

**San Mateo County Service Area # 7 (CSA7)  
Customers' Advisory Committee (CAC) Meeting  
August 27, 2011**

The seventh meeting of the CAC was held at Café Cuesta Restaurant in La Honda on August 27, 2011. The meeting was called to order by acting chairperson Patricia O'Neal at 11:00 AM.

The following were in attendance:

**Nicholas Calderon, Legislative Aide for County Supervisor Don Horsley  
Martha Poyatos, Executive Officer, San Mateo Local Agency Formation Commission (LAFCO)  
Mark Chow, Principal Civil Engineer, County Department of Public Works  
Patricia O'Neal, Committee Acting Chairperson  
Dante Razzini  
Cyrus Yocum  
Terry Adams  
David & Kathy Bevin  
Douglas Woods  
Joanne Lehner  
June Irhazy & Al Garrison  
Bill Gissler**

O'Neal introduced Poyatos who distributed an eight page handout. Referring to the handout, Poyatos described;

- (1) LAFCO's creation, purpose and organization;
- (2) how CSA7 fits into local government in San Mateo County;
- (3) a map showing the geographic location to other water service providers in the area;
- (4) a description of local conditions and a municipal service review document which will be available on August 29, 2011.

The document will identify CSA7 (a) growth and population projections; (b) Infrastructure needs and deficiencies; (c) financial ability to provide services; (d) opportunities for shared facilities; (e) local accountability and government; (f) government structure options for CSA7. The document will be available for comment review through October 1 and is scheduled for a public hearing at the November 16 LAFCO meeting.

- (5) a one page "Fact Sheet" about LAFCO identifying its purpose, governing Board and public meeting schedule and place.

Poyatos responded to questions during and after her presentation.

At 11:35 O'Neal introduced Mark Chow, who presented financial information on CSA7's revenue and expenditures for fiscal years 2009-10, 2010-11 and the adopted budget for 2011-12. The CAC members were dismayed that expenditures between 2009-10 and

2010-11 increased by 122 % and that budgeted expenditures for 2011-12 projected an increase of 168 % over 2010-11. For all three fiscal years revenue was basically the same. There was considerable discussion about what could be done to decrease expenditures. It was agreed that methods to decrease expenditures had to be identified and implemented in the current fiscal year.

The second issue addressed by Chow was the matter of what portion of the CSA7 revenue since the rate increase in 1999 was to be set aside in a capital improvement reserve fund. This reserve fund was never established by the County. As of June 30, 2011 CSA7 has a total fund balance of \$157,956.44 (largely the difference between revenue and expenditures since the 1999 rate increase.) Using the formula agreed upon in the 1999 rate increase, Chow calculated that the Capital Reserve Fund as of June 30, 2011 should amount to \$97,868.20. The balance in an Operating Fund would be \$60,088.24 (\$157,956.44 - 97,868.20). The \$60,088.24 balance plus the estimated 2011-12 revenues of \$39,100 means that a total of \$99,188 is available to cover total estimated expenditures of \$101,760. So if the Capital Reserve Fund balance is to be maintained and added to per the 1999 understanding, a rate increase will be necessary, but equally as important an expenditure reduction must be achieved. Following a discussion of how these can be achieved CAC request Chow to develop some specific proposals.

At 12:00 CAC took a 15 minute break which allowed for individual member conversations and informal conversation with the County Supervisors representative.

At 12:15 the CAC reconvened and Chow presented a third issue - a review of the needed capital improvements as presented in the 1998 Brown & Caldwell master plan. The purposed improvements were shown under three stages in the plan. Minor improvements which have been made since 1998 were identified. Major improvements required by the State Water Adjudication process may have changed. After considerable discussion it was decided that further study would have to be given before a prioritized capital improvement schedule could be finalized.

A fourth issue raised by Chow was a recently received two page letter from the State Environmental Health Department inquiring how State mandated environmental issues are being addressed by CSA 7. Chow is currently working on a response to this letter and will keep CAC informed.

