

SECTION 3.0
CITY OF SAN JUAN BAUTISTA
MUNICIPAL SERVICES

3.1 Overview

The City of San Juan Bautista is located in the San Juan Valley at the confluence of San Juan Canyon and encompasses an area of approximately 0.7 square miles. The historic City was incorporated in 1869 and has an estimated current population of 1,825 residents.¹ State Route 156 traverses the southern portion of the City; San Juan Creek lies to the northeast. The City's sphere of influence (SOI) generally surrounds the City encompassing an additional 3.1 square miles. The majority of the lands within the SOI are designated for agricultural use; according to the City's 1998 General Plan, one of the issues the City faces is "how to preserve the town's small town atmosphere in the face of tremendous growth pressure."

The City provides a full range of municipal services either directly, by contract, or through franchise agreement. Services include water, wastewater, law enforcement, fire protection and rescue, drainage, parks and open space, municipal solid waste disposal, road maintenance, planning, building inspection, code enforcement, animal control, and library.

The City's profile is shown in *Table 3.1*, and a map of the City's current boundary and SOI are shown in *Figure 3.1*.

Table 3.1
City of San Juan Bautista

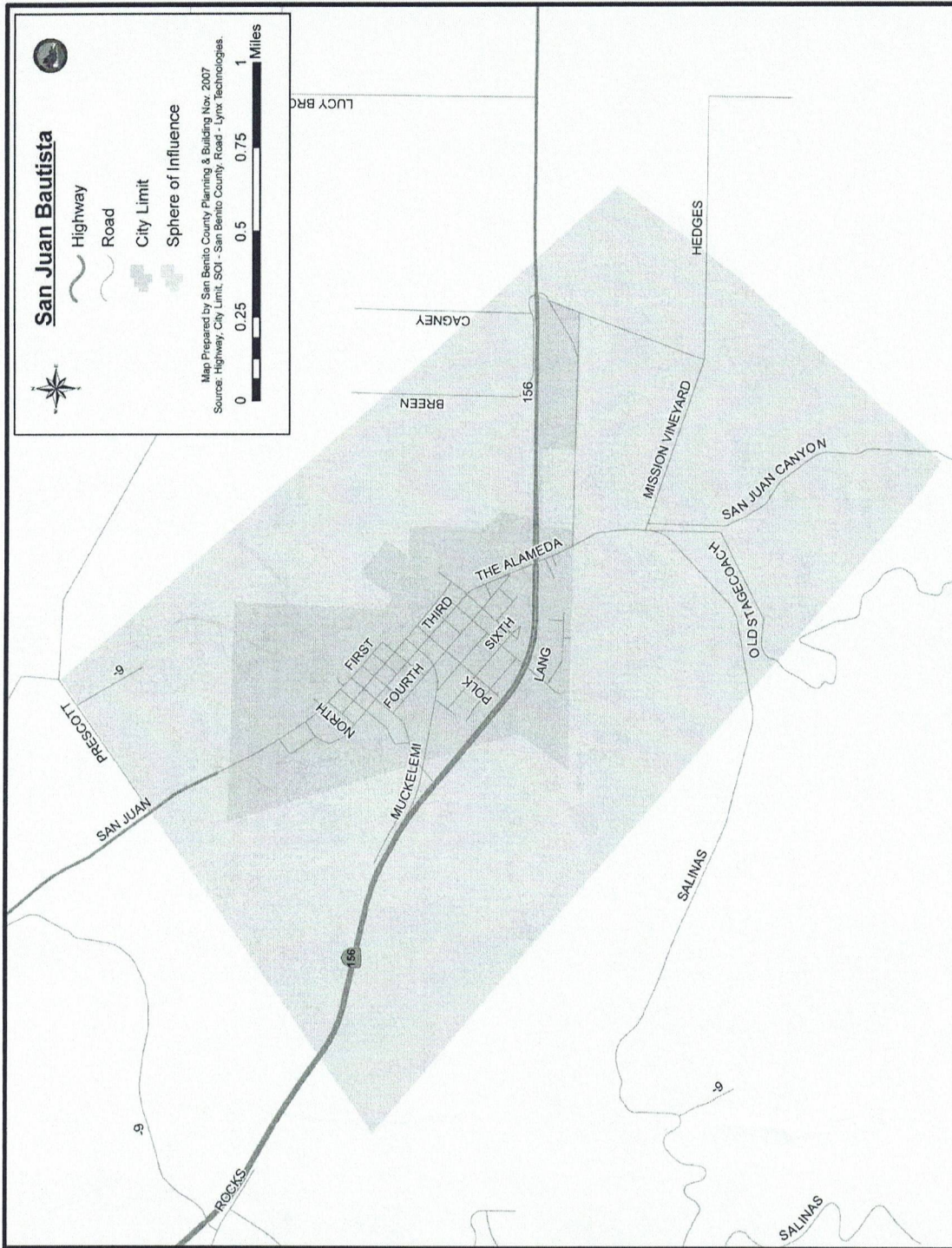
General Information	
City Hall:	311 Second Street – PO Box 1420 San Juan Bautista, CA 95045 (831) 623-4661 / (831) 623-4093 fax
Date of Incorporation:	1869
Form of Government:	Council-Manager/General Law
Area:	0.7 square miles
Population:	1,825 (Year 2007) / 3,000 (General Plan buildout) Average Annual Growth Rate = 3.0% (based on current population and buildout population)
Operating Budget (FY 2007-2008):	Revenues / Expenditures: \$2,856,520 / \$1,724,201 (per City's FY 2007/2008 budget)
General Plan:	September 1998

