

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

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January 11, 2012

TO: Members, Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: LAFCo File No. 11-03—Proposed Annexation of Assessor's Parcel Numbers 006-392-050 through -070, 006-393-080, -090, -170, -190 and 200 to the City of Daly City and Detachment from Broadmoor Police Protection District, Colma Fire Protection District and the Colma Highway Lighting District (1.9 Acres)

Summary

This proposal, submitted by petition with 100% landowner consent, requests annexation of seven parcels to the City of Daly City and detachment from the Broadmoor Police Protection District, Colma Fire Protection District and County-governed Colma Highway Lighting District. Six of the seven parcels are part of a proposed 50-unit townhome development. One parcel, 320 Third Avenue, is included in the annexation because it would otherwise be an unincorporated single-parcel island surrounded by Daly City. The proposed 50-unit townhome development also includes two adjacent parcels currently in the City of Daly City. The applicant's stated reason for annexation is to develop housing consistent with the City of Daly City General Plan. The property has been pre-zoned and the County and the City have adopted property tax exchange resolutions. The proposal is consistent with the spheres of influence of the City of Daly City and the special districts as well as San Mateo LAFCo policies and San Mateo County General Plan policies concerning annexation. Approval of the reorganization is recommended.

Departmental Reports

County Assessor: The net assessed valuation of land shown in the records of the County Assessor is \$1,175,598. The boundaries of the annexation as proposed are consistent with lines of assessment and ownership.

County Clerk: The territory has 6 registered voters. Annexation would not conflict with any political subdivision boundaries.

County Public Works: The territory proposed for annexation

consists of 1.9 acres. The map and legal description submitted with the proposal are under review to determine if they satisfy the requirements of the State Board of Equalization. Natural boundaries, drainage basins or other topographical features would not affect and would not be affected by this proposal.

Environmental Health: Water service in the area is provided by California Water Service Company. Sewer service is provided by the North San Mateo County Sanitation District, a subsidiary district of the City of Daly City. The proposal has no adverse environmental health significance.

Colma Fire Protection District: The Colma Fire Protection District opposes any detachment of territory resulting in loss of revenues to the District without securing "make whole" funding for the districts. The District expresses concern about location of the development and timely emergency response with the potential for increased response time. The District believes it would be appropriate for the County to evaluate and grant variances that would allow existing special districts to benefit from growth and increased densities. (Please see Attachment B for District comments.)

Broadmoor Police Protection District: The District also opposes detachment from the District and concurs with the comments and position of Colma Fire Protection District.

City of Daly City: The City of Daly City land use designation and pre-zoning is medium density residential (21-35 dwelling units per acre) effective upon annexation. Annexation is consistent with amendments to the City General Plan adopted on August 8, 2011 as part of the pre-zoning application. The proposal is consistent with the City's adopted plans for extending services. The proposal does not pose potential service delivery problems. North County Fire Authority (a joint powers authority for fire protection and emergency response between City of Daly City, Brisbane and Pacifica) has a response time goal of arriving with a fire company within four minutes or less travel time for 90% of all emergencies. The travel time to this proposed annexation location from the closest fire station is a four minute travel time. The annexation area would have no workload impact or effect on the fire companies' reliability. The territory will not be taxed for bonded indebtedness but will be subject to utility user's tax. As a condition of approval of pre-zoning, the portion of the project area within the boundaries of California Water Service Company (CalWater) service area is required to become part of the Daly City water system.

Recommendation: Approval.

County of San Mateo-Long Range Planning Division

The County General Plan land use designation is Medium Density

Residential. Zoning is R-1/S-7 (5,000 square foot minimum). The proposal is consistent with County General Plan Policy 7.24: "Encourage cities to annex urban unincorporated areas within designated spheres of influence."

Background:

This proposal was submitted by 100% signature petition of property owners and requests annexation of seven parcels (five with existing residences and two undeveloped parcels used for flower growing) as part of a proposed 50-unit townhome development approved by the Daly City City Council. One residential parcel (320 Third Avenue) is not part of the proposed development but has been included in the annexation to avoid creating an unincorporated island of single parcel. The City pre-zoned the entire project area Medium Density Residential with 320 Third Avenue designated R-2 - Two Family Residential which would allow for duplex construction. While not part of the proposed development, the property owners of 320 Third Avenue are signers of the petition for annexation. The townhome development is to be constructed on two parcels already in the City of Daly City and six of the parcels proposed for development.

