenue, property tax revenue received, and the net impact to CSA-8 property tax balance. As indicated below, the annual expenditures for the active services exceeded the annual property tax revenue by \$58,396.

Active Services of CSA-8	FY 2011-12 Actuals
Fire Protection and Emergency Response (CSA-8 Fire Subzone)	\$ 258,386
Community Policing (CSA-8 wide)	198,500
Fair Oaks Community Center (benefits CSA-8 residents)	287,369
Graffiti abatement (CSA-8 wide)	26,339
Playground Maintenance (Garfield – benefits CSA-8 residents)	32,694
Total Expenditures for Active Services	\$ 802,288
Property Tax Revenue for FY 2011-12	\$ 743,892
Expenditures Exceeding Property Tax Revenue	(\$ 58,396)

Services Approved for the Community

The Board, acting as the governing board of CSA-8, approves the yearly budget for CSA-8. Board actions regarding the use of CSA-8 property tax revenue for services

other than fire protection have been based on determinations that the services or projects benefit the broader North Fair Oaks community. The additional services that have been approved by the Board have been either through the yearly budget process or by a separate action of the Board.

Services approved by the Board have included: Fire Contracts, Community Policing, Operations and Maintenance costs of the Fair Oaks Community Center, Garfield School playground maintenance, graffiti abatement, youth afterschool programs at Fair Oaks and Garfield Schools, Garfield School park/picnic facilities, reconstruction of Taft School play field, drainage improvements, Fair Oaks School landscape maintenance, Middlefield Road streetscape improvements, Middlefield Road tree maintenance, Middlefield Road Street Fair signs, Festival Cultural de la Middlefield, and Garfield School field construction.

Past Council Input on Requested Services

Your Council had previously asked how it can have input into the services that CSA-8 can provide to the community. Consistent with the previously defined process, there are two avenues that your Council has used to make recommendations on proposed services. Your Council has made recommendations to the Board regarding:

- 1.) specific programs to be financed with CSA-8 funds; and
- 2.) general programs which did not include or identify the source of funding for the program

Examples of specific recommendations are the adjustment in the rates for garbage collection or garbage service that your Council has reviewed and recommended in the past, and the recommended use of CSA-8 funds for specific streetscape elements for the Middlefield Road Project which has been expensed each fiscal year. An example of a general program recommended and supported by your Council is the Community Policing program, which is an annual expenditure of CSA-8 funds.

Future Council Input on Proposed Services

Your Council may have other services, programs, or projects that you are interested in seeing provided in the North Fair Oaks area which require financing. Your Council can continue to use the specific or general recommendation format that has been used in the past, or develop more specific or general recommendations that can be presented to the Board for their consideration. The Department recommends that your Council discuss specific program recommendations with Supervisor Slocum or his staff early in your deliberations. This will allow the Council to determine early on if there is support for the specific program at the Board level and also allow staff sufficient time to evaluate the cost impact on the CSA-8 budget, in light of the other on-going programs and the fiscal constraints of CSA-8 as described above. If the Board determines that additional services should be provided by CSA-8, the Board must apply to LAFCo for activation of the additional services with a plan for providing the service and a budget.

The financial information presented above demonstrates that the active services funded in FY 2011-12 by the CSA-8 property taxes exceeded the revenue. This means that the

fund balance must be used annually to pay for these obligations. It would be fiscally irresponsible to recommend on-going support of additional programs or services without the offsetting revenue or decrease in the financial support to existing services. It may be most appropriate for recommended programs or services to be one-time projects that do not require on-going financial support.

FISCAL IMPACT:

There is no fiscal impact as this is an informational item.

Encl: Letter to Dale Miller, Chair, North Fair Oaks Council, from the Department of Public Works (Neil R. Cullen, Director of Public Works), dated March 1, 2002

“Map of CSA 8 Fire Protection Sub-Zone” Exhibit C to County-City of Redwood City Fire Contract, executed June 19, 2007.