¹ California Department of Finance, Population Estimates for Cities, Counties and State, 2001-2007 (Table E-4)

**Table 3.1
City of San Juan Bautista**

Services Included in this MSR	
Water:	Water Service accounts – 712 domestic, 2 agriculture
Wastewater:	Collection, Conveyance, Treatment, Disposal – 689 connections
Law Enforcement:	Contract with County Sheriff
Fire Protection:	San Juan Bautista Fire Department: 2 stations, 12 volunteers, 1 Volunteer Fire Chief
Stormwater/Drainage:	City of San Juan Bautista Public Works
Parks:	5 parks
Solid Waste/Recycling:	Greenwaste – franchise agreement (Effective June 2008 contract is with Norcal Waste)
Other Services	
Roadways/Circulation:	City of San Juan Bautista Public Works / 8.3 paved lane miles (43,660 lf – data provided by city)
Library Services:	Carl Martin Luck Library – open 28 hrs/week
Animal Control Services:	Contract - City of Hollister Animal Control Shelter
Code Enforcement:	Contract – Precision Inspection
Planning	Contract – Golden State Planning and Environmental Consulting

Figure 3.1
City of San Juan Bautista



3.2 Growth and Population Projections

The City of San Juan Bautista encompasses approximately 0.7 square miles and is generally surrounded by agricultural land. The State Department of Finance estimates the City's population at 1,825 residents at January 1, 2007.² The City's 1998 General Plan assumes a population of 3,000 at 2015. The Association of Monterey Bay Area Governments (AMBAG) has adopted population projections through 2030 for San Benito County that factors in regional housing needs. AMBAG projections for the City of San Juan Bautista indicate a population of 4,315 in 2030, with an average annual growth rate of 5.9 percent.³

Future growth within the City and its SOI will be limited by growth management policies for both the City and the County of San Benito. On November 6, 2007, the City's voters did not approve Measure B, amending the Growth Management Ordinance and establishing a growth limit on residential units of three percent per year for market rate housing associated with annexation to the City.⁴ The County of San Benito has also adopted a Growth Management System (Ordinance No. 751) that restricts population increases associated with new residential development to one percent per year.

Per AMBAG 2004 projections, job growth is expected to increase slightly in the City, equating to a daytime population increase of approximately 300 over current numbers. Employees require services similar to the City's residents.

The City's 1998 General Plan is based on several priorities, including preserving the City's small town character, maintaining agricultural land uses around the city, and allowing for managed growth. Although future growth is limited by the General Plan policies and the Growth Management Ordinance, there will continue to be demand for municipal services which will require infrastructure improvements and maintenance.

3.3 Infrastructure Needs or Deficiencies

The City of San Juan Bautista provides comprehensive municipal services within its boundaries, including water and wastewater services, law enforcement, fire protection, stormwater drainage, parks, and solid waste services. The standards for these services are addressed in the Public Services Element of the City's 1998 General Plan with goals, policies and programs for implementation. The stated goals are as follows:

² California Department of Finance, Population Estimates for Cities, Counties and State, 2001-2007 (Table E-4)

³ Association of Monterey Bay Area Governments, Projections adopted by the AMBAG Board of Directors April 14, 2004.

