



**SAN MATEO COUNTY
BOARD OF SUPERVISORS
FINANCE AND OPERATIONS
COMMITTEE**

**Mark Church, Chair
Rich Gordon, Vice-Chair**

*Reyna Farrales, Deputy County Manager
John Beiers, Chief Deputy County Counsel
400 County Center, Redwood City, CA 94063
650-363-4571*

TO: Finance and Operations Committee

FROM: Reyna Farrales, Deputy County Manager

SUBJECT: Finance and Operations Committee Meeting—Agenda for September 12, 2007

DATE: September 6, 2007

Meeting Date and Time: Wednesday, September 12, 2007, 2:00 – 3:00 p.m.

Place: Board Conference Room, Office of the Board of Supervisors
First Floor, 400 County Center, Redwood City, California

1. Call to Order
2. Oral Communications and Public Comment
3. Approval of the Minutes for the Finance and Operations Committee Meeting of August 7, 2007 (attachment)
4. Fire Funding (Reyna Farrales)
5. Draft Response to Grand Jury Report on Audit Committee
6. Adjourn

A COPY OF THE SAN MATEO FINANCE AND OPERATIONS COMMITTEE AGENDA PACKET IS AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE, HALL OF JUSTICE, 400 COUNTY CENTER, FIRST FLOOR. THE CLERK OF THE BOARD'S OFFICE IS OPEN MONDAY THRU FRIDAY 8 A.M. - 5 P.M., SATURDAY AND SUNDAY – CLOSED.

MEETINGS ARE ACCESSIBLE TO PEOPLE WITH DISABILITIES. INDIVIDUALS WHO NEED SPECIAL ASSISTANCE OR A DISABILITY-RELATED MODIFICATION OR ACCOMMODATION (INCLUDING AUXILIARY AIDS OR SERVICES) TO PARTICIPATE IN THIS MEETING, OR WHO HAVE A DISABILITY AND WISH TO REQUEST AN ALTERNATIVE FORMAT FOR THE AGENDA, MEETING NOTICE, AGENDA PACKET OR OTHER WRITINGS THAT MAY BE DISTRIBUTED AT THE MEETING, SHOULD CONTACT CHRISTINE HOLLENDER, FINANCE AND OPERATIONS COMMITTEE CLERK, AT LEAST 72 HOURS BEFORE THE MEETING AT (650) 599-1388 AND/OR chollender@co.sanmateo.ca.us. NOTIFICATION IN ADVANCE OF THE MEETING WILL ENABLE THE COUNTY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING AND THE MATERIALS RELATED TO IT. ATTENDEES TO THIS MEETING ARE REMINDED THAT OTHER ATTENDEES MAY BE SENSITIVE TO VARIOUS CHEMICAL BASED PRODUCTS.

If you wish to speak to the Committee, please fill out a speaker's slip. If you have anything that you wish distributed to the Committee and included in the official record, please hand it to the Deputy County Manager who will distribute the information to the Supervisors and staff.

The next meeting of the Finance and Operations committee is scheduled for
Wednesday, October 10th at 2:00 p.m.



**SAN MATEO COUNTY
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FINANCE AND OPERATIONS
COMMITTEE**

**Mark Church, Chair
Rich Gordon, Vice-Chair**

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John Beiers, Chief Deputy County Counsel
400 County Center, Redwood City, CA 94063
650-599-1388*

DRAFT ACTION MINUTES

Meeting Date and Time: August 7, 2007, 2:30 p.m.

Place: Board Conference Room, Office of the Board of Supervisors
First Floor, 400 County Center, Redwood City, California

1. Call to Order / Roll Call:

Committee Chair Mark Church called the meeting to order at 2:32 p.m. Supervisors Church and Gordon were both in attendance. Also attending were Tom Casey, Edwin Chan, Reyna Farrales, Matt Jacobs, Jimmy Forbis, Ashnita Narayan, Eric Pawlowsky, Jon Sison and Joanne Ward.

2. Oral Communications:

There was no member of the public who wished to speak.

3. Approval of the Minutes for the Finance and Operations Committee Meeting of July 10, 2007

The minutes of the July 10, 2007 were approved.

4. Fire Funding (Reyna Farrales and Tom Casey)

The Committee heard a report from Staff on fire protection funding, including a description of updated property tax revenue and budget deficit projections, facility and vehicle replacement costs, and scenarios for service reduction and impacts of such reductions. The Committee directed Staff to create a timeline necessary for a November ballot initiative, building in time for Local Formation Area Commission (LAFCo) action and community outreach. The Committee also asked Staff to provide potential boundaries for separate county service areas and communities of interest in the unincorporated areas not currently served by an existing fire protection district or county service area.

5. Announcements

Reyna Farrales gave the Committee an update on management reviews.

