

March 16, 2004

To: Members, Formation Commission

From: Martha Poyatos, Executive Officer

Subject: **Supplemental Report:** LAFCo File 03-10—Proposed Sphere of Influence Amendment of the Midpeninsula Regional Open Space District and Annexation of the San Mateo County Coastal Area (140,000 Acres) (Continued from March 9, 2004)

At the March 9, 2004 meeting in Half Moon Bay, you received the Executive Officer's report, a presentation from the applicant (Midpeninsula Regional Open Space District) and opened the public hearing. At the hearing you received comments from fifty-eight speakers and based on the level of interest, directed that the public hearing would be continued to the March 17, 2004 meeting and that additional hearing dates would be scheduled with one additional hearing in Half Moon Bay and one in Redwood City. Based on your schedules and meeting room availability, those meetings have been scheduled for: Tuesday, March 30, 2004 at 7:30 p.m. at Ted Adcock Center in Half Moon Bay and Wednesday, April 7, 2004 at 2:30 at the Board of Supervisor's Chambers in Redwood City.

Since the March 9, 2004 LAFCo hearing in Half Moon Bay, LAFCo has received additional comments, which are attached, along with documents submitted to LAFCo at the March 9 meeting. The following briefly addresses some of the comments raised in the attached correspondence.

Bob Braitman of Braitman & Associates comments that an alternative action would be for LAFCo to consider amendment of the MROSD sphere of influence to include the coastal area and then allow the district on an annual basis to annex only the lands acquired by the District. As noted in the March 2, 2004 Executive Officer's report, non-contiguous territory is not eligible for annexation to MROSD. Specifically, Public Resources Code Section 5572 states: "The boundaries of any district may be altered and new contiguous territory annexed, incorporated and included and made a part of the district." Alternative boundaries are discussed in the Draft EIR Pages V-4 to V-11 and alternative sub-areas can be viewed on map 17.

Jack Olsen of the Farm Bureau submitted and requested that you receive the attached background on the California Land Conservation Act, more commonly known as the Williamson Act, including the County of San Mateo's "General Information on the Williamson Act".

Cathy Woodbury of MROSD has submitted the Californians for Property Rights letter to residents to which Craig Britton referred in his comments at the March 9 hearing.

The Commission also received a letter of support from Assemblymember Gene Mullin and a letter of support from Granada Sanitary District. These and other letters are listed on the attached summary and copies of each document are attached.

Attachments:

Summary of Correspondence
Correspondence

March 2, 2004

To: Members, Formation Commission

From: Martha Poyatos, Executive Officer

Subject: LAFCo File 03-10—Proposed Sphere of Influence Amendment of the Midpeninsula Regional Open Space District and Annexation of the San Mateo County Coastal Area (140,000 Acres)

Summary

As previously reported, in October of 2003, the Midpeninsula Regional Open Space District (MROSD) applied to LAFCo to amend their sphere of influence and boundaries to include 140,000 acres (219 square miles) of coastal San Mateo County in order to preserve open space and agricultural lands in the coastal area. This action followed circulation of a draft and final environmental impact report, service plan and fiscal analysis and a series of meetings held by MROSD in the annexation area (Please see chronology- Attachment A). The sphere of influence and annexation requests requires that the Commission take several actions: 1) conduct a municipal service review pursuant to Government Code Section 56430; 2) consider amendment of the District's sphere of influence pursuant to Section 56425; and 3) consider amendment of the District's boundaries to include the coastal annexation area. If approved it is also requested that the Commission provide direction to staff on time period for protest. Also, as responsible agency under the California Environmental Quality Act (CEQA), San Mateo LAFCo must rely on the MROSD Coastal Annexation E.I.R. and make findings relating to LAFCo consideration of the project.

Background/Project Description

Midpeninsula Regional Open Space District is an independent special district that acquires and manages open space lands in Santa Clara, San Mateo and Santa Cruz Counties. The majority of the district's territory is located in Santa Clara County. Boundaries in San Mateo County include East Palo Alto through San Carlos and surrounding unincorporated territory up to and along the Skyline Ridge. The District receives a small share of the 1% property tax within their boundaries. MROSD enabling legislation is Public Resources Code Section 5500 et seq. and permits the District to develop and maintain a system of public parks, playgrounds, golf courses, beaches, trails, natural areas, ecological and open space preserves, parkways, scenic drives, boulevards and other facilities for public recreation. MROSD's focus is on open space preservation including facilities and trails for passive recreation, mainly hiking including links to regional trails. The District's Plan for Services for the Coastal Annexation Area also includes an agricultural component and district activities include watershed and habitat protection and resource conservation.

The District's proposal is for a sphere of influence amendment and annexation of Coastal San Mateo County from the Santa Cruz border to the southern border of Pacifica totaling 140,000 acres. (Please see map, Attachment A). The District has certified an EIR that analyzes the potential impacts of the annexation and includes a plan for providing services and fiscal study covering the first 15 years following annexation. The plan for service proposes acquiring approximately 12,000 acres of the total 140,000 acre annexation area over the initial fifteen years. Annexation is proposed without taxation at this time and the District proposes using current resources as well as grants & gifts to acquire lands and existing revenues to operate in the annexation area. The district states that at some time in the future, they may propose a voter approved funding measure.

In preparing the draft and final E.I.R., the environmental review process has taken over one year and involved extensive meetings by the district at their offices in Los Altos and in the coastal annexation area. In addition to the meetings held by the District, Supervisor Rich Gordon chaired the coastal advisory committee consisting of stakeholders from the coast, which met over several months to address landowner concerns on the proposed annexation, in particular eminent domain. The result of that process was that the District included a provision in their plan for service for the annexation area that would prohibit use of eminent domain. Attachment B is a chronology of activities related to the annexation application.

Process: MROSD's resolution of application was submitted to San Mateo LAFCo in October of 2003 and San Mateo LAFCo subsequently collected data and comments from affected agencies and parties, and referred the application to Santa Clara and Santa Cruz LAFCos for recommendation. Both Santa Clara & Santa Cruz LAFCos adopted recommendations that San Mateo LAFCo approve the sphere amendment and annexation. San Mateo LAFCo is now scheduled to hold noticed public hearings on March 9 in Half Moon Bay and March 17 in Redwood City. At the hearing the Commission will consider a staff report, oral and written comment from interested individuals and agencies, Santa Clara and Santa Cruz LAFCo recommendations and make a decision about the sphere and annexation. The Commission may approve, approve with amendments, approve with conditions, or deny the application.

If approved, San Mateo LAFCo must hold a protest hearing in which landowners and voters from within the annexation area may submit written protest. If less than 25% registered voter or less than 25% of landowners owning less than 25% of the assessed value protest is received, annexation is completed. If 25% but less than 50% protest, an election is ordered and majority voter approval is required for annexation to be complete. If over 50% protest, annexation is terminated.

Summary of Agency and Departmental Reports

Upon receipt of the District's application, LAFCo staff forwarded the application to affected agencies for comment and collection of data pertinent to the annexation application. The following summarizes initial comments and data provided.

County Assessor (Revised Feb. 19, 2004): The net assessed value of the proposed annexation area is \$3,570,487,630 (compared to \$3,597,598,947 originally reported). Unsecured Roll is reported at \$11,739,218 and State Utility Roll is reported at \$163,493. The boundaries of the proposal do not divide assessment parcels.