⁴ Second dwelling units, senior housing, housing for persons with disabilities, lower income housing, inclusionary housing, and infill development based on the City limits at January 1, 2007 are exempt from the limit.

- Provide water and sewer services in the most efficient, cost-effective, and environmentally sound manner possible.
- Maintain a storm drainage system which minimizes the risk of flooding.
- Reduce the amount of solid waste generated and ensure that is safely disposed of.
- Maintain high-quality law enforcement and fire protection services.
- Improve infrastructure and public services in a way that minimize the economic costs to existing residents and businesses.

The City currently has a Capital Improvement Plan (CIP) for water and sewer operational needs as well as capital projects that will expend approximately \$9.4 million in capital improvements to these enterprises. The City is currently developing a CIP for public facilities, roads, sidewalks, and parks. The initial evaluation for road projects indicates the need for \$4.5 million in capital improvements.

In the response to this MSR, the City noted that all geographic areas within the service area are adequately served due to sufficient capacity and facilities. However, the condition of infrastructure (road, sewer lines and water lines) are generally poor, except where new development has occurred. The issues are being addressed as funding is made available. In light of these conditions there needs to be a city-wide evaluation of the City's sewer lines water lines, stormwater drainage, and condition of the City's existing roads as it pertains to road subgrade and black top. There has been a citywide mapping of the water and sewer lines, and there is an ongoing effort to assess the status of each of the lines. The City anticipates that this effort will be complete in three years at currently funded levels.

3.3.1 Water Service

Water Supply

The City's only source of water supply is local groundwater. The City pumps from the San Juan subbasin of the Gilroy-Hollister groundwater basin, which extends from the northern part of San Benito County into southern Santa Clara County. Imported water delivered through the San Felipe Unit of the Central Valley Project (i.e. San Felipe Water) is used to recharge the groundwater basin. The Gilroy-Hollister groundwater basin is not adjudicated; and therefore, there are no legal requirements regarding maintaining a safe yield, the amount and location of groundwater production, or recharge. However, the San Benito County Water District (SBCWD) actively manages the basin through an adopted Groundwater Management Plan (see *Chapter 6, San Benito County Water District*).

Groundwater recharge occurs through local surface waters, San Felipe water released into local creek channels for percolation, and percolation of municipal wastewater. According to the *Annual Groundwater Report for Water Year 2006*, none of the subbasins are in a state of overdraft with the current levels of water imports.⁵ Detailed information on the groundwater basin and subbasins is included in Appendix A.

Groundwater quality throughout the region is a concern as it is impacted by historic agricultural land use and municipal wastewater discharge through septic systems, percolation ponds, and land application. The City has three active groundwater wells. One well has high nitrate concentrations that at times exceed the Maximum Contaminant Level (MCL). Two wells are used to provide potable water for the City's water service customers, and one well is used as a standby water source.

In 2002, the State Department of Health Services (now State Department of Public Health) cited the City for failure to comply with the MCL for nitrate. The issue with Total Dissolved Solids (TDS) in effluent, along with sodium and chlorides, as well as a Notice of Violation from the Department of Public Health regarding an outdated reservoir, served as the genesis for a \$9.3 million water system project that the City is planning. The new treatment plant will treat imported San Felipe water; some local groundwater will be blended with the imported supply.

SBCWD is the Central Valley Project contractor within San Benito County and imports water for municipal and industrial (M&I) uses as well as for agricultural irrigation. SBCWD's 40-year contract with the US Bureau of Reclamation is for a maximum of 8,250 acre feet per year (af/yr) for M&I use and 35,550 af/yr for agricultural use. The SBCWD agreement expires in 2027; the District is negotiating renewal of the contract.

Central Valley Project water includes regulated and unregulated flows from storage releases from Shasta, Folsom, and Clair Engle reservoirs into the Sacramento River. USBR contracts allow for delivery reductions during water shortages due to regulatory restrictions and drought. USBR's Municipal and Industrial Water Shortage Policy was developed to establish CVP water supply levels that would sustain urban areas during severe or continuing droughts. The Policy provides for a minimum allocation of 75 percent of adjusted historical use until irrigation allocations fall below 25 percent. For Water Year 2007, urban contractors south of the Delta may receive a maximum allocation of 75 percent and agricultural contractors will receive 50 percent.

