

Municipal Service Review
& Sphere of Influence Review
San Mateo County
Resource Conservation District
August 11, 2006

Introduction

This municipal service review for the San Mateo County Resource Conservation District is being completed as required by Government Code Section 56430. Section 56430 requires that in order to prepare and update spheres of influence in accordance with Section 56425, the Local Agency Formation Commission shall conduct a service review of the municipal services provided in the county or other appropriate area. A municipal service review is an analysis of public services in which determinations are made regarding adequacies or deficiencies in service, cost effectiveness and efficiency, government structure options and local accountability. A draft municipal service review was circulated for comment and a community meeting to receive comment was held in Half Moon Bay on August 8, 2006.

Local Agency Formation Commission (LAFCo)

Created by the State legislature in 1963, the Local Agency Formation Commission (LAFCo) is a State-mandated, independent commission with countywide jurisdiction over the boundaries and organization of cities and special districts including annexations, detachments, incorporations, formations, consolidations and dissolutions. The Commission consists of two members of the 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). As an independent commission, LAFCo adopts its own budget and 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, municipal service reviews and sphere of influence studies and assistance to local agencies and the public. LAFCo's net operating budget is apportioned in thirds to the County of San Mateo, the 20 cities and the 24 independent special districts. For additional information on LAFCo please visit www.sanmateolafco.org.

San Mateo County Resource Conservation District

As the first soil conservation district in California, San Mateo County Resource Conservation District (SMCRCD) was formed in 1939 to provide local soil conservation functions in partnership with the newly established Federal Soil Conservation Service. While the district's original purpose was to manage soil and water resources for conservation, these powers were expanded in the early 1970s to include "related resources," including fish and wildlife habitat. This expansion of powers was reflected in the change of name from "Soil" Conservation Districts to "Resource" Conservation Districts in 1971.

The original SMCRCD boundaries encompassed agricultural lands in northern San Mateo County. Coastal areas (less publicly owned lands and developed areas) were added to district boundaries in two subsequent annexations in 1942 and 1946. In 1954 several subdivisions including Broadmoor, Westlake, and areas in South San Francisco and Pacifica were detached from the District. Current District boundaries therefore have several "excluded pockets" but generally include western San Mateo County from the San Francisco-San Mateo County boundary to the Santa Cruz-San Mateo County boundary. The LAFCo adopted sphere of influence for the District is conterminous with District boundaries (Attachment A).

SMCRCD operates according to Public Resources Code Sections 9000 et seq. and is authorized to: conduct surveys and research relating to conservation of resources, prevention and control measures and improvements needed; development and distribution of water; make improvements or conduct operations on public or private lands in furtherance of erosion control, water conservation and distribution, agricultural and wildlife enhancement, erosion stabilization, including but not limited to terraces,

ditches, levees, and dams or other structures and the planting of trees, shrubs, grasses or other vegetation; and provide public education and technical assistance. As a public resource agency the District does not have regulatory power but is designated by the Board of Supervisors to review applications for grading permit exemptions related to development in unincorporated areas.

The RCD collaborates with landowners and managers, technical advisors, local jurisdictions, government agencies, and others to protect, conserve and restore natural resources in coastal San Mateo County. The district includes over 157,000 acres of mostly rural, agricultural and open space lands in the western half of the county and includes all watersheds in San Mateo County draining into the Monterey Bay National Marine Sanctuary (Attachment B-Watershed Map).

Resource conservation districts have a close working relationship with the USDA Natural Resource Conservation Service (NRCS) and through the local RCD, an NRCS conservationist and other specialists provide local landowners technical assistance. The RCD acts as a liaison between local property owners and land management organizations and the NRCS federal program administration. The California Association of Resource Conservation Districts describes the relationships of local conservation districts and the NRCS as: a unique partnership to work with private landowners and operators to deliver the technical and financial assistance needed to help them apply complex conservation treatments to control erosion and improve the quality of our soil resources; protect and improve water and air quality; enhance fish and wildlife habitat; and manage woodlands, pasturelands and rangelands.

Mission Statement

The adopted mission statement of the San Mateo County Resource Conservation District is to help people protect, conserve, and restore natural resources through information, education, and technical assistance programs.

District Services

The following summarizes District services as listed on the District's website:

Conservation Projects and Conservation Planning: The RCD works in voluntary partnership with public and private landowners to implement conservation and restoration projects that primarily address wildlife habitat improvement, enhanced ecosystem function, water conservation, and soil erosion control. Landowners also receive technical assistance provided through the Natural Resources Conservation Service (NRCS), with which the RCD shares a longstanding partnership formalized through a memorandum of understanding (MOU). The RCD's role is to bring the various stakeholders to the table, coordinate the design and implementation of conservation projects and help find and manage funds for projects.