County Clerk: The number of registered voters in the annexation area as proposed is 16,077.

County Public Works: The territory of the proposed district consists of approximately 220 square miles. A map and legal description is required by the State Board of Equalization prior to recordation of certificate of completion if proposal is approved. Natural boundaries, drainage basins or other topographical features would not affect or be affected by the proposal.

County Planning Division: The estimated population of the proposed annexation area based on Census Tracts 6135.01, 6135.02 6136, 6137 and 6138 is 29,000.

County general plan land use designations range from general open space, agriculture and public recreation to high density residential, commercial and industrial and are described more specifically on Attachment A of the comment form of the San Mateo County Planning Division. Applicable San Mateo County General Plan policy provisions are:

Park and Recreation Resources Policies

- 1) *Policy 6.10 generally encourages all providers to locate passive park and recreation facilities in rural areas in order to protect and preserve environmentally sensitive and open space lands. Consider the following activities to be generally compatible with passive park and recreation facilities such as camping, hiking, picnicking, horseback riding, and nature study.*
- 2) *Policy 6.12 calls to preserve the best agricultural land for agricultural uses. On other lands capable of supporting agriculture, the policy calls to permit the location of park and recreation facilities when efforts are made to lease land not needed for recreational purposes to farm operations, and clearly defined buffer areas such as strips of land are established between these two uses.*
- 3) *Policy 6.35 calls for providers of park and recreation facilities to cooperate and coordinate their efforts to achieve efficient and effective park and recreation services which meet identified needs and avoid duplication.*
- 4) *Policy 6.47 encourages the Midpeninsula Regional Open Space District to acquire, protect, and make available for public use open space lands in rural areas and open space of regional significance in urban areas in cooperation with San Mateo County.*

Rural Land Use Policies

- 1) *Policy 9.35 a) encourages the continuation and expansion of existing public recreation land uses on nonagricultural lands, including but not limited to public beaches, parks, recreation areas, wild areas, and trails. Policy 9.35 b) encourages the continuation and expansion of agricultural activities within the boundaries of public recreation lands that are not in recreational use. Policy 9.35 c) encourages cooperation between public agencies and adjacent agricultural operations so as to reduce inconvenience to agricultural operators with the protection of the public health.*

Vegetative, Water, Fish and Wildlife Resources Policies

- 1) *Policy 1.21 considers Vegetative, Water, Fish and Wildlife Resources which are economically valuable as a priority resource to be enhanced, utilized, managed and maintained for the needs of present and future generations.*

San Mateo County Parks & Recreation Division: The December 8 memorandum from Parks Director Mary Burns states that changes in the MROSD service plan have addressed concerns expressed previously regarding opportunities for collaboration on projects such as the County-wide Trail Plan. The memo states that in regard to potential fiscal impact, future state park bond revenue sharing formulas require the County to share such funding with Ladera and Highland Recreation Districts and MROSD. Expansion of MROSD boundaries would impact the revenue shares to the County and Ladera & Highland Recreation Districts.

San Mateo County Sheriff: The Sheriff's Office reports that areas annexed to MROSD may have some impact on services provided by the Sheriff's Office. Potential impacts include vehicle burglary; increased traffic and potential increase in accident investigation, squatters and illegal growth and manufacture of narcotics. The Sheriff's Office reports that they are prepared to respond to any situation on MROSD property and that however; MROSD property that is tax exempt may effect funding of such services.

San Mateo County Agricultural Commissioner: The Agricultural Commissioner submitted comments on December 4 which raised several concerns regarding the MROSD Service Plan and policies which were inconsistent with agricultural policies in the County's General Plan or which seemed to place a priority on recreation and open space uses over agriculture and possible incompatibility of open space uses adjacent to agricultural uses. More recently, the Agricultural Commissioner indicates that a memorandum of understanding between MROSD and the Farm Bureau addresses concerns previously raised regarding MROSD adopted policies as they relate to County agricultural policies.

Summary of comments from other agencies & organizations (copies of all letters delivered to Commission)

San Mateo County Farm Bureau: The Farm Bureau submitted a comment letter received December 3, 2003 which cited several concerns regarding potential impacts of the proposed annexation on agriculture. A subsequent February 12, 2004 Farm Bureau letter states that the Farm Bureau is now able to support the annexation following negotiations between MROSD and the Farm Bureau and a resulting Memorandum of Understanding, in which among other actions, the District agrees to consult with the Farm Bureau on site-specific use and management plans and site-specific agricultural production plans in the Coastal Annexation Area and agrees to sponsor special legislation eliminating the District's power of eminent domain in the annexation area.

Half Moon Bay and Point Montara Fire Districts: Both districts transmitted letters stating that they do not believe enough information is available regarding potential fiscal impact and that because exact location of properties proposed for acquisition is not known, the districts have no recommendation to the Commission. The Fire Chief recommends that prior to acquisition of land, MROSD work with fire agencies to develop plans that would involve preplanning for fire, as well as calls for medical assistance and rescues.

La Honda Fire Brigade: The Fire Brigade's December 13 letter states that the Brigade is a first and second responder in conjunction with County Fire/California Dept. of Forestry (CDF) on the South Coast. Volunteer Chief Larry Whitney states that in order to continue to provide the same level of service to residents while providing service to MROSD, it is requested that LAFCo include a mitigation measure of an agreement between MROSD and County Fire that would: provide for payment to County Fire of fire protection service equal to an amount County Fire would receive on non-tax exempt property; provide for a fire engine to serve the area; provide reimbursement for increased staffing levels 10 weekends each year in the event the District acquires 5,500 acres in County Fire's Southcoast service area.

San Mateo County Resource Conservation District (RCD): RCD commented that there appear to be opportunities to collaborate with MROSD, that there will be minimal fiscal impact on RCD and that RCD has no recommendation.

San Mateo County Office of Education: The Office of Education expressed concern that property acquired by MROSD and removed from the tax roll would have a negative fiscal impact on La Honda-Pescadero School Unified District and that the school district could not afford to lose any revenues.

La Honda-Pescadero School Unified District: The School District states that additional time is necessary to evaluate fiscal impacts, the District requests an extension in the comment period. The School District notes that the school district is in on-going negotiations with MROSD to address the school districts concerns about fiscal impact. The letter contains additional information regarding the school district's status as a basic aid district, which is a district that is permitted to retain property tax revenues in excess of the State determined revenue limit and that property tax revenue for the School District would be diminished as property acquired by the District is removed from the tax roll.

San Mateo County Harbor District: The Harbor District comments that acquiring and making available new lands and trails adjacent to or near Pillar Point Harbor may draw more visitors to the harbor and cause an increased impact on harbor restrooms and facilities and notes that property removed from the tax roll would diminish property tax revenues to the District by approximately \$34 per year.¹ The district states that approval is recommended.

Pescadero Municipal Advisory Council (PMAC): The PMAC letter of opposition cites ten basic reasons for opposition to the proposed sphere amendment and annexation. The reasons concern fiscal impact; potential impacts to housing, agriculture, traffic and other visitor service facilities; elimination of eminent domain; potential impact on the spread of Sudden Oak Death Syndrome; and assurance for public participation/representation.