⁵ San Benito County Water District. Annual Groundwater Report for Water Year 2005

Water Demand

In 2006, the City had 714 water service accounts of which 89 percent are residential and 11 percent are commercial/institutional; the City serves two accounts for agricultural irrigation. Total demand in 2006 was 364 acre-feet.

With respect to future water demand for the Gilroy-Hollister groundwater basin within San Benito County, the SBCWD 2004 *Groundwater Management Plan Update* considers the City’s 1998 General Plan and growth management ordinances for the City of Hollister, City of San Juan Bautista, and the County. The estimated water demands in 2022 are summarized in *Table 3.2*.

**Table 3.2
Estimated Population and M&I and Agricultural Water Demands**

	Water Demands 2002 (AF/Yr)	Population 2002	Est. Water Demands 2022 (AF/Yr)	Est. Population 2022
Municipal and Industrial				
City of Hollister	4,834	36,338	5,665	53,600
City of San Juan Bautista	274	1,597	270	1,949
Total M&I Urban Areas	5,108	37,935	5,934	55,549
Other Unincorporated County	2,789	17,986	2,741	21,946
Non-residential Demand	2,790		2,790	
Total M&I Demands / Population	10,687	55,921	11,465	77,495
Total Agricultural Demands	54,076		74,880	
Total Other Demands	3,000		3,000	
Total Demand	67,763		89,345	

Source: Groundwater Management Plan Update (April 2004, Revised)

In *Table 3.2*, residential water demand in San Juan Bautista is projected to decrease from 274 acre feet per year in 2002 to 270 acre feet per year in 2022 due to improved technologies and increased conservation measures. The 2004 *Groundwater Management Plan Update* provides projections on future water demands and the 2004 *Update* and *Annual Groundwater Reports* provide an assessment of current conditions within the groundwater basin. (It should be noted that demand in 2006 far exceeds projected demand for 2002 and 2022.) The City encourages conservation and participates in the conservation programs offered through the Water Resources Association of San Benito County.

Future groundwater demand within the San Juan Valley may be reduced by the proposed San Benito County Regional Recycled Water Project. The City of Hollister is planning this project in order to address wastewater disposal needs. In the first phase, approximately 200 to 350 acres of sprayfields would be developed at five potential sites. Central Valley Project water may be blended with the recycled water as an interim measure to achieve minimum water quality standards. In the second phase (when higher water quality is achieved), recycled water would be

distributed to the San Juan Valley for agricultural irrigation of high value crops. The City of Hollister initiated the environmental review for this project in February 2007.

Water System Infrastructure

The City’s water system infrastructure includes three wells, one storage reservoir, and a distribution system for potable water. The City also provides water for fire suppression and maintains the fire hydrant system, although fire flow is inadequate in the downtown area. *Table 3.3* summarizes the existing water system facilities:

**Table 3.3
City of San Juan Bautista
Water System Overview**

	Quantity
Wells / production capacity	3 wells / 1.1 mgd
Treatment	At the wellhead
Avg Day Demand (ADD) / Max Day Demand (MDD)	357,000 gpd ADD / 702,000 gpd MDD
Storage Capacity	360,000 gal

The City operates two groundwater wells that provide the City’s potable water supply. One additional well has been placed on standby due to water quality issues but can be used in an emergency. Due to persistent groundwater quality issues, the City is planning to construct a water treatment plant that will treat surface water imported from the San Felipe Unit of the Central Valley Project. The \$9.3 million project includes a surface water treatment plant, distribution lines, a 1.2 million gallon water storage facility, and reconstruction of Fourth Street which also will allow for improvements to the drainage and wastewater facilities.

The City applied for a grant for the project from the federal Economic Development Administration (EDA), with the San Benito County Water District as a project partner. The grant was awarded, but has recently been rescinded by the EDA based upon several factors, including the inability of the City and the SBCWD to reach an agreement regarding the project and a pre-award audit conducted by the Office of the Inspector General. The City is working with the EDA to reinstate the grant. EDA has determined that SBCWD may proceed with the grant with another project partner; however potable water service within the City is not currently within the purview of the SBCWD.