The annexation area is located in what is commonly referred to as unincorporated Colma and within the sphere of influence of the City of Daly City. The parcels proposed for annexation and surrounding unincorporated areas are also in the boundaries of the independent Broadmoor Police and Colma Fire Protection Districts and the County-governed Colma Lighting District. Annexation to the City necessitates detachment from these districts.

Sphere of Influence

The sphere of influence of the City of Daly City was adopted by LAFCo in 1976 to include unincorporated Broadmoor, as well as other unincorporated areas near Colma. Since that time, the sphere was reaffirmed by LAFCo and approximately 30 reorganization proposals were processed, of which approximately half were completed. The LAFCo adopted spheres of influence for Broadmoor Police Protection District and the Colma Fire Protection District indicate dissolution of the districts and transfer of service responsibility to the City of Daly City. Because annexations to Daly City also involve detachment from Broadmoor Police and Colma Fire Protection Districts resulting in reduction in property tax and parcel tax revenue to the districts, the districts have historically opposed the annexations to the City.

Current and Proposed Services

Changes in service that would occur as a result of the reorganization are summarized below:

Service Delivery							
	Police	Fire	Streets/ Lights	Water	Sewer	Park&Rec	Library
Current	Broadmoor Police	Colma Fire Dist	County of San Mateo	CalWater	No. SM Co. Sanitation District	County	Daly City
Proposed	City of Daly City	City of Daly City	Daly City	No. S.M. Co. San. District	No. SM Co. San. Dist.	Daly City	Daly City

Service delivery patterns will shift from the Districts and the County in the areas of fire and emergency response, and police throughout the annexation area. On Second Avenue, street maintenance and lighting will shift from the County to the City. (Third Avenue is already located in the City for the purposes of street maintenance and lighting.) Water service will transfer from CalWater to the North San Mateo County Sanitation District which is a subsidiary district of the City of Daly City. The nearest County Park is San Bruno Mountain. The County operates regional parks and does not offer park and recreation programs to accommodate the proposed development. Also of note is the distance from County corporation yards and other facilities to provide timely and efficient municipal service in the area.

Property Tax Exchange Negotiations:

Annexation to the City and detachment from Broadmoor Police Protection District, Colma Fire Protection District and Colma Highway Lighting District will result in transfer of service responsibility and associated property tax revenue to the City of Daly City. Both the City of Daly City and the County of San Mateo have adopted resolutions of property tax exchange pursuant to Revenue and Tax Code Section 99.

It should be noted that the property tax negotiation between the County and the City transferred incremental growth only (growth in value from year to year) and not base property tax revenue. Property tax distribution consists of two basic components: base and increment. The base is the total property tax distributed to the county, city or special districts based on the original countywide formula implemented by Senate Bill 154 in the first year Proposition 13 was implemented. The increment is the share of growth in property tax revenues within each jurisdiction from year to year. Each year since Proposition 13, an agency's base property tax has been adjusted by the annual growth or increment. The fact that the County and City negotiated only increment results in there being no reduction in the base property tax revenue of the Districts.

In addition, within the Colma Fire Protection District there is a voter approved \$150.00 per year special tax which will no longer be assessed to the properties upon detachment. Broadmoor Police Protection District similarly receives \$397 per residential parcel

which would no longer apply upon detachment. Fiscal impacts to the Broadmoor Police Protection District, Colma Fire Protection District and the County-governed Colma Highway Lighting District include loss in revenue resulting from incremental growth in the seven parcels proposed for detachment as well as the \$150 and \$397 per parcel special taxes assessed by Colma Fire Protection District and Broadmoor Police Protection Districts, respectively

Based on present land use and values, the fiscal impact to Broadmoor Police Protection District is 26.15076873% of the estimated annual growth of 2% per year on the 1% property tax of property currently valued at \$1,608,717. Based on \$1,606,717 value with 1% property tax revenue of 16,087, 2% growth would be \$321.74. Broadmoor's share of 26.15076873% of the incremental growth results in approximately \$84.00 and \$2,779 in special taxes. In the case of Colma Fire Protection District, application of the District's share of 4.88994083% to the estimated 2% growth of \$321.74 results in approximately \$16 and \$1,050 in special taxes. The lighting districts share of increment growth is 1.22933408% of the growth.