Pages 36-39 (County Service Area 8 section) excerpt from the LAFCo Report, dated January 11, 2011

Department of Public Works



COUNTY OF SAN MATEO

555 COUNTY CENTER, 5TH FLOOR • REDWOOD CITY • CALIFORNIA 94063-1665 • PHONE (650) 363-4100 • FAX (650) 361-8220

BOARD OF SUPERVISORS
MARK CHURCH
RICHARD S. GORDON
JERRY HILL
ROSE JACOBS GIBSON
MICHAEL D. NEVIN

NEIL R. CULLEN
DIRECTOR

March 1, 2002

Mr. Dale Miller, Chair
North Fair Oaks Council
411 9th Avenue
Menlo Park, CA 94025

Dear Mr. Miller:

Re: Revenues of County Service Area No 8 - North Fair Oaks Area

Attached is the summary that your Council requested at your regular meeting of February 21, 2002, of County Service Area No 8's (CSA8) revenues for the last two fiscal years. CSA8 has two main sources of revenues - property taxes and garbage charges - and also receives interest on its fund balance. A fund balance is necessary to provide cash flow for CSA8 since it receives revenues only twice a year when tax revenues are distributed. This is also true of the garbage charges as they are also collected together with property taxes.

The following information is being provided to bring the new council members up to date with regards to the financing of CSA8, the services that it finances and to address the other questions asked by your Council.

History

CSA8 was originally formed to finance fire protection services for that portion of the unincorporated area of North Fair Oaks that is north of the railroad tracks (Dumbarton Spur). The method of financing this service was by the levy of a property tax. The amount of property taxes collected would vary in any given year until the passage of Proposition 13, which amended the State Constitution and set a fixed property tax rate. The amount of property tax funds that CSA8 receives, as well as the property tax funds that other government agencies that had a tax rate prior to Proposition 13 receive, is now based on a formula and represents a percentage of the fixed rate per \$100 of assessed valuation that is levied on property.

The powers of CSA8 were expanded in 1982 as the community was concerned that a significant portion of the property in North Fair Oaks was not subscribing to garbage service and that garbage was not being collected in the area. The boundary of CSA8 was also expanded for garbage service to include the portion of the unincorporated area of North Fair Oaks to the south of the Dumbarton Spur. The expanded powers allowed the CSA to enter into a contract for garbage collection for the expanded area and levy a charge per parcel that is also collected with the property taxes.

Mr. Dale Miller, Chair, North Fair Oaks Council

Re: Revenues of County Service Area No 8 - North Fair Oaks Area

March 1, 2002

Page 2

The contract for fire services with Redwood City was also amended in 1997 which resulted in cost savings to the CSA. However, there is no provisions for reducing the tax rate as provided by Proposition 13. Therefore, the Board of Supervisors, through the required public process, expanded the powers of the CSA in order that the funds made available through the savings on the fire service contract could be used for other services as approved for the community.

The Department of Public Work administers CSA8 on behalf of the Board and our fiduciary responsibility is to advise the Board that there is:

- a) sufficient funds available in CSA8 to finance the services that it has contracted for (i.e. fire and garbage);
- b) that the proposal to use the funds collected are in keeping with the intended use for which the funds are being collected.

We therefore continually monitor the fire service costs to insure that property tax funds are and will be available to pay for this service, and track and differentiate between the tax revenues and the garbage revenues in order to insure that the expenses financed with the fees collected for garbage service are related to that service.

Services Approved for the Community

The Board of Supervisors is the governing board of CSA8 and the Board approves the yearly budget for CSA8. The additional services that have been approved by the Board, either through the yearly budget process or by a separate action of the Board, are listed on the Expense Summary that was previously sent to your Council and which is also attached.

Past Council Input on Requested Services

Your Council has also asked how it can have input into the services that CSA8 can provide to the community. There are two avenues that your Council has used in the past to make recommendations on proposed services. Your Council has made recommendations to the Board regarding:

- 1) specific programs to be financed with CSA8 funds; and
- 2) general programs which did not include or identify the source of funding for the program.

An example of specific recommendations is the adjustment in the rates for garbage collection or garbage service that your Council has reviewed and recommended in the past, and the recommended use of CSA8 funds for specific streetscape elements for the Middlefield Road Project which will be expensed this fiscal year.

Examples of general programs recommended and supported by your Council include the Community Policing program and support for the Middlefield Road Festival.

Mr. Dale Miller, Chair, North Fair Oaks Council

Re: Revenues of County Service Area No 8 - North Fair Oaks Area

March 1, 2002

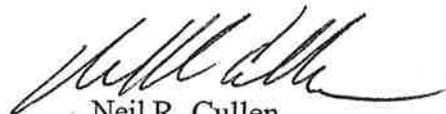
Page 3

Future Council Input on Proposed Services

Your Council may in the future have other programs that you are interested in seeing provided in the North Fair Oaks area which require financing. Your Council can continue to use the specific or general recommendation format that has been used in the past, or develop more specific program recommendations that can be presented to the Board of Supervisors for their consideration. I recommend that your Council discuss specific program recommendation with Supervisor Rose Jacobs Gibson or her staff early in your deliberations. This will allow your Council to determine early on if there is support for the specific program at the Board level and also allow staff time to evaluate the cost impact on the revenues of CSA8, in light of other on going programs and the fiscal constraints of CSA8 as described above.