Midcoast Community Council (MCCC): The MCCC letter supports the proposed annexation and notes the Council's action to adopt a resolution of support in May of 2003.

Californians for Property Rights (CPR): The CPR letter of opposition signed by Terry Gossett states several concerns, including: MROSD is not implementing consistent taxation and eminent domain policies for both the current district boundaries and the proposed annexation area, that the environmental document is not complete, that MROSD has received 50 pages of signatures against the annexation, that the 2003 Grand Jury report recommended that MROSD should retain staff experienced in agriculture, that there are discrepancies in fiscal analysis.

Half Moon Bay Coastside Foundation, Oscar Braun: The Commission has received three comment letters dated November 26, 2003, February 24, 2004 and March 1, 2004 in which Mr. Braun cites: that LAFCo can not accept the MROSD application because of pending CEQA litigation concerning the MROSD E.I.R.; inadequate fiscal analysis; MROSD past compliance with CEQA; past land acquisition practices; land management practices concerning fire prevention and failure to analyze existence of oil fields in the annexation area.

¹ Staff believes that this figure refers to the alternative estimate by LAFCo staff which estimated that the Harbor District 15 year cumulative fiscal impact would be approximately \$34 per \$100,000 of land removed from the tax roll.

Peninsula Open Space Trust (POST): The POST November 26 letter of support cites the importance of the San Mateo County Coast as a resource, the majority support of coastal residents for the District's expansion and that MROSD is the public organization best suited to ensure protection of the San Mateo County Coast.

Other Letters: In addition to correspondence noted above, the Commission has received over 200 letters or e-mails from non-profit organizations, property owners, residents and interested individuals. Copies of these letters have been made available to the Commission and are summarized in Attachment C. Letters received since February 23 are included in Attachment K.

MROSD Responses to Comments: MROSD has submitted responses to comments titled "Response to Comments from Affected Agencies and Organizations" and are included as Attachment E.

Analysis

The following addresses the MROSD plan for service, fiscal analysis and the concerns and issues raised by affected agencies and interested organizations and individuals, followed by discussion of municipal service review, sphere influence review, and factors LAFCo must consider in the annexation request.

Plan for Service

In preparing their annexation application, MROSD prepared a Draft and Final Plan for Providing Service (Attachment H in the MROSD Application distributed to the Commission). The Plan for Providing Service is a requirement of Government Code Section 56653, which states that whenever a local agency submits a resolution of application it shall submit a plan for providing services which shall enumeration and description of services to be provided, the level and range of services, an indication of when services can feasibly be extended, indication of improvements or upgrading the public agency would require and information with respect to how services will be financed.

The MROSD plan for service contains this information for the first fifteen years following annexation and also includes "guiding principals" which provide a foundation for the District's development of more specific policies for the Coastal Annexation Area. These guiding principals incorporate all mitigation measures from the District's EIR and are organized into categories of permanent policies, guidelines and implementation actions. In this sense, the MROSD Plan for service is much like a general plan that would be considered by a city. Like a general plan, the plan for service is proposed as a "blueprint" for future open space and agricultural preservation in the Coastal Annexation Area. If annexation is approved, all future acquisition and operations would need to be consistent with the plan for services including the permanent policies, guidelines and implementation actions in addition to existing County General Plan and Local Coastal Program.

Pages 14 through 18 of the District's application contain a plan for services based on the District's more detailed Basic Service Plan found in Attachment H of the Application. The plan for service lists services proposed to be provided in the Coastal Annexation Area, level and range of services, improvements, timetable for services and financial arrangements. The Basic Service Plan proposes that the range of land acquired over the fifteen-year planning window would be 5,570 to 7,500 acres of land in fee, 990 to 1,800 acres of easements, 1,500 to 2,500 acres of lands managed under contract for a total of 8,240 to 11,800 acres and between 25.7 to 36.6 miles of trail/roads.

Services enumerated include: Preservation and management of open space and agricultural resources to achieve protection of watershed integrity, water quality, sensitive habitats; provide key links to existing district and other public lands; provide visitor serving facilities; support development of a regional trail system; provide opportunities for research, resource conservation, environmental education; preserve existing and potential agricultural operations to maximize amount of prime agricultural land or other lands suitable for agriculture in agricultural production.

In regard to level and range of service, the District states that upon acquisition of lands, it is anticipated that lands will be left in an undeveloped state. The District states that typical improvements will include unpaved trails, self-contained bathrooms and small, gravel parking lots. In regard to when services can be provided, the District state that services are proposed to be provided immediately upon annexation with implementation in phases, based on timing of grants and gifts and availability of land from willing sellers. In regard to how services will be funded, the District states that in the first fifteen years under the Basic Service Plan, services will be funded by existing district revenues and public and private grants and gifts, noting that operations, stewardship and interpretive programs are funded by District general funds.

Fiscal Impact Methodology and Annexation - Impact to Agencies in Coastal Annexation Area:

As noted in their application, MROSD is not requesting a transfer of a portion of the 1% property tax that is distributed to the County, City of Half Moon Bay, school districts and special districts in the annexation area. Therefore, because there is no exchange of the 1% property tax, the annexation in itself does not result in a reduction in property tax to any of the agencies included in the annexation area. Likewise it is acquisition and not annexation that would impact service demand for existing agencies such as fire, police, etc.

If annexation is approved, fiscal impact would be from reduction in property tax revenue as privately owned land subsequently acquired by the district is removed from the tax roll. The MROSD fiscal analysis states that the majority of the District's acquisitions will be 100-acre and larger properties and that based on the willing seller policy, actual acquisitions cannot be determined at this time. Therefore the fiscal analysis is based on a random sample² of properties in the annexation area. The analysis notes that actual distribution of impacts may be different based on geographic location of actual acquisitions. Table 5 of the Fiscal Analysis contains the estimated reduction of property tax revenue for each affected agency based on land acquired in fee from private property owners and shows projected fiscal impact over fifteen years including a 2% growth per year in assessed valuation. Based on the sample properties in the analysis, over fifteen years, the MROSD fiscal study estimates the cumulative 15-year tax losses to all affected agencies at \$90,184 with the County of San Mateo³ loss estimated at \$37,229, County Fire at \$10,089, County library at \$6,102 and La Honda Pescadero School District at \$4,061. Individual agency impacts over 15 years range from \$37,229 to \$67 to no impact at all based on the sampling. (Please see Table 5 of Fiscal Study for a complete listing).

² The random sample of properties meets the criteria of typical acquisitions – undeveloped land or land developed with few structures or improvements, 100 acres or more, land that is contiguous with other District lands along and west of Skyline Ridge or adjacent to other large open space lands, land that is not presently owned by any open space land trust or other public agency.

³ The reason that the County's estimated loss is so much higher than any other agency is that unlike any other agency except the Harbor District, which receives a very low share of the 1%, the County receives a significant share of the 1% property tax throughout all parts of the annexation area.

LAFCo staff independently examined an alternative method to evaluate potential fiscal impact of reduced property tax related to district acquisition. This alternative method is detailed in the LAFCo Executive Officer December 12, 2003 letter to the County Office of Education in which an analysis is prepared based on a property identified in the Final E.I.R. as a potential acquisition by the District. Please see page 22 of the first packet of comment letters for this analysis. This alternative method allows each agency to evaluate potential loss in tax revenue based on a sample property in the EIR, and based on the specific tax rate an agency receives of the 1% property tax. This method provides a case specific analysis of acquisition of a property most likely to be acquired by the District.