The fifth issue addressed by Chow was the current and future operation of the CSA7 treatment plant and system. Since the departure on August 4 of the CSA 7 plant operator, the plant has been operated by the Memorial Park and the Pescadero systems County operator. County Public Works is currently evaluating this and other operator options. Chow will key CAC informed.

Chow gave CAC a set of maps consisting of 4 engineering plan sheets of the CSA7



system. He asked that we would review these and note any corrections.

At 1:40 O'Neal and CAC members thanked Poyatos, Chow and Calderon for attending the meeting. and they left.

CAC then elected O'Neal as chairperson, Gissler as Secretary and Terry Adams as custodian of the water distribution system maps and facilities information.

CAC also identified some immediate tasks.

O'Neal to obtain from Poyatos or Chow a list of all CSA7 customers - names, assessor parcel number, addresses.

Adams to write these names on their respective parcel on the maps. With this information customers can be grouped into neighborhoods vigilant to the operation and maintenance of the distribution system.

The meeting was adjourned at 1:50 to a date in October or November to be determined by Chairperson O'Neal.

Respectfully Submitted

Bill Gissler, Secretary

**Attachments:**

- (a) Attendance List
- (b) Poyatos presentation handout
- (c) Chow's handouts

San Mateo LAFCo  
Municipal Service Review

County Service Area 7

La Honda

August 27, 2011

LAFCo

- Independent Commission created in 1963 in each county of State with jurisdiction over boundaries of cities and special districts with goals of:
- Discouraging Urban Sprawl
- Preserving agricultural lands and open space
- Encouraging orderly boundaries of cities and special districts and efficient extension of government services
- LAFCo includes city, county, district, public membership, adopts separate budget, contracts with County



## Local Government in San Mateo County

- 20 cities
- 22 independent special districts
- 32 county-governed special districts
- County General Plan, Local Coastal Program and Urban Rural Boundary
- City General Plans – Annexation policies
- Range from Full Service Cities to Regional Districts
- (LAFCo does not have jurisdiction over school districts)