Initially the City will experience modest revenue streams from the annexation area. However, as the land develops and property is reassessed and sold, the City, County, school district and other entities receiving a share of the property tax in the annexation area will benefit from the growth in assessed value and receive property tax revenues in line with service responsibility associated with new housing. Property owners will be relieved of parcel taxes assessed by the Districts totaling \$547 and be subject to Utility Users Tax estimated at \$65 per year per capita based on data in the most recent City audit.

Factors to be Considered Pursuant to Section 56668

The following discusses the applicable factors LAFCo must consider in reviewing a proposal.

Population and the likelihood of significant growth in the area, during the next 10 years

The proposal area consists of five occupied, single-family residences with an estimated population of 24 persons based on average household size of 3.34 persons per household. The City's environmental document cites a predicted population increase of 175 persons as part of the 50-unit townhome development.

The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county

As noted above, the annexation allows the City of Daly City to

facilitate construction of additional housing to meet the projected housing needs of the City. The annexation results in transfer of property tax revenues related to transfer of service responsibility for the subject area. The detachment of the area from special districts results in a decrease in property tax and special tax revenues. The alternative of no annexation would prohibit the City of Daly City from implementing the specific plans in unincorporated areas of the Specific Plan Study area.

In the alternative, the no annexation scenario would preclude development of the project at the density proposed based on county land use designations and any new development that would and resulting population growth would impact city services (park and recreation, library, streets) without the benefit of transfer of revenue to fund services. Annexation without detachment from the districts would create overlapping service responsibility in the areas of police and fire/emergency services and result in inadequate revenue transfer to the City to fund services to the area.

The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development and definiteness and certainty of the boundaries of the territory, the creation of islands or corridors of unincorporated territory

The proposal conforms to LAFCo and County General Plan policies encouraging annexation of areas in need of municipal service within city spheres of influence. Annexation facilitates construction of needed housing in a single jurisdiction and avoids creating unincorporated pockets.

Consistency with city or county general and specific plan and the sphere of influence of any local agency which may be applicable to the proposal being reviewed

As noted above the proposal is consistent with both City and County General Plan policies encouraging annexation of areas in city spheres of influence. Detachment from the special districts is consistent with policies discouraging overlapping service delivery patterns and consistent with spheres of influence of the police and fire districts, which indicate that the districts should be dissolved and service should be assumed by the City of Daly City.

Comments of Any Affected Agency

The Commission received comments from the Colma Fire Protection District, echoed by Broadmoor Police Protection District, that the Districts oppose the district detachments without securing "make whole" funding for the districts. The Districts express concern with potential increased response time resulting from

transfer of service responsibility to the City. The Districts believe the County should consider land use variances in density that would allow development in unincorporated areas in order to increase revenues for essential services provided by the Districts and that the County should acknowledge that detachments have a lasting effect on other tax payers.

As noted above under the discussion of property tax negotiations, the County and the City negotiated property tax exchange affected only revenues generated from growth in property tax and does not impact the base property tax distributed to Broadmoor Police or Colma Fire Protection District, partially mitigating loss of annual increment growth. In regard to service response, North County Fire Authority indicates that the annexation will have no workload impact or effect on the fire companies' reliability to serve within the service area. FTE of 69 fire personnel, The three stations in closest proximity to the annexation site include:

CFPD Station 85	50 Reiner	0.4 miles
DCFD Station 92	499 Santa Barbara	1.4 miles
DCFD Station 95	191 Edgemont	2.0 miles
DCFD Station 91	151 Lakeside	3.0 miles

As noted in the City of Daly City response, the City's response time goal is to respond within 4 minutes 90% of the time. 2010 Annual Statistics published by the County of San Mateo Public Safety 911 Communications indicates that Daly City Engines 91 and 92 have average "chute times" of 1.15 and 1.26 minutes respectively, among the best in the County. Chute time refers to the time it takes an engine to leave the station from the time it is dispatched. Colma Fire Protection District Engine 86 has a 2010 average chute time of 3.03 minutes. The difference in chute times between the two agencies reflects the type of service model of each agency. City of Daly City stations are staffed 24/7 with paid personnel and the Colma Fire Protection District is a paid call volunteer department in which the station is staffed 24/7 with a paramedic and paid call fire fighters are paged to the station when an incident is dispatched to the station. In this model, the engine leaves the station when paid call volunteers arrive at the station after being paged. The average chute time for all County agencies is 1.30 minutes. It should also be noted that chute times may vary based on whether it is a fire incident or medical. For a non-medical dispatch, three personnel are required to respond whereas a medical call requires only two personnel to respond.