The City is moving forward with the project as required by the State Department of Public Health and the Central Coast Regional Water Quality Control Board (see discussion in *Section 3.3.2*). The City plans to begin construction in spring 2008 with the plant operational by 2009. It should be noted that at this point in time, the City has not reached an agreement with SBCWD

and does not have all of the funding in place to complete the project. Furthermore, the City has limited financial resources with which to guarantee performance on long-term financing. At June 30, 2006, the City's Water Proprietary Fund had net assets of \$148,081 that included unrestricted net assets at a deficit of (\$172,672). It should be noted that for FY 2007/2008, the City has budgeted revenues for the Water Utility of \$632,566 with expenses of \$204,161, for net revenue of \$428,405.

Over the next few months, the means by which the water system project will be implemented should be defined, including the terms and conditions of SBCWD participation, the status of the EDA grant, and the nature of additional funding necessary to complete the project.

3.3.2 Wastewater Service

The City of San Juan Bautista provides wastewater services for approximately 689 accounts with residential, commercial, and institutional uses. The City's sewer service area includes some properties outside the City's corporate boundaries. *Table 3.4* summarizes the City's wastewater system facilities:

**Table 3.4
City of San Juan Bautista
Wastewater System Overview**

	Quantity
Lift Stations	2 lift stations
Treatment / Flows	San Juan Bautista Wastewater Treatment Plant 0.27 mgd treatment capacity 0.18 mgd ADWF / 0.21 mgd wet weather
RWQCB Orders (active)	No. R3-2003-0087 – Waste Discharge Reqmts. No. R3-2001-0106 – Cease and Desist Order

The City's wastewater collection system includes two lift stations and sewer mains that collect and convey wastewater to the treatment plant located at the end of Third Street. The Wastewater Treatment Plant (WWTP) has a treatment capacity of 0.27 mgd and provides tertiary treatment. Average dry weather flows are currently 0.18 mgd. Treated wastewater is discharged to San Juan Creek. The City contracts with a private firm to operate and maintain the WWTP.

The City of San Juan Bautista is within the jurisdictional boundaries of the Central Coast Regional Water Quality Control Board (RWQCB) – Region 3, which permitted the WWTP. In 2001, the RWQCB issued a Cease and Desist Order (No. R3-2001-0106) requiring the City to comply with its Waste Discharge Requirements and reduce the Total Dissolved Solids (TDS) in the effluent from the WWTP. The latest effluent violation was in June 2007. The City plans to resolve this issue with improved water quality from the new water treatment facility. The water

treatment plant will provide high quality water and reduce the need for residents to use water softeners. As a result, TDS is expected to be lower in the wastewater received at the WWTP and the City will be able to meet the Waste Discharge Requirements for its permit without major capital improvements to the wastewater treatment process.

In 2006, the State Water Resources Control Board adopted the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (WQO No. 2006-003-DWQ) and the City (as part of the Central Coast Region) is required to begin reporting all sanitary sewer overflows (SSOs) to the California Integrated Water Quality System (CIWQS) as of May 2, 2007. In the response to this MSR, the City noted that there have been no SSOs greater than 250 gallons since 2005.

In addition, the Order requires that the City prepare a Sewer System Management Plan (SSMP) with completion by August 2010. The SSMP provides a plan and schedule to manage, operate, and maintain all parts of the sanitary sewer system to reduce and prevent SSOs and mitigate any SSOs that do occur. The City is planning to prepare the SSMP in accordance with the State requirements.

As noted above, the City has planned for operational needs and major infrastructure needs for the wastewater system in the CIP. There is an area with a known collapsed sewer line and there are other areas of known deterioration that constrict sewer flow. Replacement of sanitary sewer main within Fourth Street is included in the City's EDA grant, but this will not address all wastewater collection system deficiencies.

The City noted that it has recently received a grant to create a tertiary treatment facility; the City should provide LAFCO with details of the grant and the infrastructure improvements to be completed, including an estimated timeline for completion.

3.3.3 Law Enforcement

The City contracts with the San Benito County Sheriff's Department to provide law enforcement services for the city. The current service level includes one full-time Deputy Sheriff who is generally on duty for four 10-hour shifts per week. During off-duty periods, law enforcement services are provided through the Sheriff's beat structure for the County. Response times vary depending upon the location of the nearest patrol unit and can be as long as 30-minutes during off-duty periods. The City receives grant funding to help fund law enforcement services. Funding is summarized in 3.5.