The RCD plays a role in district-wide conservation planning, including participation in the development of one active and two currently proposed integrated watershed management plans in the region. The RCD states that pending funding of these projects, the RCD's goal is to coordinate the different watershed activities and bring regional economies of scale.

Education: The RCD coordinates and collaborates to provide various adult and youth educational opportunities for the goal of natural resources management and stewardship.

Permitting: Regulations intended to protect natural resources often have the unintended consequence of providing disincentives for landowners to undertake conservation projects because the permit process is cumbersome, confusing, and costly with uncertain outcomes. In order to repair a stream bank to help habitat, for example, a landowner must acquire a minimum of eight separate permits from various federal, state and local regulatory agencies. The SMC RCD and the NRCS have begun a new initiative to work with these agencies and other stakeholders to streamline the permit process.

Research: The RCD works with local universities and research organizations to incorporate scientific research

in the selection of RCD conservation projects and priorities, to measure the effectiveness of the conservation practices, and to identify and replicate best practices in coastal San Mateo County and beyond.

Typical projects administered by the District include restoration of fish passage, administration of Farm Bill financial assistance to private landowners and agricultural producers and technical workshops. In addition to grant projects administered by SMCRCDD staff services, the NRCS provides services in San Mateo County that are estimated to be in excess of \$150,000 for the current fiscal year.

Public Resources Code Section 9413 provides for adoption of annual and long-range work plans that address the full range of soil and related resource problems found within District boundaries. District is not currently operating pursuant to a long-range work plan. Attachment C includes the project list for the District as of June 26, 2006 and the table on the following page provides an overview of the District.

San Mateo County Resource Conservation District

625 Miramontes St., Suite 103
 Half Moon Bay, CA 94063

Contact Person:

Kellyx Nelson, Executive Director
 650/712-7765 650/726-0494 FAX
 Website: www.sanmateorcd.org

Date of Formation: October 2, 1939

Enabling Legislation: Section 9000 et seq. State Public Resources Code

Governing Board: Five-member board of directors appointed by the Board of Supervisors to four-year terms

- a. Membership/Term Expiration Date: Rich Allen, President (11/06), Roxy Stone, Treasurer (11/06), Jim Reynolds (11/08), Jack Olsen (11/08), T.J. Glauthier (11/08)
- b. Compensation: None
- c. Public Meetings: 3rd Thursday of the Month at 7:00 p.m.
 Farm Bureau Building, 765 Main Street, Half Moon Bay

Services Provided: Information and technical advice regarding soil and water conservation

Area Served: Approximately 245 sq. miles Estimated Population: 71,400
 Western San Mateo County

Contractual Arrangements: Memorandum of understanding with USDA Natural Resources Conservation Service (NRCS) by which NRCS provides technical advice to landowners in through the District

Number of Personnel: 1 Executive Director, Part-time Finance

Sphere of Influence: Status Quo, (Boundaries of 1986)

Fiscal Data

Revenues:

| | <u>Adopted 2005-06</u> | <u>Adopted 2006-07</u> |
|-------------------------|------------------------|------------------------|
| Property Tax | 40,000 | Not available |
| Fees for Service/Grants | 166,523 | |
| Other Revenues | 4,797 | |
| TOTAL REVENUES | \$211,320 | |

Expenditures:

| | |
|---------------------------|------------------|
| Personnel Services | 141,760 |
| Services and Supplies | 28,000 |
| Fixed Assets | |
| Other Expenditures | 3,200 |
| TOTAL EXPENDITURES | \$172,960 |

Municipal Service Review:

Service review criteria as set forth in Government Code Section 56430 are examined below.

(1) Infrastructure needs or deficiencies

San Mateo County Resource Conservation District does not own or maintain infrastructure.

(2) Growth and population projections for the affected area.

The SMCRCD territory includes rural, sparsely populated unincorporated areas of Coastal San Mateo County, small portions of the urbanized Midcoast and portions of the Cities of Daly City, Pacifica, South San Francisco, San Bruno and Half Moon Bay. The population of areas within district boundaries is estimated at 71,400 persons. Because the County and City urban rural boundary in the majority of the study area limits water and sewer service to areas designated as urban, the majority of the population growth will be located within existing urban areas.

Specific population projections are not maintained for the area within district boundaries. The majority of demand for district services occurs in the rural, coastal zone consisting of the County's agricultural district including significant crop and grazing lands as well as watersheds. While population growth in these areas is limited, changes in land use in the region in general, including recreational uses, will continue to impact the need for watershed and soil conservation.

(3) Financing constraints and opportunities

The RCD is funded by a small share of the 1% property tax, limited fees for grading permit exemptions and intergovernmental revenue such as grants and NRCS contributions. The District notes that Grants typically include limited or no funding for District administration and overhead related to grant implementation. The District receives approximately 0.0475 of the 1% property tax or approximately \$40,000 in the 2005/2006 fiscal year.