I can be reached at 650-599-1421 if you or other Council members have and questions regarding CSA8.

Very truly yours,



Neil R. Cullen

Director of Public Works

NRC:sdd

F:\USERS\ADMIN\P&S\CSA8\2002\CSA 8 Revenue Explanation Feb 28 dw.doc

Encl: revenue/expense summary

cc: Supervisor Rose Jacobs Gibson
Members, North Fair Oaks Council
Tiara Pena, Legislative Aide to Supervisor Rose Jacobs Gibson
Donna Vaillancourt, Management Services Division Manager



COUNTY OF SAN MATEO

Inter-Departmental Correspondence

Date: January 25, 2002

TO: Tiare Pena, Legislative Aid to Supervisor Rose Jacobs Gibson
FROM: Neil R. Cullen, Director of Public Works
SUBJECT: County Service Area 8 (CSA 8) Expenditures

Attached is a spreadsheet indicating CSA 8 expenses for the last two years. The CSA receives revenue from two sources:

1. Garbage collection fees that are collected on the property tax bill and which are used to pay for garbage collection in the area. The Board of Supervisors must hold a public hearing each year to confirm the charges to be levied.
2. Property taxes that are set by formula in compliance with Article 13 (Proposition 13) of the State Constitution. The taxes were initially used to pay for fire protection services. However the agreement with Redwood City was renegotiated which resulted in funds being available to finance other activities.

The attached spreadsheet does not reflect current charges for this fiscal year which includes costs for the Middlefield Road Project that was approved by the Board of Supervisors.

A handwritten signature in black ink, appearing to read "Neil R. Cullen".

Neil R. Cullen
Director of Public Works

NRC:sdd

F:\USERS\ADMINP&S\CSA8\BOARDSUP\Memos\2002\CSA 8 Charges Jan 25.doc

Encl: Spreadsheet

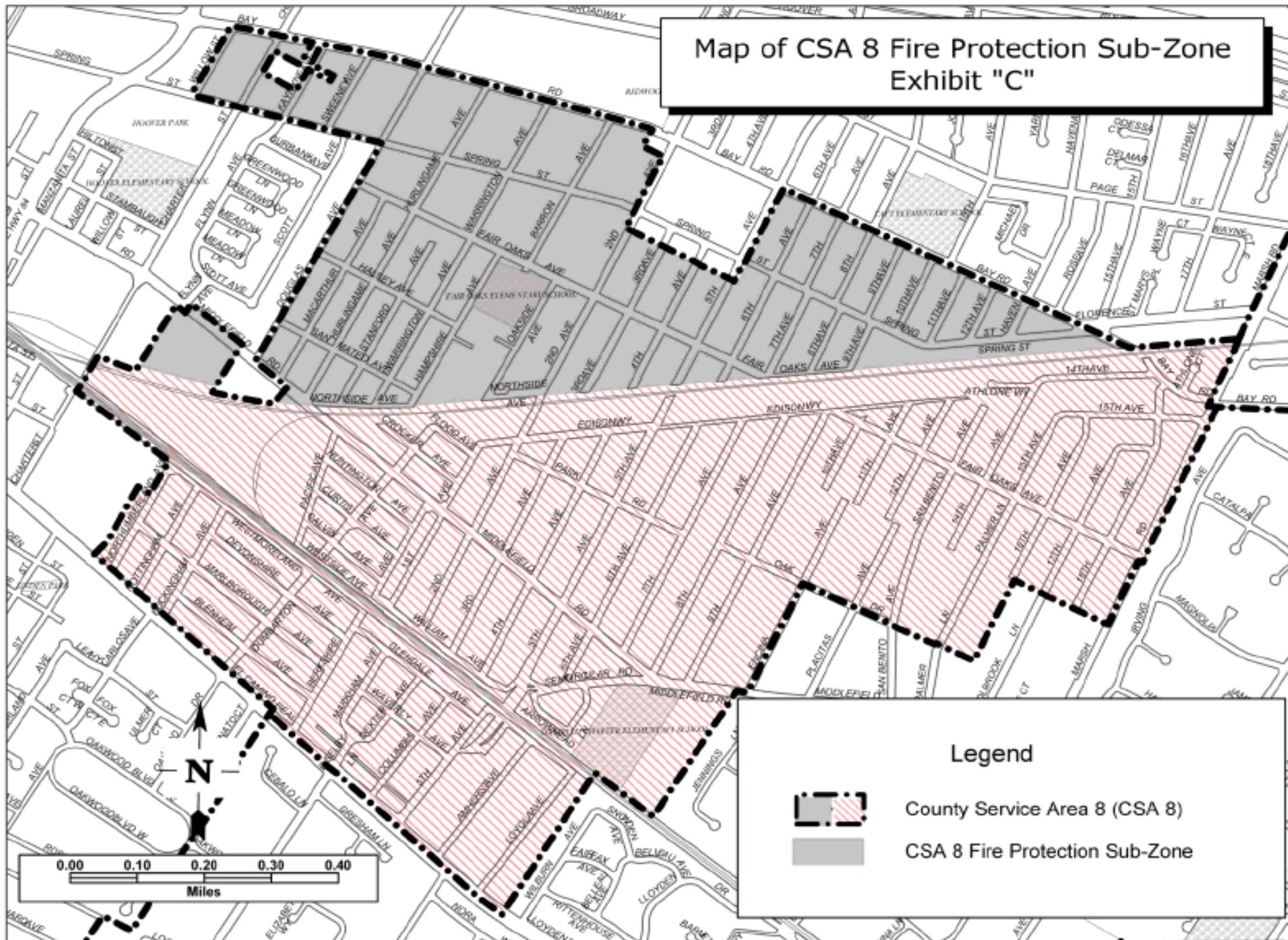
cc: Donna J. Vaillancourt, Management Services Division Manager