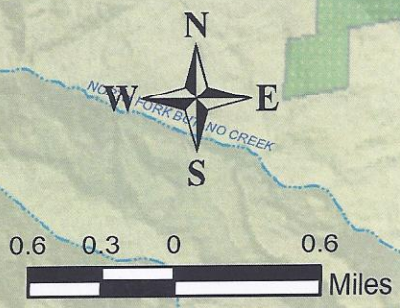
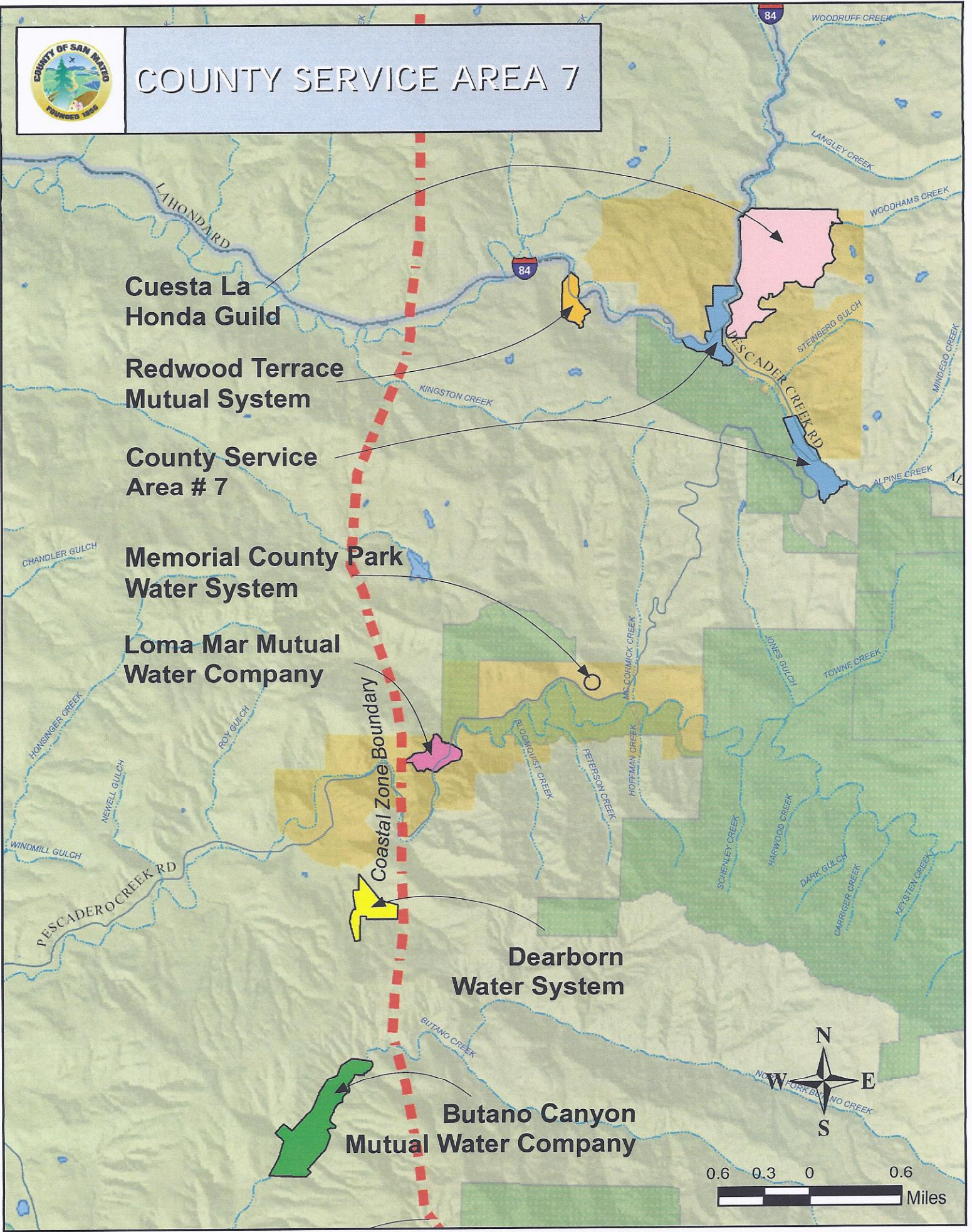
## County Service Area 7

- County Service Areas have broad set of powers authorized by state law
- CSA 7 Sole service: water
- Enterprise District – fee for service
- Governed by Board of Supervisors
- Operated by County Public Works





# COUNTY SERVICE AREA 7





## Local Conditions

- County Service Area 7 formed in 1965
- Boundaries based on existing customer base and system pipelines
- Remote location, aging and poorly constructed system designed for vacation versus residential use
- Many small, non-contiguous unincorporated areas served by separate systems. (see map)

## Municipal Service Review GCS 56430

- Required prior to or in conjunction with sphere of influence adoption or update sphere of influence
- Review of all agencies providing identified service(s) within designated geographic area (region or sub-region of county)
- Make written determinations re: infrastructure, population growth, financing, rates, shared facilities, cost avoidance, governance options, management efficiencies, local accountability prior to adopting or updating sphere of influence



## Determinations (Section 56430)

- Growth & Population Projections  
(Census/ABAG/DOF)
- Infrastructure/Facilities
- Financial Ability to Provide Services
- Opportunities for Shared Facilities (Cost Avoidance)
- Accountability For Community Service Needs,  
Governmental Structure and Operational Efficiencies
- Any Other Related Matters

## Growth & Population Projections

- La Honda Census 2010 Population of 928
- Based on 2.25 persons per household,  
estimated County Service Area 7  
population of 158
- Minimal Growth potential due to use of  
septic and limited water supply



## Infrastructure Needs & Deficiencies –

- Master Plan – April 1998
- Capital Plan
- Superior Court Decree re: La Honda Creek
- Compliance with CEQA
- Funding

## Financial Ability to Provide Services

- Enterprise activity – fee for service
- Size of Rate Base
- Board of Supervisors - Rate setting body
- Rates Subject to Prop. 218
- Drought/conservation reduces revenues