In regard to long-term impact of annexation to tax payers, in annexed areas tax payers benefit from lower net annual taxes by elimination of special taxes for public safety and the addition of lesser utility user's tax and benefit as well from a higher level of municipal service. This detachment from these small districts results in nominal reductions in revenue from annual

property tax growth and a reduction of \$150 per parcel for Colma Fire Protection District and \$397 per parcel for Broadmoor Police Protection District. The Colma Fire Protection District's property tax revenue for the 2010-11 Fiscal Year Adopted Budget (most recent year available to LAFCo) was \$604,320 and the parcel tax was \$525,000. The Broadmoor Police Protection District's property tax revenue for the 2010-11 Fiscal Year Adopted Budget was \$1,060,560 and the parcel tax revenue was \$822,096. The net reductions resulting from detachment are \$2,863 in revenue reduction for Broadmoor Police Protection District and \$1,066 for Colma Fire Protection District.

The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change

The proposal area is already receiving sewer service consistent with other areas already in the City of Daly City. The City of Daly City indicates that the current development will have little impact on service delivery by the City and the City will have sufficient revenues and resources to serve the proposed development.

The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments

The proposal allows the City of Daly City to accommodate additional housing and contributes 50 housing units toward the Association of Bay Area Governments Regional Housing Needs Allocation (RHNA) of 1,207 total units for the period of 2007-2014.

California Environmental Quality Act (CEQA)

The City of Daly City, in approving pre-zoning and application for the Planned Development of 50 townhomes on 2nd and 3rd Avenues between Valley and A, conducted environmental review and found that the project would not have a significant effect on the environment and adopted a negative declaration for the project (attached). As responsible agency under CEQA, the Commission must certify that it has considered the contents of the initial study and negative declaration prepared by the City of Daly City in considering the annexation application.

Waiver of Conducting Authority Proceedings

Paragraph [c] of Section 56663 specifies that the Commission may waive conducting authority proceedings for annexations of uninhabited territory with 100% landowner consent provided there is no opposition to the waiver by subject agencies. Inhabited

area is defined as 12 or more registered voters. The annexation area has 6 registered voters. The purpose of the conducting authority proceeding is to measure landowner or voter protest within the affected territory. Paragraph [c] was added by the legislature in 1993 to streamline annexation proceedings in which landowners had already given consent to uninhabited annexation proceedings. Staff recommends waiver of protest proceedings.

Recommendation

This reorganization involving annexation to Daly City and detachment from Broadmoor Police Protection District, Colma Fire Protection District and County-governed Colma Highway Lighting District is consistent with the spheres of influence of the City of Daly City and the special districts. The proposal is also consistent with the City and County General Plans and State and local policies promoting logical boundaries and inclusion of areas needing municipal services in cities. The reorganization promotes orderly growth and development by facilitating development of the planned development of 50 townhomes and service delivery for same under a single jurisdiction. Annexation to the City also recognizes the County's lack of active park and recreation services for urban areas and the County's limitations in providing efficient urban services such as street maintenance, street lighting, and code enforcement to unincorporated areas that are distant from County facilities in Redwood City.

Staff therefore respectfully recommends that the Commission approve the reorganization by taking the following actions.

- 1) By motion, certify that the Commission has reviewed and considered the Garden Valley (PD-67) Initial Study and Negative Declaration, prepared by the City of Daly City as lead agency.
- 2) By resolution, approve LAFCo File No. 11-03—Proposed Annexation of Assessor's Parcel Numbers 006-392-050 through -070, 006-393-080, -090, -170, -190 and 200 to the City of Daly City and detachment from Broadmoor Police Protection District, Colma Fire Protection District and the Colma Highway Lighting District (1.9 Acres) and waive protest proceedings.

Attachments:

- A) Application, petition, map
- B) Comments from Colma Fire Protection District
- C) Negative Declaration

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