Table 3.5
San Juan Bautista Law Enforcement Funding

	FY 2005/2006	FY 2006/2007	FY 2007/2008
Law Enforcement	\$168,810	\$208,709	\$199,630

Source: City of San Juan Bautista Annual adopted budgets

Equipment/capital needs include a new radar gun, a new patrol car every three years, and computer upgrades.

3.3.4 Fire Protection

The San Juan Bautista Volunteer Fire Department is a full service emergency response organization that provides fire prevention and suppression, emergency medical, and rescue services. The Fire Department provides first response to hazardous materials incidents, but does not provide cleanup or abatement. The unincorporated area surrounding the City is within the jurisdiction of the San Benito County Fire Department, which contracts with CAL FIRE (formerly California Department of Forestry and Fire Protection) to provide fire protection services. The San Benito County Fire Department contracts with the San Juan Bautista Fire Department to provide first response to a 70 square mile area extending from Highway 101 on the west to Union Road on the east, and from the San Benito River on the north to the Gabilan Mountains on the south. The San Juan Bautista Volunteer Fire Department participates in a county-wide mutual aid agreement with the San Benito County Fire Department, Hollister Fire Department, and Aromas Tri-County Fire Protection District for additional fire support when necessary.

The City's Fire Department has a fire insurance classification rating of 6. The Department is currently staffed with 12 volunteers, down from 26 volunteers two years ago. The Department has two fire stations located adjacent to City Hall, and the average response time is four minutes. The City owns two engines; one was acquired in 2005. The fire station houses the City's two engines, a 2,000 gallon water tender, and a rescue vehicle, as well as a County-owned engine.

Fire Department funding is summarized below:

Table 3.6
San Juan Bautista Fire Department Funding

	FY 2005/2006	FY 2006/2007	FY 2007/2008
Fire Department	\$164,704	\$92,861	\$86,795

Source: City of San Juan Bautista Annual adopted budgets

As noted above in *Section 3.3.1*, water service lines in the downtown area do not provide adequate fire flow, and the fire hydrant size and spacing does not conform to the Uniform Fire Code. The proposed water system project will improve fire flow in parts of the city.

Adequate staffing is a concern, particularly given the historic structures downtown and the City's responsibility to provide first response in a large area outside the City boundaries. The City is considering a plan that will provide per-call firefighter payments to address the shortage of volunteer firefighters. State-mandated training requirements are significant, and volunteer fire departments across the state are challenged to maintain adequate volunteer forces. The future needs of the City's Fire Department include new equipment in the trucks and funding for training volunteers at the City fire department and off-site.

3.3.5 Stormwater Drainage

The San Benito County Water District is responsible for regional flood protection within San Benito County, and the City is responsible for local drainage within the incorporated area. Lands within the city boundaries drain into San Juan Creek and its tributaries through a City-maintained network of drainage facilities. A portion of the City lies within the 100-year flood zone of San Juan Creek as determined by the Federal Emergency Management Association (FEMA).

Not all streets have underground storm drains, and where facilities do not exist, stormwater sheet flows to ditches and drainages. The Public Services Element in the City's 1998 General Plan notes that "lack of a coordinated drainage system creates a number of problems in heavy rains", including ponding in low spots and overbank flooding along the San Juan Creek and Salinas Grade Tributary due to inadequately sized culverts and channels. In the MWH Engineering Letter Report submitted with the City's application for assistance from EDA, it is noted that the lowest streets in the vicinity of Fourth Street, Tualami Street, and Third Street flood regularly, including adjacent private properties. In the response to this MSR, the City noted that its major drainage facilities are in poor condition and significant funding is needed to assess existing conditions for both drainage and roadways and to repair, rehabilitate, or reconstruct as necessary. Replacement of sections of the stormwater drainage pipeline is included in the City's water and sewer upgrade project, although this will not address all of the drainage issues within the City.

3.3.6 Parks

San Juan Bautista has two City-owned park facilities:

Table 3.7
San Juan Bautista Park and Recreational Facilities

Park Name	Acreage	Provider	Amenities
Abbe Park	1 city block	City	Baseball field
Laura Verutti Park	½ city block	City	Picnic area, playground
Luck Park	1 city block	City	
Lang Street	3 acres	City	
Creekbridge		City	

The City has approximately 1.2 acres of parkland per 1,000 population, below the standard of 3 acres per 1,000 residents. The City is planning to make the old reservoir site a park. Additional facilities are provided by the State Park and Mission, the school, and the library, each of which has some open space for public use.