As noted in the December 16 letter, in the Final EIR, the District identifies properties which meet the above noted criteria and for which the owner has indicated to the District an interest in selling the property (Page II-5). One such property is located in Tax Rate Area 87029. The sample property is currently assessed at \$113,890, consists of four parcels totaling 157 acres and includes one structure. Based on the sample property noted above, the alternative analysis detailed in the letter to the Office of Education estimates that based on the sample property, the 15-year cumulative impact to all county agencies containing the sample acquired land would be \$19,605, the County of San Mateo loss estimated at \$3,336, County Fire at \$1,500, and County library at \$816.

The District clearly states that proposed annexation and service plan are a program and because property will be acquired by willing sellers only, it is not possible to determine which properties will be acquired or at what point in the service plan they will be acquired. Therefore fiscal analysis, whether based on sample properties or an individual property identified as a likely acquisition, is an estimate of potential revenue loss to affected agencies and actual fiscal impact resulting from property being removed from the tax roll will depend upon assessed value of the property, tax rate area in which property is located and the tax rate of each agency receiving a share of the 1% property tax.

Impact to MROSD services within current boundaries:

Table 3 of the MROSD Fiscal Analysis estimates that the coastal annexation/acquisition program would cost MROSD \$30,590,590 over 15 years or an average annual cost of about \$2 million. Table 4 in the Fiscal Analysis projects the District's existing as well as proposed operating expenses and revenues over the 15-year period showing that in the first year, the total revenues and reserves amount to \$73.5 million including the beginning cash reserve (\$26.8 million), the District's operating revenue (\$21.5 million) and note proceeds (\$25 million). The expenses that year total \$36.2 million including the District's operating expenses (\$18.6 million), and acquisition costs of coastal lands (\$2.630 million) and non-coastal lands (\$15 million). Projected revenues exceed expenses in the first and subsequent years. The estimated operating expenses for the Coastal Annexation Area and the District's cash flow projections for the 15-year basic service plan period indicate that the District is likely to have adequate financial resources to fund the coastal annexation/acquisition program without impacting existing programs or its cash reserves.

Concerns from Comment Letters:

Chief concerns in comment letters include adverse fiscal impact due to property tax revenue loss to agencies in Coastal Annexation Area, inadequate assurance that eminent domain will remain a permanent policy in the coastal annexation area, impact on housing and agriculture, increased fire risk and potential impact of visitors to MROSD lands on existing level of fire and emergency response in annexation area, inadequate invasive species control by MROSD, lack of good neighbor policy, spread of sudden oak death and impact on traffic.

Fiscal Impact

As noted under comments above, the La Honda Pescadero School District, the Pt. Montara & Half Moon Bay Fire Districts, the County Office of Education and the Pescadero Municipal Advisory Council express concern that MROSD land acquisitions could have a potential significant impact on property tax revenues for local agencies. MROSD indicates that based on concerns expressed, MROSD continues in ongoing discussions with the La Honda-Pescadero Unified School District on ways in which MROSD could offset fiscal impact with educational programs and collaboration. Likewise, as indicated in MROSD responses to comments, MROSD is in discussions with the San Mateo County Environmental Services Agency (County Fire) regarding contracting with County Fire/CDF and MROSD has committed to purchase a 1,500 - 2,000-gallon maintenance-style water truck, which MROSD will make available for mutual aid calls during fire suppression activities.

Eminent Domain

Several comment letters express concern that elimination of eminent domain by ordinance does not guarantee that eminent domain will not be used in the future in the annexation area. As noted above, the Farm Bureau writes that following negotiations between MROSD and Farm Bureau a memorandum of understanding has been adopted by MROSD and Farm Bureau that is predicated on special legislation that would eliminate MROSD use of eminent domain in the annexation area.

Impacts on Housing Stock

As noted in the District's response to comments, the MROSD " *Service Plan requires the District to consider several methods to retain viable housing, including life estates for existing residents and making the structures available for rental as staff or caretaker housing or for rental to other public service workers, including teachers. The District's current operations generally retain existing housing on District lands wherever possible. Dilapidated or dangerous structures and other hazardous structures not of historic or scenic value would likely be demolished; this will not affect a significant amount of housing.*

San Mateo County has guidelines that allow farm worker housing based on identifiable needs and necessary support infrastructure. Land under District ownership leased for agriculture or under an agricultural easement would be subject to the same guidelines. Nothing in the District's Service Plan would require removal of farm worker housing. In fact, Permanent Policy PA.2 of the District Service Plan states that the District will actively work with lessees of District lands and with the owners of land in which the District has an agricultural easement interest to facilitate the provision of farm worker housing on District-owned lands by providing technical assistance in obtaining permits for such housing from the County of San Mateo. Furthermore, Permanent Policy PA.3 of the District Service Plan states that all agricultural easements and agricultural leases in the Coastside Protection Area shall include terms that ensure that farmers or ranchers may provide farm labor housing as defined and approved by San Mateo County."

Impacts on Agriculture

In regard to concerns expressed by several comment organizations and individuals, MROSD response to comments states that: *“Preservation of economically viable agriculture is a major component of the Coastside Protection Program. The potential effects of the program on agriculture were considered in detail in the Environmental Impact Report (EIR), which concluded that there would be no significant impact to agricultural resources. The Service Plan contains a number of policies to protect agriculture and includes all the mitigation measures recommended for adoption in the EIR. Since adoption of the Service Plan the District has entered into a Memorandum of Understanding with the San Mateo County Farm Bureau reaffirming the District’s commitment to those mitigation measures and setting forth a process for Farm Bureau involvement in implementing many of the Service Plan’s agriculture-related policies. In addition the Farm Bureau has determined that the Coastside Protection Program will benefit and help preserve agricultural operations in San Mateo County and will protect the physical and economic integrity of agriculture in the County.”*

Impact on fire protection and emergency services

In addition to comments from La Honda Fire Brigade concerning fiscal impacts addressed above Oscar Braun of Half Moon Bay Coastside Foundation, Coastside CRMP and Fire Safe Council states that MROSD the District’s EIR fails to provide adequate information regarding wildfire risk analysis for wildland urban interface areas. MROSD’s response to comments states that: *The District recognizes that fire prevention activities are necessary before wildfire occurs to reduce the potential spread of fire and threat to people and property. Therefore, the District’s fuel management program includes effective fuel management practices. District staff maintains disk lines around the perimeter of preserves with highly flammable grassland vegetation and provide a defensible space and fire safe zone around structures. The District uses prescribed burns to reduce fuel load and manage invasive plants in grasslands when environmental conditions allow. In addition, goat and cattle grazing have been used as a resource management tool and for fuel load reduction on an experimental basis.”*