## Opportunities for Shared Facilities (cost avoidance)

- Are there water projects/efforts that could create economies of scale?
- Sharing of licensed operator with nearby small water providers
- Maximize water sources available

## Local Accountability & Governance

- Fiscal Policies
- Website – contact information, public meeting agenda, availability of reports, financial documents, etc.
- Master Planning documents



## Government Structure Options

- Continued existence as CSA
- Dissolution and establish as Mutual Water Company
- Dissolution and consolidate with Cuesta La Honda
- Dissolution and transfer to CalWater

## Process

- Circulation of draft municipal service review and sphere of influence update report (Week of August 29)
- Comment period Through October 1
- Revised report prepared with recommended determinations and sphere designation (LAFCo hearing Nov. 16)



# SAN MATEO LOCAL AGENCY FORMATION COMMISSION

455 County Center, 2nd Floor  
Redwood City, California 94063

Martha Poyatos  
Executive Officer  
(650) 363-4224

## PURPOSE

Created by the State legislature in 1963, the Local Agency Formation Commission (LAFCo) is a State-mandated, independent commission with countywide jurisdiction over changes in organization and boundaries of cities and special districts including annexations, detachments, incorporations and formations. As required by State law, LAFCo adopts a net operating budget, which is apportioned in thirds to the County of San Mateo, the 20 cities in the County and the 22 independent special districts. The Commission has responsibility in the following areas affecting local government in the county:

1. To discourage urban sprawl and encourage the orderly growth and development of local government agencies;
2. To prevent premature conversion of agricultural and open space lands;
3. To review and approve or disapprove proposals for changes in the boundaries and organization of the 20 cities, 22 independent special districts and 33 county-governed special districts plus incorporations of cities and formations of special districts;
4. To conduct municipal service reviews and establish and periodically update spheres of influence--future boundary, organization and service plans--for the county cities and special districts; and
5. To perform and assist in studies of local government agencies with the goal of improving efficiency and reducing costs of providing urban services.

## THE COMMISSION

The Commission is made up of two members of the county Board of Supervisors, two members of city councils of the cities in the county, two board members of independent special districts in the county, a public member, and four alternate members (county, city, special district and public). The Commission contracts with the County of San Mateo for staff, facilities and legal counsel. The Executive Officer serves in the administrative capacity which includes staff review of each proposal, sphere of influence studies and assistance to local agencies and the public.

### LAFCo Member

		<u>Term</u>
David Altscher	Special District Member	May, 2014
Linda Craig	Public Member, Vice Chair	May, 2014
Iris Gallagher	Special District Member, Chair	May, 2012
Don Horsley	Board of Supervisors	May, 2012
Naomi Patridge	City Member	May, 2013
Sepi Richardson	City Member	May, 2014
Adrienne Tissier	Board of Supervisors	May, 2012
Rose Jacobs Gibson	Alternate for Supervisors	May, 2012
Richard Garbarino	Alternate for City Member	May, 2015
Joseph Sheridan	Alternate Special District Member	May, 2012
Maureen Morton	Alternate for Public Member	May, 2014

### COMMISSION MEETINGS:

1. LAFCo meetings are on the third Wednesday of odd-numbered months at 2:30 p.m. in the Board of Supervisors Chambers at the Hall of Justice in Redwood City. Extra meetings may be held as needed.
2. If an item of interest to you is on the agenda, the Chairman will call for comments from the audience when the item is ready for discussion from the floor. Please complete a speaker slip available just inside the door and give it to the Clerk to assist the Chairman in organizing the progress of the hearing.
3. When addressing the Commission, please proceed to the microphone and state your name and address for the Clerk.

For more information about San Mateo LAFCo: [www.sanmateolafco.org](http://www.sanmateolafco.org)



## San Mateo County Public Works

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### County Service Area #7

County Service Area No. 7 La Honda Water System Master Plan

Letter from San Gregorio Creek Watermaster Regarding Water Availability

#### General Information

Public Works operates County Service Area No. 7 (CSA 7) to provide potable water to approximately 70 customers in the La Honda community. The water system also supplies two County facilities: Camp Glenwood Boys Ranch and Sam McDonald Park. [Click here](#) to view a map of CSA 7 boundaries.