**COUNTY SERVICE AREA 8
 COMPARATIVE EXPENDITURES
 FISCAL YEARS 1999-2000 & 2000-2001**

		<u>FY 1999-2000</u>	<u>FY 2000-2001</u>
Fire Protection	CF001	217,590.81	188,848.88
Garbage Collection Services	CF002	746,286.53	787,263.17
Fair Oaks Area Recreational Services Funding	CF003	12,000.00	
Drafting Services	CF004		139.29
Community Policing Program	CF006	100,000.00	50,000.00
Taft Elementary School Playground Reconstruction	CF007		83,379.00
Taft Elementary School Playground Utilities	CF008		
Drainage Improvement	CF005/010	15,638.76	420.49
Fair Oaks School Landscaping	CF011	245.30	
Middlefield Road Street Fair Signs	CF012		1,018.07
Festival Cultural de la Middlefield	CF013		10,000.00
TEWCI Grant-Amistad/Friendship Park	CF014		10,000.00
Total		<u><u>1,091,761.40</u></u>	<u><u>1,131,068.90</u></u>

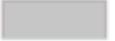
**COUNTY SERVICE AREA 8
COMPARATIVE REVENUES
FISCAL YEARS 1999-2000, 2000-2001 AND AS OF FEBRUARY 22, 2002, FISCAL YEAR 2001-2002**

		<u>FY 1999-2000</u>	<u>FY 2000-2001</u>	<u>FY 2001-2002</u>
1000	Taxes	441,763.89	476,960.14	326,897.97
1500	Interest	60,862.94	69,837.33	29,689.99
1600	Homeowner Prop Tax Relief	5,958.52	5,798.68	2,874.44
2000	Refuse Disposal Charges	<u>739,525.08</u>	<u>739,192.92</u>	<u>420,085.86</u>
	Total Revenue	<u><u>1,248,110.43</u></u>	<u><u>1,291,789.07</u></u>	<u><u>779,548.26</u></u>



Map of CSA 8 Fire Protection Sub-Zone
Exhibit "C"

Legend

-  County Service Area 8 (CSA 8)
-  CSA 8 Fire Protection Sub-Zone

Circulation Draft Municipal Service Review-City of Redwood City,
County Service Area 8 & Other Related County Governed Districts
January 10, 2011

8. Existing park facilities are not being adequately maintained to serve community needs.
9. Many North Fair Oaks residents do not have convenient access to existing parks and playgrounds due to physical barriers³².
10. Although many recreational opportunities and services are available in North Fair Oaks, programming is still not adequate to meet the high need in the community, particularly for youth.