6. Adjournment

The meeting was adjourned at 3:25 p.m.

SUMMARY COMPARISON OF 3 FIRE FUNDING OPTIONS

	Option 1 BENEFIT ASSESSMENT	Option 2 PARCEL TAX – COUNTYWIDE ELECTION	Option 3 PARCEL TAX - COUNTY SERVICE AREA(S)
Parcels to be taxed/charged	<ul style="list-style-type: none"> All unincorporated public and privately owned parcels that are not already in a fire protection district or county service area (CSA) that are determined, based on an engineer’s report, to receive special benefit from the assessment 	<ul style="list-style-type: none"> All unincorporated privately owned parcels that are not already in a fire protection district or county service area (CSA) 	<ul style="list-style-type: none"> Unincorporated, privately owned parcels that are not already in a fire protection district or county service area (CSA), that are within the boundaries of the county service area(s) to be established
# of parcels affected	<ul style="list-style-type: none"> Depending on determination of which parcels receive “special benefit” from the assessment, could be 10,519 public and private parcels or fewer 	<p>9,853 private parcels (non-CSA#1)</p> <p>1,450 private parcels (CSA#1) – it is assumed that County Service Area #1 would contribute to replacement of Belmont station</p>	<ul style="list-style-type: none"> 9,853 private parcels if the new county service area covers all unincorporated areas not already in a fire protection district or county service area Fewer parcels if multiple county service areas are formed that do not include all 9,853 private parcels
Timeframe to implement	<p>4 to 6 months (Completion of engineer’s report and mail-in ballot process)</p>	<p>At least 3 months (Need 88-day notice to put on ballot) February 2008, April 2008 or June 2008 ballot</p>	<p>12 months November 2008 ballot (LAFCO process + 88-day notice to put on ballot)</p>
Amount of tax/charge	<ul style="list-style-type: none"> Will vary depending on number of factors: <ul style="list-style-type: none"> parcels that receive special benefit property type/use call volume potential property loss 	<p>Estimated flat rates below, but rate could be structured to vary depending on a number of factors (commercial vs. residential, developed vs. undeveloped, etc.):</p> <p>ESTIMATED RATES (includes CAL FIRE reimbursement*):</p> <ul style="list-style-type: none"> Non-CSA#1 parcels = \$249 per parcel CSA #1 parcels = \$92 per parcel <p>(*Note: still in discussions with CAL FIRE; without reimbursement: Non-CSA#1 = \$284 and CSA#1=\$164)</p>	<ul style="list-style-type: none"> Will vary depending on number of parcels in each county service area If county service areas include all 9,853 private parcels, a flat rate per parcel would be the same as Option 2
% voting requirement	<p>Majority vote of property owners, as weighted by proportional liability; relatively few property owners with large potential liability could cause “majority protest”</p>	<p>Super-majority vote (2/3) of the electorate countywide</p>	<p>Super-majority vote (2/3) of the electorate in each county service area</p>
Cost considerations	<p>Mail-in ballot process would cost less; also need to consider campaign costs to build support</p>	<p>Countywide election would cost more; also need to consider campaign costs to build support</p>	<p>Special election would cost more; also need to consider campaign costs to build support</p>
Other considerations	<ul style="list-style-type: none"> Other circumstances in communities affected 	<ul style="list-style-type: none"> Other tax measures and initiatives on ballot Other circumstances in communities affected 	<ul style="list-style-type: none"> Other tax measures and initiatives on ballot Other circumstances in communities affected

INTEROFFICE MEMORANDUM

To: Reyna Farrales, Deputy County Manager
From: Office of the County Counsel
Subject: Executive Summary of three primary options for raising revenue for fire protection services for parcels in the unincorporated areas that are not presently in a fire protection district
Date: September 10, 2007

Option 1 – Benefit Assessment (approx. 4-6 month process)

A benefit assessment is a charge levied upon parcels of real property to pay for the benefits received from local improvements. In the case of the County, they may be levied only pursuant to statutory authority granted by the Legislature. Under section 50078 of the California Government Code, the County, as an agency that “provides fire suppression services directly or by contract with the state or a local agency,” may levy an assessment for such services. We have identified the following advantages and disadvantages of a benefits assessment:

Advantages

- Would create a secure revenue stream
- Funds could be used for operations and maintenance
- Does not require a County-wide vote; only a vote by property owners, per “majority protest” process
- “Majority protest” process would likely be substantially less expensive than an election

Disadvantages

- Requires determination and articulation of extent of “special benefit” to each parcel, as supported by an “engineer’s report”
- Requires a majority vote of property owners, as weighted by proportional liability; relatively few property owners with a large potential liability could cause a “majority protest”
- Amount of assessment per parcel would likely be relatively large, given the amount sought to be raised
- Cost of campaign and time needed to build support could be significant