The CSA 7 water system is comprised of an intake and pump in Alpine Creek, a Water Treatment Plant, a 500,000-gallon storage tank and a distribution system. The Treatment Plant was constructed in the early 1990's to meet Federal and State water quality requirements. Portions of the distribution system date back to the 1920's, when the area was primarily a place for summer homes for affluent San Franciscans.

#### Billing and Customer Service

CSA 7 customers are billed quarterly based upon meter readings for the preceding 90 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.

Service Charge	\$20.00 per month
Volume Charge	\$ 4.80 per unit

#### Payment Policies

Your water bill is due 21 days from the billing date. A late charge of \$5.00 is assessed on bills paid after the due date. If the bill is not paid within 42 days of the billing date, your water may be shut-off for non-payment. Restoration of service requires payment of the full amount of the bill, plus a service restoration fee of \$50.00 if payment is remitted during normal business hours (before 4:00 PM) and \$100.00 during all other hours, payable in cash or money order.

#### New Customers

New customers may connect to the system by paying appropriate fees. The facility buy-in fee for new parcels located within CSA 7 boundaries is \$2,100.00. Service connection fees range from \$690.00 to \$1,435.00 based on meter size. The meter set-up fee is \$50.00. Please contact CSA 7 during business hours for more information.

#### You can contact us by:

##### Mail:

County Service Area No. 7  
Department of Public Works  
555 County Center, 5<sup>th</sup> Floor  
Redwood City, CA 94063

##### Telephone:

(650) 363-4100

##### Email:

[acsanchez@co.sanmateo.ca.us](mailto:acsanchez@co.sanmateo.ca.us)



**After Hours Emergency**

Call (650) 363-4100. Wait for the phone to roll forward to the County Communications Center and the Dispatcher will notify the on-call staff-person.

**Water Quality**

Each year CSA 7 produces an Annual Water Quality Report called the Consumer Confidence Report (CCR). The CCR is a requirement of the United States Environmental Protection Agency. [Click here to view CSA 7's 2010 Consumer Confidence Report.](#)

**Water Conservation**

Finding ways to use water more wisely in the home can save both a precious natural resource and money. [Click here for a virtual tour of the Water Saver House.](#)

Last update: August 2011



**County Service Area No. 7 - La Honda Water System**

**FY 2009-10 Budget Summary (Actuals)**

**Revenue:**

Quarter	Connections:	Water Usage	Water Sales	Service Charge
		(ccf)	(\$)	(\$)
1st	68	1,404	\$ 6,739.20	\$ 4,026.00
2nd		1,097	\$ 5,265.60	\$ 4,086.00
3rd		875	\$ 4,200.00	\$ 4,166.00
4th		1,066	\$ 5,116.80	\$ 4,026.00
Totals		4,442	\$ 21,321.60	\$ 16,304.00

Revenue from Water Sales:	\$ 37,625.60
Other Charges & Penalties:	\$ 717.00
Interest from Fund Balance:	\$ 1,585.87
<b>Total Revenue</b>	<b>\$ 39,928.47</b>

**Expenditures:**

Plant Operation & Maintenance:	\$ 11,346.00
Routine Operation & Maintenance:	\$ 494.05
Emergency Maintenance:	\$ 1,953.70
Meter Reading:	\$ 395.24
Billing & Accounting:	\$ 2,769.00
Water Quality Monitoring & Testing:	\$ 4,043.16
Engineering & Administration:	\$ 4,104.30
Other Charges:	\$ 2,139.55
<b>Total Expenditures</b>	<b>\$ 27,245.00</b>



## County Service Area No. 7 - La Honda Water System

### FY 2010-11 Budget Summary (Actuals)

#### Revenue:

Connections:	68		
Quarter	Water Usage (ccf)	Water Sales (\$)	Service Charge (\$)
1st	1,398	\$ 6,710.40	\$ 4,086.00
2nd	997	\$ 4,785.60	\$ 4,086.00
3rd	985	\$ 4,728.00	\$ 4,026.00
4th	894	\$ 4,291.20	\$ 4,026.00
Totals	4,274	\$ 20,515.20	\$ 16,224.00