County Service Area 8 (North Fair Oaks)

County Service Area Number 8 (North Fair Oaks)

County Service Area No. 8 is a County-governed special district that provides contract fire protection and emergency response to a portion of North Fair Oaks and solid waste disposal by contract to the entire area. North Fair Oaks is a densely populated unincorporated community with a Census 2000 population of 15,440 and described in more detail beginning on page 34. The North Fair Oaks neighborhood is traversed by the Southern Pacific Railroad tracks with the portion south west of the tracks included in the Menlo Park Fire District (formed in 1916).

County Service Area 8 was formed in 1972 upon dissolution of the Dumbarton Fire Protection District that served the portion of North Fair Oaks northeast of the Southern Pacific tracks. At the time, formation of CSA 8 was pursued in order to contract for fire protection from nearby Redwood City Station 11 because the railroad tracks operated as an active freight line creating access problems for fire response from Menlo Park Fire Protection District Station 5 located southwest of the tracks.

In 1984, the balance of North Fair Oaks was annexed to CSA No. 8 in order to provide coordinated garbage collection service for the entire North Fair Oaks Community following the closure of the South County Garbage and Refuse District land fill at the end of Marsh Road. Regular garbage collection service is provided by the CSA 8 and garbage collection fees are assessed on tax bills. CSA 8 does not receive property tax revenue in the area annexed in 1984.

Enabling legislation for county service areas (Gov. Code Section 25213)³³ authorizes county service areas to provide a broad set of municipal services, in essence all services a city may provide (except land use). In 1997, the Board of Supervisors, as governing body of the District adopted a resolution expanding the powers of CSA 8 to include the broad set of services permitted under County Service Area law.³⁴ Since that

³² Barriers include Southern Pacific and Caltrain Tracks, lack of sidewalks and adequate paving near train tracks.

³³ Prior to re-write of County Service Area law in (), authorized services were enumerated in Section 25210.4.

³⁴ County Service Areas are permitted to provide the general set of municipal services provided by cities. These include but are not limited to fire and police protection, parks and recreation, road maintenance, flood control, sewer and water.

time District revenues have funded graffiti abatement, joint operation with Redwood City of the Fair Oaks Community Center, community policing by the Sheriff in the entire area of the District and funding of a Sheriff substation on Middlefield Road and contribution to Garfield School Playground Maintenance.

Since that time, 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 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 8 provides the following services in the areas as specified and any other services authorized by the enabling legislation are inactive:

Garbage Collection	District-wide
Community policing	District-wide
Fire & Emergency Service by Contract	Area east of So. Pacific Tracks (fire zone)
Graffiti Abatement	District-wide
Playground maintenance	Garfield School
Community Center	Fair Oaks Center (Joint Operation w/RWC)

If in the future the Board of Supervisors as governing body of the District determines that other services permitted in CSA enabling legislation should be provided and funded by CSA 8, 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. Based on infrastructure deficiencies identified above, future consideration may be given to expanding CSA 8 powers to address these deficiencies.

County Service Area 8 Budget

As noted above, District formation boundaries included the portion of North Fair Oaks not included in Menlo Park Fire District and the District levied a tax to fund fire protection. When Proposition 13 was enacted in 1978, the District therefore received a share of the 1% property tax. When the District boundaries were expanded to include the balance of North Fair Oaks so that the entire area could receive coordinated garbage collection service, no property tax share was transferred to the District for the annexation area because as an enterprise activity, garbage collection was funded with user fees collected on the property tax. The following illustrates sample tax rate areas and property tax distribution in the two zones of County Service Area Number 8. In the formation area (formerly Dumbarton Fire District), the District receives approximately 16% of the 1% property tax and in the portion annexed to expand garbage collection service to all of North Fair Oaks Menlo Park Fire District receives approximately 16% of the 1% property tax.

County Service Area No. 8 - North Fair Oaks - Fire Tax Zones
 Sample Tax Rate Area