The Open Space and Conservation Element of the City’s 1998 General Plan includes several policies and programs related to recreation and park facilities and services, including working toward a ratio of 3 acres of parkland per 1,000 residents by requiring new development to contribute to future park needs through dedication requirements and in-lieu fees. The City has acquired three acres on Lang Street that will eventually include playfields and other recreational facilities.

3.3.7 Solid Waste and Recycling

The City participates with the San Benito County Integrated Waste Management Regional Agency in the Agency’s franchise agreement with Greenwaste for solid waste collection and disposal services. In September 2007, the City of San Juan Bautista, City of Hollister, the County, and the Integrated Waste Management Regional Agency reviewed the proposals for the new franchise agreement to provide solid waste collection and processing services within the County. Depending on proposed rates, the two cities and the County may contract for the services through separate agreements. The City noted that effective June 2008, Norcal Waste will be providing the service countywide. The franchise agreement provides for collection of recyclables, greenwaste, and household hazardous waste from residential properties.

Residential and commercial trash is transported to the John Smith Road Class III Landfill on John Smith Road in Hollister. The facility is owned by the San Benito County Integrated Waste Management Department and is permitted to accept 500 tons per day. Based on acreage and use, the facility’s capacity is projected to last to January 1, 2024.

The Public Services Element of the City’s 1998 General Plan includes policies related to solid waste management that address cost-effectiveness and promoting practices to reduce solid waste disposal needs.

3.4 Financing Constraints and Opportunities

The City's general fund is funded through revenues provided by property tax, transient tax, business license tax, franchise fees, sales tax, transaction and use tax, planning and building-related fees, parking fees, and grants. For FY 2007/2008, property taxes comprise approximately 9 percent of total budgeted revenue, sales tax comprises 13 percent, and the Transient Occupancy Tax comprises 3 percent. The City's current commercial base is primarily related to tourism.

The City operates its water and wastewater utilities as enterprise activities such that fees and charges are expected to cover the cost of service and capital needs. Utility fees and charges comprise 59 percent of total budgeted city revenues.

The following *Table 3.8* summarizes the financial history for the City's General Fund:

Table 3.8
City of San Juan Bautista Financial Summary

General Fund	FY 2005/2006 (actual)	FY 2006/2007 (amended budget)	FY 2007/2008 (budgeted)
Revenues	\$1,165,387	\$822,029	\$1,083,010
Expenditures	\$1,568,573	\$996,696	\$1,040,873
TOTAL Surplus/(Deficit)	(\$403,186)	(\$174,667)	\$42,137

At June 30, 2006 the City had long term debt of \$35,268 for its water utility. The note bears interest at 5 percent per year, and matures in 2017. As described above in *Section 3.3.1*, the City is planning a \$9.3 million water system project. The City is working to reinstate a \$3.8 million grant from the EDA, and SBCWD may provide a portion of the project cost. The City plans to fund the balance of the project through a combination of bank debt, grants, and private placement bond financing. The City notes that there is a \$2 million infrastructure investment from SBCWD.

The City's General Fund had a balance of \$918,189 at June 30, 2006, of which \$406,087 was reserved for advances to other funds. The City also had an aggregate deficit balance in its special funds, including a deficit of \$651,713 in the EDA construction grant fund. The balances in special revenue funds are required to be used for the specified purpose, such as for streets and highways and law enforcement.

The City is facing dire financial circumstances, as described in the following excerpt from the November 6, 2007 ballot for Measure C:

The City is experiencing an existing and immediate funding crisis, which is the result of factors largely outside of its control, primarily resulting from

unpredictable decreases in revenue from existing taxes and fees, increases in charges by the County of San Benito, and State takeaways of local revenue.

The City has taken significant steps to reduce its operational costs. The City has reduced its staffing levels in Public Works Department from four to two positions and in the administrative components of City Hall from three and one half positions to three positions. The City Planning Department has been reduced to operating only one day per week and the operation of the Building Department has reduced to an on-call basis. The single paid position within the City Fire Department has been eliminated. The hours during which City Hall is open to the public have been reduced to four hours each day, and the hours of operation for the City's Library have been reduced from 63 paid hours to 28 paid hours per week and the inter-city library loan program and free use of the City's library for non-residents has been eliminated. The City motor vehicle fleet has been reduced from five vehicles to two vehicles.