Other applicable comments from MROSD include the following comments on emergency services as they relate to emergency response from fire agencies: *Over the last five-year period, an average of 56 accidents occurred annually on approximately 45,000 acres of District land. This count included both accidents and illnesses that required a response by another EMS provider, as well as incidents where no EMS response by another service provider was needed. District rangers responded and provided treatment for minor injuries. Based on this data, a conservative projection is that an EMS response rate of one incident per year per 800 acres may occur as a result of the annexation. Given a projection of 11,800 acres of lands that may be acquired, this would result in an annual call volume of 15 calls, or a little more than one per month. In addition, given the relative distance of the annexation area to urbanized areas, as well as limited trail development, accident rates should be well below those on existing District lands. District rangers are trained to aid victims of accident or illness occurring on District land, and lead or participate in search and rescue operations according to the procedures outlined in the District’s Ranger Field Operations Manual. These rangers actively patrol District property so they are often first on the scene of District EMS incidents in addition to incidents on nearby public roads and highways. District staff are trained and equipped to meet the Basic Life Support incidents until the County Fire Advanced Life Support Unit arrives. All District rangers are required to maintain minimum First Responder and CPR Certificates. The District’s maintenance staff is required to possess Basic First Aid and CPR Certificates. A number of rangers maintain higher Emergency Medical Technician (EMT) certification, which the District supports. Incident Command System (ICS)-trained staff have been integrated into the leadership structure of wildland fire and search and rescue operations.”*

Impact to Sheriff Services

In response to comments from the Sheriff's Dept. that MROSD land acquisitions could result in increased illegal activity such as "squatting" and illegal drug production, MROSD acknowledges that there are a number of land management issues associated with stewardship of open space resources that are open to the general public. The District states that: *As noted in the comment, occasions of illegal trespass and use of large parcels of land along the coast is not now uncommon and is not limited to lands under public ownership. More lands opened for public use also means that there are more opportunities for discovery of inappropriate activities. Additionally, the growing and manufacturing of illegal drugs or "squatting" of open space lands as referenced in the comment are not typically short-term endeavors. District ranger staff and volunteer trail organizations regularly use / patrol all District Open Space Preserves. Often illegal activities that are observed are managed by District Ranger staff. Only if the situation warrants is the Sheriff's Office called upon to support the District.*

Invasive species control

In response to comments regarding invasive species, MROSD states: *Control of non-native invasive plants is a major component of the District's Resource Management Program. In 1998 and again in 2002, all roads and trails on District lands were inventoried to identify and prioritize populations of non-native invasive plant species. High priority areas were targeted for weed eradication and restoration. As of March 2003, District field staff devoted approximately four days per month to these on-the-ground stewardship activities...Weed control will remain a priority for the District's Resource Management Program, as new lands acquired by the District may have pre-existing non-native invasive plant species. Control of non-native invasive plant species is a major component of the District's 5-Year Resource Management Strategic Plan. The District's Service Plan for the Coastside Protection Area addresses protection of natural and cultural resources within the development of site-specific resource management plans (Policy Guideline G.6.3). Under this Guideline, these plans are tied to public access. This Guideline states that all lands acquired by the District within the Coastside Protection Area will be inventoried to identify and prioritize resource management issues. Where there are critical issues, such as the presence of non-native invasive species which threaten the habitat of endangered species or the economic viability of an adjacent agricultural operation, resource management plans will be prepared for these areas even if they remain closed to the public.*

Sudden Oak Death

MROSD response to concerns that visitors to MROSD preserves in the annexation area will spread Sudden Oak Death (SODS) states that: *"Because SODS is already established in the Coastside Protection Area, even if it were demonstrated that animal vectors spread SODS, the potential human contribution would be insignificant and would pale in comparison with the potential of other animal vectors to spread SODS.*

The District is committed to protecting the preserves' resources from SODS to the extent feasible. District staff have been trained in monitoring protocols established by the California Oak Mortality Task Force and regularly send samples to the Plant Pest Diagnostics Center in Sacramento to confirm suspected cases of SODS on District lands. Confirmed sites and areas of high risk are mapped with GPS and entered into the District's geographic Information System to facilitate monitoring efforts."

Traffic

Comments from Pescadero Municipal Advisory Council and others state that the traffic analysis included in the environmental document does not adequately address impact to roads serving Pescadero (Route 1 south of Hwy. 84, Hwy. 84 west of Skyline, Pescadero Creek Road, Cloverdale Road). The traffic analysis conducted for the EIR was based on the methodology prescribed by the San Mateo County Congestion Management Program adopted in 2001 (CMP) and uses trip data based on two existing MROSD preserves which indicates that an average open space preserve generates between 34 and 83 total trips during peak hours on a normal Saturday. The study finds that based on the County's CMP the above noted roads are well below the capacity at the Saturday peak hour and that access to preserves would be spread over several access points, these roads are not likely to experience a noticeable traffic increase. LAFCo staff referred the following MROSD response (shown in italics) along with the original MROSD traffic analysis to staff of the County's CMP, who concurred with the analysis.

The traffic analysis was performed to evaluate the traffic impacts projected to be attributable to the District's Coastside Protection Program. The proposed program includes annexation of approximately 140,000 acres of land. Traffic impacts would not be associated with annexation itself, but could arise in connection with allowing public access to lands acquired or otherwise managed by the District following annexation. Approximately 12,000 acres of open space land is expected to fall in this category over a fifteen year period following annexation. The results of the traffic analysis are presented in the Final EIR.

Because the specific location of lands to be managed and opened to public access is not known, the traffic analysis used a program-level approach to investigate the roads most likely to be used to drive to the annexation area and focused on those roads where a significant impact had the greatest potential to occur. The referenced roadway segments did not fall into either of those categories. Neither Cloverdale Road nor Pescadero Creek Road is included in San Mateo County's CMP because neither roadway meets any one of the five requirements that were used in that Program to determine which freeways, streets, highways, and intersections in San Mateo County merited ongoing traffic monitoring.

Route 1 south of Highway 84 and Highway 84 west of Skyline are included in the CMP and have LOS standards of D and C respectively. The CMP found that the baseline operations on these roads was at least a full level of service better than the standard. Because the total increase in trips for the entire annexation area after fifteen years is expected to be under 400 trips, the number of new trips that would occur on these segments would be relatively small. The LOS standards for these segments would allow for a relatively large increase in traffic. Based on these facts, no traffic impacts can reasonably be expected along those segments.

Other visitor serving impacts

In response to concerns that the MROSD plan for service does not adequately address the need for additional visitor serving facilities such as restrooms, the MROSD states: "*The Service Plan for the Coastside Protection Program provides, over time, for opening selected areas to public access. This could increase visitor use of the Coastside area. The District's standard practice is to provide self-contained sanitary facilities at all developed parking areas used for access to District lands. This should limit the demand for public restrooms from users of District facilities.*"

Representation

Several comments expressed concern that the MROSD service plan and annexation application did not provide adequate means for representation of residents of the coastal annexation area following annexation. As noted in the District's application, by law the District is divided into 7 wards of equal population with a director elected from within each ward. Included as Attachment H is the MROSD staff report and resolution establishing a public participation process for reapportionment of the District's ward boundaries to include the coastal annexation area. This resolution, adopted by MROSD on February 25, 2004, sets a procedure by which the District would prepare up to four alternative redistricting scenarios consistent with State law that would provide for extension of one to four wards into the coastal annexation area. The resolution also sets forth that the District shall conduct public workshops to present and receive input from constituents in the coastal annexation area.