(Contract with RWC for Fire Protection)		(Portion in MPFPD)	
Agency	Share	Agency	Share
General County Tax	0.241107	General County Tax	0.242538
Free Library	0.035147	Free Library	0.035355
Redwood City Elem Genl Pur	0.240446	Redwood City Elem Genl Pur	0.241873
Sequoia High Genrl Purpose	0.158872	Sequoia High Genrl Purpose	0.159815
Sm Jr College Gen Pur	0.06899	Sm Jr College Gen Pur	0.069399
		County Service Area No 8	0
County Service Area No 8	0.166187	Menlo Park Fire District	0.161238
Fair Oaks Sewer District	0.012114	Fair Oaks Sewer District	0.012186
Midpeninsula Reg. Open Space	0.018681	Midpeninsula Reg. Open Space	0.018792
Bay Area Air Quality Management	0.002126	Bay Area Air Quality Management	0.002138
County Harbor District	0.003586	County Harbor District	0.003608
Mosquito Abatement	0.001952	Mosquito Abatement	0.001964
Sequoia Hospital District	0.01489	Sequoia Hospital District	0.014978
County Education Tax	0.035903	County Education Tax	0.036116

The District's adopted 2009-10 budget includes a fund balance of \$3,105,458, property tax revenues of approximately \$819,594, service fee (garbage collection) revenue of \$1,024,070 and other revenues including interest and franchise fees of \$125,149. As shown in the County's 09-10 budget schedule, District expenditures include contract fire protection of \$290,547 and garbage collection service of \$1,036,695. Because the property tax received in the original formation boundaries exceeds the cost of contract fire protection for this area and because garbage rates cover the cost of service, the District maintains a fund balance while using some excess revenues to fund other programs in North Fair Oaks consistent with the Board of Supervisor's resolution expanding district powers.

County of San Mateo Comments:

The County of San Mateo comments that given the fact that CSA 8 collects property tax for the eastern portion it may be appropriate for the County to considering activating powers of a CSA to include construction and maintenance of drainage facilities within the specific area or collaborate through financial participation with the City of Redwood City as the downstream agency on storm drain improvement projects to benefit the area.

Menlo Park Fire Protection District (MPFPD) Comments

The Menlo Park Fire Protection District comments are attached. In summary, MPFPD comments that the District is a partnering agency with San Mateo County, City of Redwood City and specifically the Redwood City Fire Department as it pertains to providing Fire, Emergency Medical and Emergency Response services under County

wide agreements for Paramedic First Response, Automatic Aid including a robust expanded fire alarm plan and move and cover station backfill agreement as well as Countywide consolidated Fire Dispatch services. MPFPD expresses several concerns regarding the funding formula and length of the contract between CSA 8 and City of Redwood City; potential redundancy of MPFPD Station 5 and Redwood City Station 11; concern that the property tax revenues in the portion of CSA 8 served by Redwood City are in excess of the contract for Fire Services which is a negotiated percentage and results in a fund balance of over 3 million dollars; and the strategy of taking the property tax revenue for what once was a Fire Protection District and reducing it to a lower percentage appears to be flawed as it applies to the County paying its “fair share” for Fire and Emergency Services for CSA-8.

Comments also cite that CSA 8 is the only instance in San Mateo County in which a fire agency is reimbursed for providing fire service to an unincorporated area and that “Browning Out” or of Fire Engine 9 has potential impacts to maintaining its basic obligations under the County Fire Agreements and current and future options and solutions. It is noted that as a neighboring fire agencies, MPFPD and Redwood City have begun to analyze response data associated with cost saving measures and service reductions to determine their impact on the City and the Fire District.

Comments indicate that MPFPD has no desire to subsidize fire and emergency services to Redwood City, San Mateo County or any other agency, but does plan to maintain its strong working relationship with the City Fire Department and County by honoring the spirit and joint benefit of the County Automatic Aid Fire Agreement. Comments suggest that the County and Redwood City determine the actual cost of fire services to the Sub-Zone in CSA 8 and potentially re-negotiate the agreement to recover those costs and partially or fully restore fire services elsewhere in the City of Redwood City. Lastly he recommends a more global look at fire protection services as it applies to all of the areas and determine what is in the collective interests of all of the parties as it applies to adequate fire protection services through shared efficiencies and potential consolidation within the region.

Fair Oaks Sewer Maintenance District:

The Fair Oaks Sewer Maintenance District is the largest of the ten County-governed sewer districts. Operated by the San Mateo County Department of Public Works, the District was formed in 1939 and includes territory located in portions of Woodside and Atherton, Redwood City and unincorporated areas including North Fair Oaks. The district has 81 miles of pipelines and 7,345 connections. Effluent flows to the South Bayside System Authority under an agreement between the District and the City of Redwood City. As an enterprise district, the primary revenue source is sewer fees that are assessed on the property tax bill. The Board of Supervisors establishes fees subject to Proposition 218. The following table provides rate and other information for the County governed sewer and sanitation districts and comparison with nearby cities.