Property tax revenues are limited because a majority of the lands within the District are undeveloped and of relatively low assessed value and/or subject to Williamson Act (Land Conservation Act of 1965) and eligible for lowered property taxes if maintained in agricultural and certain open space uses. The District also cites a loss of property tax revenues from excluded urbanized areas of the Midcoast and Half Moon Bay that benefit from services of the district in upstream areas.

Financial challenges of SMCRCDD include lack of adequate funding to fund full-time management, which limits the District's ability to apply for and manage grant funding. The District's 2006-2007 has not yet been adopted however; a draft budget and cash flow analysis provided by the District indicates the District is financially unstable. The cash flow analysis indicates that absent an advance of the 2006-2007 fiscal year estimated property tax revenues by February, the District will not make payroll for that month. Estimated 2006-2007 revenues and expenditures as shown below are based on a draft budget not yet considered by the RCD Board.

| | <i>Draft 2006-2007</i> |
|--------------------------------|------------------------|
| Carry Over | 6,089 |
| Property Tax | 42,722 |
| Fees/Intergovernmental Revenue | 83,625 |
| Other Revenues | |
| TOTAL REVENUES | \$132,436 |
| Personnel Services | 139,471 |
| Services and Supplies | 30,450 |
| Other Expenditures | |
| TOTAL EXPENDITURES | \$169,921 |

Barring additional grants, the Budget as drafted represents a shortfall of \$37,489. The District indicates that with a new Executive Director, it is in the process of developing a financial and organizational plan to bring it to a funding level to attract and maintain grant projects to benefit lands and property owners served by the District and provide for a balanced budget.

(4) Cost avoidance opportunities

Cost avoidance practices include sharing office space and resources in administration and management with NRCS and an appointed rather than elected board. Other cost avoidance practices and opportunities include solicitation of in-kind

and volunteer services from various professionals. The District notes that it has received volunteer grant writing assistance, volunteer administrative support, technical expertise in various program areas, and will be receiving graphic art service for the District's logo at a discount rate.

The District states that many resource conservation districts in California receive some in-kind services from their respective counties, including legal services. The District notes that Marin Resource Conservation District uses the Marin County treasurer for banking and in essence is able to operate at a deficit while awaiting reimbursements from awarded grants. This practice is possible because the District's funds are maintained by the Marin County Auditor/Controller with "dry period loans" not exceeding 85% of the anticipated revenues accruing to the District. The Marin RCD also uses the County Auditor/Controller for accounts payable services.

A cost avoidance opportunity the District Board may wish to investigate is to use the County of San Mateo for accounting, budgeting and banking purposes as has been the practice prior to 2003-2004 fiscal year. While the District's office in Half Moon Bay is not convenient to the County Controller in Redwood City, other special districts take advantage of this County service. This practice might reduce the cost for in-house accounting services and facilitate loans from the County.

The District also cites the cost avoidance practice of the RCD's grading permit authority delegated by the County of San Mateo, which alleviates the County Planning Department's burden to review applications and issue grading permits related to conservation projects.

(5) **Opportunities for rate restructuring**

As a non-enterprise district relying predominantly on property tax and grant funding, other than opportunities to increase fees for grading exemptions, SMCRCD has little opportunity to set or raise fees. The District recently revised its fee schedule for Grading Exemptions as shown below:

| <u>Yards of Dirt to be moved:</u> | <u>Fee:</u> |
|-----------------------------------|-------------|
| 1 up to 100 cubic yards | \$ 400 |
| 101 up to 1,00 cubic yards | \$ 600 |
| 1,001 up to 5,000 cubic yards | \$ 800 |
| 5,001 up to 10,000 cubic yards | \$1,000 |
| 10,001 cubic yards and above* | \$1,000 |

(*RCD/NRCS assistance for programs over 10,000 cy will be determined on a cast by case basis)

The new fee schedule is aligned with the County's grading permit categories, however fees are much lower for the grading exemption with the RCD than a grading permit would be with the County. Because the RCD purpose is to assist property owners with conservation projects, District fees are designed to encourage participation rather than deter landowners from participating in conservation projects.

(6) **Opportunities for shared facilities.**

As noted above, SMCRCD benefits from sharing resources, office space, technical support and limited supplies with NRCS.

(7) **Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers**

For the purposes of this study options for governmental structure and reorganization of service providers are limited. Dissolution of the District and transfer of service responsibility would require the ability of NRCS to agree to contract with another entity such as the County of San Mateo.

Continued existence of the District as it exists, whether with the existing five member board or board membership increased from five to seven as discussed below would allow the RCD to continue to provide important resource conservation services in the County. However, continued existence requires either reduction in the operations budget or increase in revenues to fund staff services.

(8) **Evaluation of management efficiencies.**

This section examines the ability of an agency to provide efficient and effective service by meeting service demands and maintaining adequate staffing levels given the resources available.