Option 2- “County-Wide” Parcel Tax (88 day notice- election can be Feb, April or June 2008)

A parcel tax is an annual charge per parcel of real property that is collected on the property tax bill. Under Proposition 13 and Proposition 218, cities, counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes, such as parcel taxes, on parcels of real property located within such City, County or special district.” California law requires that a special tax be “submitted to the electorate of the local government or district.” Because a “local government” is specifically defined, as relevant here, as a “county,” absent action to create a special district, any proposed parcel tax would have to be submitted to the County electorate, as a whole. We have identified the following advantages and

disadvantages of a parcel tax imposed in this manner:

Advantages:

- Secure stream of revenue
- Relatively simple to calculate, establish and administer the parcel tax
- Can be brought to the voters relatively quickly (since there is no need to go to the Local Agency Formation Committee (“LAFCo”) to establish a special district/County Service Area

Disadvantages:

- Requires a super-majority vote of two-thirds of the electorate in the affected area
- Possible concerns regarding equity of a County-wide vote on a parcel tax that affects parcels only in some parts of the County.
- May create an inequity in tax burdens in that more valuable parcels pay an amount similar to that paid by less valuable ones
- Amount of parcel tax would have to be rather large to raise the revenue sought
- Cost of election would be more than that of other options

Option 3 – Parcel Tax in County Service Area (CSA)(1 year process--Lafco plus 88 days)

If the County determines that it would be preferable to limit voting on the parcel tax to the portion of the unincorporated area that would be subject to the tax, it would need to establish an arrangement such as a County Service Area (CSA) that includes within its boundaries only the area in which the parcel tax is to be imposed.

Advantages:

- Secure stream of revenue
- Relatively simple to calculate, establish and administer the parcel tax
- Only electors living within the area that would be affected by the parcel tax would vote on it

Disadvantages:

- Requires a super-majority vote of two-thirds of the electorate in the affected area
- May create an inequity in tax burdens in that more valuable parcels pay an amount similar to that paid by less valuable ones
- Amount of parcel tax would have to be rather large to raise the revenue sought
- Cost of election would be more than that of other options
- Cost of campaign and time needed to build support could be significant, compared with other options
- Introduces another Board (Lafco) into the decision-making process which creates further outcome uncertainty.

DRAFT



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

D R A F T

DATE: September 10,
2007 **DRAFT**

BOARD MEETING DATE: October 2, 2007

SPECIAL NOTICE: None

VOTE REQUIRED: None

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, County Manager
SUBJECT: **DRAFT** 2006-07 Grand Jury Response

Recommendation

Accept this report containing the County's responses to the following 2006-07 Grand Jury report: Audit and Review of County Financial Statements.

VISION ALIGNMENT:

Commitment: Responsive, effective and collaborative government.

Goal 20: Government decisions are based on careful consideration of future impact, rather than temporary relief or immediate gain.

This activity contributes to the goal by ensuring that all Grand Jury findings and recommendations are thoroughly reviewed by the appropriate County departments and that, when appropriate, process improvements are made to improve the quality and efficiency of services provided to the public and other agencies.

Discussion

The County is mandated to respond to the Grand Jury within 90 days from the date that reports are filed with the County Clerk and Elected Officials are mandated to respond within 60 days. To that end, attached is the County's response to the Grand Jury report regarding the Audit and Review of County Financial Statements, issued on July 11, 2007.

Audit and Review of County Financial Statements

Findings:

Staff is in general agreement with the Grand Jury's findings.

Recommendations:

The Grand Jury recommends that the San Mateo County Board of Supervisors:

1. Establish an Audit Committee to advise the Board of Supervisors regarding the selection of the San Mateo County's independent auditors and regarding a review of the County's financial statement auditing process. The Audit Committee should be composed solely of members of the Board of Supervisors.

Response: Concur. On April 10, 2007, the Board established five standing committees to streamline committee assignments. The standing committees, each consisting of two Board members, subsumed numerous, sometimes duplicative and often narrowly focused subcommittees to improve the County's efficiency and effectiveness in developing and setting policy. One of the Board's standing committees is the Finance and Operations Committee, which has been meeting regularly since July. A resolution with proposed changes to the committee structure will be brought to the Board in December, which will include a change indicating that the Finance and Operations Committee will serve as the County's Audit Committee.

2. Establish an Audit Committee pursuant to a resolution containing substantially the matters set forth in Exhibit A to this report.

Response: Concur. A resolution with proposed changes to the Board committee structure will be brought to the Board in December, which will include a change indicating that the Finance and Operations Committee will serve as the County's Audit Committee. If approved, the Committee will consider the scope of activities described in Exhibit A at a future meeting.