District responses to comments also note: *"In addition to formal representation through voting for District Board members, residents of the Coastside Protection Area will also have an opportunity to be involved in establishing District priorities and implementation plans for the Coastside Protection Area pursuant to the Service Plan. The consultation requirements are set forth in Guideline G.5.1 and a series of related implementation actions. These include a requirement for District Board meetings on the Coastside for major decisions affecting the Coast, local advisory committees, and mandatory notification of various government, non-profit, and private organizations and individuals."*

Good Neighbor Policy

Pescadero Municipal Advisory Council states that there is no stated good neighbor policy in regard to private property adjacent to MROSD properties. Other comment letters express dissatisfaction in dealing with MROSD as a neighbor relating to land management practices and constructive ways to resolve conflicts or problems between MROSD and private property owners as neighbors. At LAFCo's request, MROSD has submitted a document titled "Good Neighbor Policy" (Attachment G) which was adopted by the MROSD Board of Directors in 1988 and amended in 1996. This document deals in general terms with the day-to-day activities and long term planning activities as they relate to MROSD interaction with neighboring property owners. LAFCo staff believes that the MROSD good neighbor policies or the could be clarified and strengthened to include information for neighboring property owners on how to best work with the district address property owner concerns and problems.

Project Alternatives and Alternative Boundaries

Discussion of alternative boundaries is pertinent to comments from Pescadero Municipal Advisory Council statement citing the 1998 advisory vote in which the advisory vote on District expansion to the Coast passed in the area-wide election, but failed in south coast precincts.

As required by the California Environmental Quality Act and Government Code Section 56668, Chapter V of the District's Draft E.I.R. examines "no-project" alternatives and alternate geographic areas as alternatives for the sphere amendment and annexation. As noted in the Draft EIR, under the no project alternative, open space and agricultural preservation in the coastal annexation area would be dependent upon the activities of existing Federal, State and County government which, with the exception of GGNRA have no expansion plans in the foreseeable future. Other alternative providers include private open space organizations such as Peninsula Open Space Trust, Trust for Public Land and others which focus predominantly on acquisition for preservation purposes and lack resources for land management to provide for public access.

Alternative geographic boundaries discussed include inclusion of the entire Coastal Area in the MROSD sphere of influence but annex territory in the following geographic areas: Northern Watersheds only, Skyline Upper Sub-area only, Skyline Upper Watersheds and Northern Watersheds only, Skyline Upper and Southern Watersheds together. Inclusion of the Southern Watershed only is not considered because this area is not contiguous to current district boundaries and therefore not eligible for annexation. These watershed areas can be viewed in Map 17 of the Draft EIR.

While public agencies are permitted to own property outside jurisdictional boundaries, this situation is typically avoided, in part because such lands are taxable. Given the District's stated policy that lands will be acquired outside district boundaries only under special circumstances, the no project alternative or alternatives which would place all of the coastal area in the MROSD sphere of influence and only include portions of the coastal area in MROSD district boundaries would limit acquisitions to only portions of the coastal area. From the LAFCo perspective, if the goal of the Coastal Annexation is to have a single agency provide open space and agricultural preservation and the entire coastal area is considered the County's agricultural district and a coastal and natural resource, the alternative boundaries would not provide for a comprehensive and consistent open space and agricultural preservation plan for the this area.

Municipal Service Review

Municipal service review as required by Government Code Section 56430 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. Section 56430 requires that in order to prepare and to update spheres of influence in accordance with Section 56425, the Commission shall conduct a service review of the municipal services provided in the county or other appropriate area. In this case, the service review will examine open space services provided within district boundaries and in the proposed annexation area. The following analysis therefore focuses on MROSD and on the nine determinations required in Section 56430.

(1) Infrastructure needs or deficiencies.

MROSD states that there will be no need for extension of sewer, water or road infrastructure and that properties acquired or managed by the District have very few or limited improvements such as unpaved trails, trail signs, self-contained sanitary facilities, and staging areas (gravel surface parking lots). Table 1 of the District's response to the service review request form details the types of facilities available on current district reserves.

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

The District reports the population for the current District territory in San Mateo County is 241,696 based on Census 2000 and the population for current district boundaries in Santa Clara County (excluding San Jose) is approximately 649,924. The District reports that based on the Association of Bay Area Governments (ABAG) that between 2010 and 2025, the Cities of San Mateo, Redwood City, Daly City and South San Francisco will lead the county in growth and that growth in more remote parts of San Mateo County outside urbanized areas will come to a standstill by 2015. Staff believes that the District is capable of providing services that can accommodate the growth and population projections for the affected territory. The District states that as the population grows within District boundaries and the region, the need for programs protecting open space and providing for low-intensity recreation will also increase.

Growth Projections: Association of Bay Area Government (ABAG) “Projections 2004”:

	2000	2010	2020
San Mateo Co.	707,161	756,400	813,300
Santa Clara Co.	1,682,585	1,887,400	2,089,400

(3) Financing constraints and opportunities

The District reports that the adopted service plan for the coastal annexation area is based on using existing revenues and that no new tax is proposed. The District’s primary revenue source is a share of the 1% property tax, approximately 1.7 cents per \$100 of assessed property value and that these revenues will be augmented with grants and gifts. The service plan proposes that in years 1 to 5 grants and gifts will be the primary source of funding for acquisition. The District identifies likely opportunities for funding opportunities including California Farmland Conservancy Program, State Grants and Bonds. The District states that any future tax would be subject to voter approval and that the District would first work with local interests to identify a funding measure that could be submitted for voter approval. The District plan for service and service review questionnaire cite opportunities for collaboration with San Mateo County Farm Bureau, San Mateo County Resource Conservation District and other public and private agencies regarding

(4) Cost avoidance opportunities.

Comments from MROSD:

The District identifies the following agencies that provide services either in District boundaries or in the Coastal Annexation Area.

Agency	Type of Service	Within District	Within Coastal Annexation Area
Nat’l Park Service G.G.N.R.A.	Resource Conservation, env. Education, trails, day & overnight recreation		X
U.S. Fish & Wildlife Don Edwards SF Bay National Wildlife Refuge	Habitat Protection, env. Education, Trails, low-impact recreation	X	
State of California Parks & Recreation	Coastline Access, resource conservation, trails, day & overnight recreation, campgrounds, toilets & parking	X	X
San Mateo County Dept. of Parks & Recreation	Coastline Access, resource conservation, trails, high- and low-intensity recreation, day & overnight recreation, campgrounds, toilets & parking	X	X
Peninsula Open Space Trust	Private Land Conservation	X	X
State of CA Dept. of Fish and Game	Resource Conservation and land management programs, limited public access	X	X

Santa Clara County Parks & Recreation	Regional Parks, Open Space, trails, high-and low-intensity recreation day and overnight recreation, specialty recreation areas	X	
City of San Jose Parks & Recreation	Regional parks as well as traditional urban park and recreation areas	X	
City of Palo Alto Community Services – Recreation, Open Space and Sciences	Nature Preserves and low-intensity recreation as well as traditional urban park and recreation areas	X	

The District comments that MROSD services are intended to complement the activities of existing providers and to that extent will avoid duplication of costs in terms of land acquisition, planning and management. The District states that District services in the annexation area will result in a positive effect on resources and that the extension of District boundaries to include the Coastside will allow the District to work with other service providers, will have no net effect on the services the District provides within current boundaries, will complement open space preservation activities of the City of Half Moon Bay and that there are no special district which provide open space services in the coastal annexation area.