Revenue from Water Sales:	\$ 36,739.20
Other Charges & Penalties:	\$ 582.56
Interest from Fund Balance:	\$ 1,945.85
Total Revenue	\$ 39,267.61

#### Expenditures:

Plant Operation & Maintenance:	\$ 24,235.00
Routine Operation & Maintenance:	\$ 575.52
Emergency Maintenance:	\$ 11,813.65
Meter Reading:	\$ 825.45
Billing & Accounting:	\$ 142.00
Water Quality Monitoring & Testing:	\$ 2,422.62
Engineering & Administration:	\$ 14,987.35
Other Charges:	\$ 5,521.41
Total Expenditures	\$ 60,523.00



**County Service Area No. 7 - La Honda Water System**

**FY 2011-12 Budget Summary (Adopted)**

**Revenue:**

Connections:	67		
Quarter	Water Usage (ccf)	Water Sales (\$)	Service Charge (\$)
1st		\$ -	-
2nd		\$ -	-
3rd		\$ -	-
4th		\$ -	-
<b>Totals</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>

Revenue from Water Sales (Estimated):	\$ 38,000.00
Other Charges & Penalties:	\$ -
Interest from Fund Balance (Estimated):	\$ 1,100.00
<b>Total Revenue</b>	<b>\$ 39,100.00</b>

**Expenditures:**

Plant Operation & Maintenance:	\$ 30,000.00
Routine Operation & Maintenance:	\$ 26,000.00
Emergency Maintenance:	\$ 10,000.00
Meter Reading:	\$ 500.00
Billing & Accounting:	\$ 1,000.00
Water Quality Monitoring & Testing;	\$ 5,000.00
Engineering & Administration:	\$ 18,000.00
Other Charges:	\$ 11,260.00
<b>Total Expenditures</b>	<b>\$ 101,760.00</b>



## County Service Area No. 7 - La Honda Water System

### Analysis of Water Sales and Capital Reserve

Post 1999 Rate Increase Fiscal Year	Water Usage (ccf)	Water Sales (\$)	Service Charge (# of Units)	Service Charge (\$)
FY 1999-2000	4,782	\$ 22,953.60	821	\$ 16,420.00
FY 2000-2001	7,552	\$ 36,249.60	787	\$ 15,740.00
FY 2001-2002	2,273	\$ 10,910.40	803	\$ 16,060.00
FY 2002-2003	5,382	\$ 25,833.60	794	\$ 15,880.00
FY 2003-2004	5,730	\$ 27,504.00	778	\$ 15,560.00
FY 2004-2005	5,944	\$ 28,531.20	798	\$ 15,960.00
FY 2005-2006	5,927	\$ 28,449.60	822	\$ 16,440.00
FY 2006-2007	5,188	\$ 24,902.40	811	\$ 16,220.00
FY 2007-2008	4,992	\$ 23,961.60	823	\$ 16,460.00
FY 2008-2009	5,568	\$ 26,726.40	782	\$ 15,640.00
FY 2009-2010	4,442	\$ 21,321.60	815	\$ 16,300.00
FY 2010-2011	4,274	\$ 20,515.20	811	\$ 16,220.00
<b>Totals</b>	<b>62,054</b>	<b>\$ 297,859.20</b>	<b>9,645</b>	<b>\$ 192,900.00</b>

#### Capital Reserve from Rate Increase:

From Usage Charge:	$\$4.80 - \$4.00 \times 62,054 \text{ units} =$	\$ 49,643.20
From Service Charge:	$\$20 - \$15 \times 9,645 \text{ units} =$	\$ 48,225.00
<b>Total Incremental Revenue</b>		<b>\$ 97,868.20</b>
<b>Total Fund Balance as of June 30, 2011</b>		<b>\$ 157,956.44</b>