

COUNTY OF SAN MATEO

7

Inter-Departmental Correspondence

Date: April 2, 2001

Board Meeting Date: April 10, 2001

TO: Honorable Board of Supervisors

FROM: Neil R. Cullen, Director of Public Works

SUBJECT: **Dissolution of East Palo Alto County Waterworks District (EPACWD) in East Palo Alto**

RECOMMENDATION

After conducting the public hearing, determine the threshold of protest and take one of the following actions:

1. Order the dissolution of the District if the protest is less than 25 percent of registered voters;
2. Order the dissolution subject to election if the protest is between 25 percent and 50 percent of registered voters; or
3. Terminate the proceedings if the protest is more than 50% of registered voters.

Previous Board Action

1. Authorized the filing of an application with the Local Agency Formation Commission (LAFCO) to dissolve the East Palo Alto County Waterworks District (EPACWD).
2. Directed staff to suspend filing the application with LAFCO in order to give the City of East Palo Alto time to develop and implement a plan to take over the operation of the District as a City function.
3. Approved a Service Agreement with California American Water Company (Cal-Am) for the EPACWD while the City of East Palo Alto processed its application to LAFCO to assume responsibility for the District.
4. Set April 10, 2001 at 9:15 a.m. in the Board of Supervisors Chambers as the time and place for a public hearing on the dissolution of the EPACWD.

Honorable Board of Supervisors

Subject: Dissolution of East Palo Alto County Waterworks District (EPACWD) in East Palo Alto

April 2, 2001

Board Meeting Date: April 10, 2001

Page 2

Key Facts

1. The City of East Palo Alto submitted a proposal to LAFCO for the dissolution of the EPACWD and transfer of the District's assets and responsibilities to the cities of East Palo Alto and Menlo Park.
2. LAFCO approved the City's proposal contingent upon five conditions being met and authorized your Board to conduct subsequent proceedings in compliance with LAFCO Resolution No. 925 and Government Code Section 57000 et. seq.

Discussion

LAFCO conducted a public hearing on the City of East Palo Alto's application to dissolve the EPACWD on January 17, 2001, and adopted Resolution No. 925 approving the proposal contingent upon the following five conditions:

1. That all assets and obligations of the District shall be transferred to the Cities of East Palo Alto and Menlo Park pursuant to Section 57450 et. seq. of the Government Code with the exception that 90% of the fund balance shall be distributed to the City of East Palo Alto and 10% of the fund balance shall be distributed to the City of Menlo Park. [Government Code Sections 56844 (h), (i) and (j)].
2. Execution of the Dissolution, Assignment and Assumption Agreement and Operation Agreement between the Cities of East Palo Alto and Menlo Park.
3. Dedication of the water system serving the Menlo Business Park to the City of Menlo Park.
4. Required approval from the San Francisco Public Utility Commission (SFPUC) for the dissolution of EPACWD and transfer of the water allocation to successor agencies.
5. Required permits from the California Department of Health Services.

LAFCO Resolution No. 925 authorizes your Board to conduct subsequent proceedings on the proposed dissolution in compliance with Government Code Section 57000. The subsequent proceedings consist of a public hearing to consider protests followed by action dependent upon the number of written protests received from registered voters with the District as described in the RECOMMENDATION portion of this report.

Honorable Board of Supervisors

Subject: Dissolution of East Palo Alto County Waterworks District (EPACWD) in East Palo Alto

April 2, 2001

Board Meeting Date: April 10, 2001

Page 3

This proceeding is under the Government Code provisions in effect prior to January 1, 2001, because the application for dissolution of the District was filed with LAFCO in 2000. The public hearing has been set in anticipation of the conditions established by LAFCO being met prior to the date of the hearing, and we will report to your Board on the status of the City meeting the five conditions. Staff recommends, in the event that the conditions have not been met, that you continue the hearing for a period of not more than 60 days to allow the City additional time to satisfy the LAFCO conditions.

Other Board Governed Special Districts within the City of East Palo Alto

Your Board is also the governing board of the Ravenswood Lighting District and the East Palo Alto Drainage Maintenance District that finance lighting and drainage maintenance services within the corporate limits of the City of East Palo Alto. Supervisor Rose Jacobs Gibson and County staff have been meeting with City staff as we believe that it is appropriate for the City to assume responsibility for these services, inasmuch as these special districts serve only areas within the City's corporate limits. However, the City has not taken any action to date to facilitate the City's assumption of these city services.

Fiscal Impact

There is no fiscal impact to the General Fund.

A form of resolution has been approved by County Counsel.

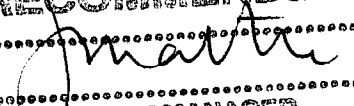


Neil R. Cullen
Director of Public Works

NRC:WDC:sdd

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- cc: Ms. Monika Hudson, City Manager, City of East Palo Alto
- Mr. David Boesch, City Manager, City of Menlo Park
- Mr. Chris Alario, Cal-American Water Company
- Martha M. Poyatos, LAFCO
- Milt Mares, Deputy County Counsel

RECOMMENDED
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COUNTY MANAGER

Resolution No. _____

Board of Supervisors, County of San Mateo, State of California

**Resolution Dissolving the East Palo Alto County Waterworks District (EPACWD)
and Transferring Ownership of the District's Assets to the
Cities of East Palo Alto and Menlo Park**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, the City of East Palo Alto has filed an application with the Local Agency Formation Commission (LAFCO) to dissolve the EPACWD and transfer the ownership to the Cities of East Palo Alto and Menlo Park; and

WHEREAS, LAFCO called for and held a public hearing on January 17, 2001 and heard and received all oral and written protests, objections and evidence made, presented, or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's; and

WHEREAS, LAFCO approved the City's proposal contingent upon five conditions and designated the Board of Supervisors of the County of San Mateo as the conducting authority authorized to conduct subsequent proceedings in compliance with LAFCO Resolution No. 925 and Government Code Section 57000; and

WHEREAS, the five conditions set forth in LAFCO Resolution No. 925 have been met; and

WHEREAS, a public hearing on this dissolution was called for and held by this Board on April 10, 2001, and this Board finds and determines that the value of written protests filed and not withdrawn is less than 25 percent (25%) of the registered voters residing within the territory proposed to be dissolved.

NOW THEREFORE, be it resolved that the Board of Supervisors of the County of San Mateo hereby orders the East Palo Alto County Waterworks District be dissolved effective May 1, 2001.

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