(5) Opportunities for rate restructuring

Comments from MROSD:

Not applicable.

Note: MROSD does not charge park entrance fees.

(6) Opportunities for shared facilities.

The District has provided a listing of several shared facilities or agreements with other agencies in San Mateo and Santa Clara Counties. Cases in San Mateo County include conservation easement at Edgewood County Park and Ravenswood Preserve, co-ownership with GGNRA in the Coastal Annexation Area and revocable trail permit with City & County of San Francisco. The District reports that it works with other public recreation and open space providers, conservation agencies, non-profit land trusts and community organizations and will seek opportunities for preservation of regionally significant resources.

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

The District states that agencies identified above are distinct types of organizations with different enabling legislation, different ranges of services and that there is no opportunity for consolidation or reorganization. Staff concurs that based on the wide range of agencies providing open space and the fact that they have varying enabling legislation and mission, there is no opportunity for consolidation or reorganization.

Staff notes that alternative organizational structures in other counties include county governed open space districts that are coterminous with county boundaries. Staff believes that based on recommendations from the open space and land preservation community both locally and regionally, inclusion of the coastal annexation area in the MROSD boundaries is the means to have one agencies provide open space preservation on a regional basis. Staff would also note that a clear advantage of independent special districts is that they focus on a single mission such as open space and agricultural preservation whereas general-purpose government by definition must provide a wide array of services.

(8) Evaluation of management efficiencies.

The District reports that it has a total of 79 full-time positions and that if annexation is approved, one full-time land management staff person would be provided for every 1,720 acres of land purchased in fee or under management contract, that one full-time planning or administrative position would be added at the outset to manage the annexation area, that one additional full-time position would be added for every 3,440 acres of land acquired in fee or under contract, and an additional full-time position would be created for every 5,160 acres of conservation easement.

(9) Local accountability and governance.

The District is composed of seven wards or geographic areas, of approximately equal population (approximately 100,000 people). One director elected to a four-year term of office by voters within the geographic area represents each ward. The District holds regular meetings on the second and fourth Wednesday of the month at 7:30 p.m. and special board meetings are conducted as needed. The Board also has standing committees which include: Administration and Budget; Legislative, Finance & Public Affairs; Use and Management Committee; and Acquisition and Real Property Committee. The District publishes a quarterly newsletter, maintains a website at www.openspace.org and distributes Budget Data which is also available in the quarterly newsletter. The District also maintains a subscriber mailing list of over 70 individuals. The District also has a public notification policy to inform surrounding landowners and interested members of the public of acquisitions, grant applications and land use planning projects and the public notification policy supplements public notice required by law. As noted above, the District would, upon annexation, implement appropriate forms of representation including redistricting of wards to include the coastal annexation area that best reflects the desired ward configuration of coastal residents, government agencies and government-sponsored agencies.

As noted above, staff believes that the District could improve relations with owners of property neighboring district preserves by clarifying and strengthening the MROSD existing “Good Neighbor Policies”.

Sphere of Influence

Sphere of influence is defined in Government Code Section 56425 as a plan for the probable physical boundary and service area of a local agency or municipality. Section 56425 states: (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and

coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

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

Sphere of Influence Considerations

Territory may only be annexed to a city or special district if annexation is consistent with the sphere of influence of the subject agency. Staff believes that the comments from other public and private open space, parks and land conservation agencies and organizations and on the municipal service review support inclusion of the Coastal Annexation Area in the MROSD sphere of influence. The following summarizes sphere considerations that could be adopted by the Commission in amending the district's sphere.

(1) The present and planned land uses in the area, including agricultural and open-space lands.

Territory within MROSD boundaries consists of urbanized residential, commercial, industrial and open space uses. In the coastal annexation area approximately 80% of land area is agricultural, rangeland or forest. While some areas are projected to experience more development and growth than others, the need for need for open space and agricultural preservation will continue.

(2) The present and probable need for public facilities and services in the area.

While there are a number of local and state public agencies and private organizations providing public recreation and land preservation services in the coastal annexation area these agencies have limited resources and varying goals and missions. There is currently no single agency that focuses on open space and agricultural preservation in the Coastal Annexation Area. The need for public facilities in the coastal annexation area is limited. However, there is agreement from local, state and regional public and private open space and conservation organizations that open space and agricultural preservation is needed in the coastal annexation area now and in the future.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The District's plan for service and fiscal analysis indicates that the District has the capacity to expand services to the annexation area without impacting services within current district boundaries.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The Coastal Annexation Area represents the County of San Mateo's agricultural district and a key biological and natural resource regionally and statewide. As such the area represents the County's agricultural community and is of significance economically on a county and regional basis.

Factors to be considered pursuant to Section 56668

The following is a brief analysis of the applicable factors to be considered by the Commission in the review of a proposal as required by Government Code Section 56668. Unlike sphere of influence determinations, the commission is not required to make any express findings concerning these factors.

Population, population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years

As noted above, the territory proposed for annexation covers 220 square miles and includes a wide range of land use designations. ABAG Projections 2002 are summarized for San Mateo County in the following table:

2000	2010	2015	2020	2025
707,161	754,600	775,900	795,100	813,300

ABAG projects that between 2010 and 2025, the Cities of San Mateo, Redwood City, East Palo Alto, Daly City and South San Francisco will lead the county in growth with over 40% of the County's household growth during this period.

Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas and 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

Organized community resources related to open space and agricultural preservation are needed to the extent that there is no single agency that provides for land management and public access in addition to land acquisition in the Coastal Annexation Area. While there is a demonstrated need to expand services such as open space and agricultural preservation, maintenance and public access, such services are limited to current service levels and limited resources of an array of existing agencies with varying goals and revenue sources. The proposed coastal annexation and plan for service provides for a comprehensive, regional plan subject to controls and regulations in the County's General Plan and Local Coastal Program..

There is general agreement indicated in the record that acquisitions by MROSD following annexation will provide for protection of agricultural and open space lands which will be a benefit to the County's agricultural community and district. In this respect, the proposed annexation would be beneficial to residents of the proposed annexation area as well as areas currently within district boundaries by providing a comprehensive, regional open space and agricultural preservation program and providing representation for communities served by the District. With the exception of reduction of property tax revenue resulting from privately owned lands being removed from the tax roll upon acquisition by MROSD, the annexation in itself presents a long-term plan for resource management consistent with the General Plans of the County of San Mateo and City of Half Moon Bay that will be of benefit to the area and the agricultural economy and the County as a whole.

The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Government Code Section 56016

As noted in the MROSD response to comments above, preservation of economically viable agriculture is a major component of the *Coastside Protection Program*. The EIR concluded that there would be no significant impact to agricultural resources and the *Service Plan* contains a number of policies to protect agriculture and includes all the mitigation measures recommended for adoption in the EIR. Based on mitigation measures included in the service plan, a memorandum of understanding between MROSD and the Farm Bureau that would include input from the Farm Bureau in MROSD agricultural related activities, the Farm Bureau supports annexation as a tool that will protect the physical and economic integrity of agriculture in the County.