The District operated for several months without an Executive Director requiring the Board of Directors to volunteer additional time to manage District affairs. Under this arrangement responding to the most immediate needs of District constituents took precedence over long range planning and pursuit of grants. The recent hiring of a new Executive Director enabled the District to focus on revenue generation including grants and long-range planning efforts. The board is a volunteer board and the District operates with a full-time Executive Director and part-time financial staff person.

The District states that it relies heavily on collaboration with NRCS and local agencies to implement the District's work program. As noted above, partnership with NRCS brings additional services to the County estimated to be in excess of \$150,000 for the current fiscal year.

The District board may consist of five seven or nine directors. The RCD has commented that because the board is traditionally an active volunteer board participating on committees related to programs and projects, expansion of the board from five to seven members would supplement staff resources without increases appropriations.

(9) **Local accountability and governance.**

This section examines the degree to which an agency keeps affected residents informed/educated about district services, budget, programs, anticipated changes in service, effectiveness of the district in responding to requests for information and the degree to which the district encourages public participation in decision making.

As a special district, the SMCRCDD is subject to the Ralph M. Brown Act governing public meetings. As noted above, the District has a five-member board appointed by the Board of Supervisors. The RCD has commented that increasing board membership from five members to seven would supplement staff resources and also provide for better representation from all areas included in the District. Meetings are held monthly at the San Mateo County Farm Bureau Office with an agenda prepared and circulated the week before. The agenda is circulated to affected public agencies and agricultural and environmental interest groups. The District has a website with current information about District services, board, etc. The District provides educational material to property owners and local schools.

The District traditionally adopts an annual work plan and is in the process of updating the long-range plan. The District adopts a budget annually but to date has not adopted the 2006-2007. Use of County fiscal services might assist the District in budget forecasting and budget adoption.

Recommended LAFCo Determinations Pursuant to Government Code Section 56430 regarding San Mateo County Resource Conservation District:

1. Regarding infrastructure needs and deficiencies, the Commission determines:

The District does not own or maintain infrastructure.

2. Regarding growth and population projections for the affected area, the Commission determines:

The majority of demand for district services occurs in the rural, coastal zone consisting of the County's agricultural district including significant crop and grazing lands as well as watersheds. While population growth in these areas is limited, changes in land use in the region in general, including recreational uses, will continue to impact the need for watershed and soil conservation.

3. Regarding financial constraints and opportunities, the Commission determines:
 - a) The RCD receives limited property tax due to inherently low assessed value of lands included in the District and due to excluded lands. Inclusion of previously excluded urbanized areas of the Midcoast that benefit from services performed by the District upstream, if accompanied by a transfer of property tax can be studied as a solution to stabilize funding for on-going District administration.
 - b) Other mitigation such as impact fees on development in District boundaries that impacts demand for District services could be considered by appropriate agencies such as the County of San Mateo and City of Half Moon Bay.
 - c) Use by the District of the County Controller for District accounting and banking of District funds may facilitate County loans against anticipated District revenues to alleviate short-term cash flow problems.

4. Regarding cost avoidance opportunities, the Commission determines:

Use of the San Mateo County Controller financial accounting services offers a potential cost avoidance practice by reducing or eliminating the cost of in-house financial and accounting services.

5. Regarding opportunities for rate restructuring, the Commission determines:

The District has limited opportunities to raise revenues through fees and appropriately adopts a fee schedule that encourages participation in resource conservation.

6. In regard to opportunities for shared facilities, the Commission determines:
 - a) The District's practice of sharing facilities with the NRCS reduces operating costs for the district and streamlines services provided to the landowner.
 - b) The District, NRCS and other agricultural and resource related agencies may benefit from consolidating locations into a single facility.

7. In regard to government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines that government structure options include:
 - a) Continued existence of the district status quo or expanded to include previously excluded urban Midcoast areas.
 - b) Dissolution of the district, however, dissolution would result in loss of valuable resource conservation services integral to the agricultural and ecological well being of areas currently served by the District.

8. Regarding evaluation of management efficiencies, the Commission determines:
 - a) The district achieves substantial efficiency by supplementing services provided by staff with volunteer efforts of dedicated board members.
 - b) Further efficiencies can be examined by the District including expanding board membership from five to seven members to create more opportunity for volunteer services in program development and implementation.

9. Regarding local accountability and governance, the Commission determines:
 - a) The District board is appointed by the Board of Supervisors, meets monthly providing for public input and maintains a website informing the public of District services and activities.

- b) The District should prioritize update of the long-range work program and annual plan to provide for better program and fiscal planning and accountability to the public.
- c) The District's work improves overall accountability of agriculture and resource management agencies by promoting collaboration between federal, state and local public and private agencies and landowners to further resource conservation .