Consistency with City and County General Plan:

The proposed plan for service, policies and guidelines are consistent with the City of Half Moon Bay and County General Plan Policies concerning open space and agriculture.

The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries

The proposed boundaries of the annexation are clearly defined and do not create islands or corridors of unserved territory.

The sphere of influence of any local agency that may be applicable to the proposal being reviewed

The proposed sphere amendment and annexation does not conflict with the spheres of influence of other affected agencies.

The comments of any affected local agency

As noted previously, the District's annexation application with a request for comment was distributed to all cities and special districts, affected county departments, municipal advisory councils and interested individuals. LAFCo has received extensive comment from public agencies concerning this application with the primary concern being fiscal impact as the District acquires privately owned lands that are subsequently removed from the tax roll.

The ability of the 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

As noted on Page 5 above, the fiscal analysis indicates that the estimated operating expenses for the Coastal Annexation Area and the District's cash flow projections for the 15-year basic service plan period indicate that the District is likely to have adequate financial resources to fund the coastal annexation and acquisition program without impacting existing programs or its cash reserves.

Any information or comments from the landowner or owners

The Commission has received extensive comments supporting and opposing the annexation application from public agencies, private organizations and individuals from within the annexation area, within current MROSD boundaries and from the greater Bay Area. Copies of these letters have been provided to the Commission.

Whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district

Expansion of Midpeninsula Regional Open Space District boundaries to include the coastal annexation area as proposed would provide for long-term open space and agricultural preservation and public access program by a single public agency as well as representation for residents in the affected area, which are not available through programs offered by private, non-profit organizations in the area. Expansion of service to provide a comprehensive program will be of benefit to both residents in the annexation area as well as residents within current district boundaries by enhancing opportunities for preservation of open space and agriculture on a regional basis.

Any resolution raising objections to the proposed annexation.

No such resolutions have been received by the Commission.

Environmental Review

In June of 2003 the Midpeninsula Regional Open Space District, acting as lead agency under the California Environmental Quality Act (CEQA), certified the "San Mateo County Coastal Annexation Final Environmental Impact Report". Environmental review included analysis of impacts related to expanding the District's sphere of influence and annexation to include the Coastal Area of San Mateo County on a program level and analyzed activities such as land acquisition and management of open space and agricultural lands. If annexation is approved, the District would be subject to the provisions of CEQA in subsequent activities such as land acquisition and development of trails or other related activities. The EIR also considered the no project alternative as well as alternative boundaries. The District adopted mitigation measures to minimize potential impacts and found that the San Mateo Coastal Sphere of Influence Amendment and Annexation would not have significant impacts on the environment.

As responsible agency under CEQA, the Commission must certify that it has considered the EIR prepared by the MROSD in making your determination on this application. As a Program E.I.R., the San Mateo Coastal Annexation Draft and Final E.I.R. adequately discuss the environmental impacts related to the MROSD plan for providing service and potential impacts related to annexation. Staff believes that the Commission can find that annexation will not introduce any new considerations with respect to this E.I.R. and that future projects such as acquisitions, trail and staging development on district acquired land, as they become known, will be subject to environmental review as they are developed by MROSD.

As the Commission is aware, there is pending litigation challenging the E.I.R. In the event the adequacy of an EIR is being litigated, CEQA expressly requires a responsible agency to assume that the challenged EIR is valid. As a responsible agency for the San Mateo Coastal Annexation, San Mateo LAFCO is bound by the requirements of Public Resources Code section 21167.3(b). This section requires that

where an action is commenced challenging the adequacy of an EIR, "responsible agencies shall assume that the environmental impact report or negative declaration for the project does comply with [CEQA] and shall approve or disapprove the project according to the timetable for agency action." Thus, San Mateo LAFCo must follow its normal procedures of review to determine whether to approve or disapprove a proposal regardless of whether there is a challenge to the EIR submitted with the District's annexation application.

Conclusion

The stated legislative intent for LAFCo is to exercise powers in a manner that encourages and provides for orderly development and efficient delivery of services with appropriate consideration of preservation of open space and agricultural lands. LAFCo File 03-10 represents a significant and unique boundary change proposal because of the size of the proposed annexation and the challenge of expanding public services with limited local government revenues. The application itself is the product of several years of preparation by the district and debate in the community. Among other factors to consider, the Commission is asked to weigh the benefits of a long-term program for open space acquisition and management and agricultural preservation against the fiscal impact to governmental agencies containing open space and agricultural lands. The Commission has received very thoughtful and sincere correspondence in both support and opposition of the proposal and the District at the writing of this report indicates that discussion continue with La Honda Pescadero School District and County Fire to address their concerns. It is recommended that MROSD also examine the District's existing "Good Neighbor Policy" as it relates to working with neighboring property owners and as it relates to clarifying for staff and constituents how to resolve issues concerning shared property lines or district activities.

As part of LAFCo application process, MROSD has worked with the San Mateo County Farm Bureau and both organizations have signed a memorandum of understanding and the District is pursuing special legislation to permanently exclude eminent domain from the annexation area. These actions also addressed concerns expressed about consistency with County Agricultural policies have resulted in recommendations of support for the proposed annexation from both the Farm Bureau and the County's Agricultural Commissioner. Lastly, the District has also submitted a plan for representation that would involve area residents in the redistricting of wards if annexation is approved and other policies of the District facilitate public participation. Staff believes that these actions by the District demonstrate their ability and intent to implement open and agricultural preservation while working with the Coastal Annexation community to develop a program that will be of benefit to the coastal community, the County's agricultural district and the residents of the region.

Recommendation

Based on the foregoing, staff believes that the service review, sphere of influence determinations and information concerning the factors to be considered by the Commission support approval of the MROSD Coastal sphere amendment and annexation. Staff recommends that the Commission open the public hearing in Half Moon Bay, accept testimony and continue the public hearing to Redwood City to ensure full participation and input to the Commission by interested agencies and individuals prior to taking action. If at the conclusion of the public hearing the Commission is to approve the application, considerations for final action will include:

- Certification that the Commission has considered the EIR prepared by MROSD in making your determination on this application.
- Acceptance of the Municipal Service Review prepared by staff.
- Adoption of a statement of determinations concerning the sphere of influence amendment.
- Adoption of a resolution amending the sphere of influence and approving LAFCo File 03-10—Proposed Annexation of Coastal San Mateo County to the Midpeninsula Regional Open Space District
- Direction to the Executive Officer on the period of time for the protest hearing and direction to the Executive Officer to conduct protest proceedings pursuant to Government Code Section 57000 et seq.

Respectfully Submitted,

Martha Poyatos
Executive Officer

Attachments:

Attachment A: Map

Attachment B: Chronology

Attachment C: Summary table of comment letters received thru 2/23 and distributed to the Commission

Attachment D: Farm Bureau letter and Memorandum of Understanding

Attachment E: MROSD responses to comments

Attachment F: MROSD service review submittal

Attachment G: MROSD Good Neighbor Policy

Attachment H: MROSD report & resolution establishing a public participation process for reapportionment of the District's ward boundaries to include coastal annexation area.

Attachment I: Santa Cruz LAFCo Resolution Recommending Approval

Attachment J: Santa Clara LAFCo Resolution Recommending Approval

Attachment K: Additional Comment Letters