Beginning in 2007, City departments other than Fire are closed to the public during a part of each day. The City's various departments, including the administrative components of City Hall, Finance, Planning, Building, Code Enforcement, and Engineering have also delayed filling key staff positions. In doing so, each of these departments has further jeopardized its ability to provide the minimum level of services required for the citizens of San Juan Bautista.

This has resulted in a continual reduction of the City's General Fund reserves. Should this practice continue, the City will deplete all available financial resources by Fiscal Year 2009-2010 and will have no other available funding to maintain the staffing and services under the City's General Fund Operating Budget or to meet emergency or future capital facilities needs?

Because of changes in State law, particularly the approval of Propositions 62 and 218, the City has very few means available for increasing General Fund revenue. The marginal increases in the City's property and sales and use taxes have been inadequate to meet the level of funding needed to restore public services to their required operating levels.

Absent a new source of General Fund revenue, the City will have no ability to restore adequate service levels. Despite the dramatic decreases in services and staffing, as well as the use of the City's existing reserves, the 2007-08 Budget was balanced only by removing all non-health, welfare and safety related services and

expenditures, thereby creating a situation where the City is presently unable to adequately repair its buildings, roads, sidewalks and parks.

Unless staff and service levels are at least partially restored, public facilities and property will not be properly maintained, public safety standards will degrade, crime and violence will increase, the City's youth will not have adequate and safe educational and recreational opportunities, businesses and families will be discouraged from moving to or remaining in San Juan Bautista, and the health, safety, and welfare of the residents of San Juan Bautista will be endangered.

The voters within San Juan Bautista rejected Measure C, which would have increased the Transaction and Use Tax from 0.75 percent to 1.25 percent.

The Water System Project will most likely require that the City take on significant long term debt, which will be paid back over time through service charges and connection fees. However, any long term financing will require assurances that the debt will be repaid, and the interest rate will reflect the City's financial condition.

For services funded through the General Fund, it should be noted that the City is operating under severe financial constraints and has limited ability to increase revenues.

3.5 Cost Avoidance Opportunities

The City of San Juan Bautista has limited financial resources, and cost control measures are identified through the annual budget review process as well as planning for capital projects. The City contracts for some services, including law enforcement, legal, engineering, planning, and project management.

A major cost avoidance opportunity for the City is the EDA grant for the water system. If the EDA reinstates the grant, it will provide up to \$3.8 million in construction funding for the new water treatment plant and storage reservoir. However, the City notes that the EDA monies require approximately \$750,000 in mitigation costs to meet the requirements of the California Department of Fish and Game and the State Historic Preservation Office. The City faces significant fines from the RWQCB and the State Department of Public Health if it does not demonstrate progress towards resolving water quality issues for both the water and wastewater systems.

3.6 Opportunities for Rate and Fee Restructuring

The primary service charges for the City of San Juan Bautista are for water and sewer services. The water and sewer service rates were reviewed in 2007. The rates for trash collection are currently being reviewed as part of the new franchise agreement.

3.6.1 Water Rates and Fees

The City's current water rate structure became effective April 19, 2007. The rates include a base charge plus a three-tiered consumption charge. Properties outside the City pay slightly higher base rates.

The current water capacity charge (connection fee) for water service was approved in April 2007. The current fee is \$14,223 for a typical single family residential connection with a 5/8 inch meter.

3.6.2 Sewer Rates and Fees

The City's sewer rates include a base charge only for residential accounts; commercial accounts pay a base charge plus a quantity charge based on wastewater loading or strength. The highest rate is for commercial septage at \$31.35 per 1,000 gallons.

The current sewer capacity charge (connection fee) for sewer service was approved in April 2007. The current fee is \$3,266 for a typical single family residential connection.

3.6.3 Current Service Rates

The City's current water, wastewater, and solid waste rates for a single family residence are shown in *Table 3.9* below:

**Table 3.9
City of San Juan Bautista
2007 Single Family Residential Water, Sewer and
Solid Waste Rates (monthly)**

Type	All Accounts
Water Charge	
Base Charge (5/8" meter)	\$30.00
Water Consumption Fee (1,000 gal = 1 unit)	0 to 3,000 gal - \$1.00 per unit 3,001 – 8,000 gal - \$3.25 per unit Over 8,000 gal - \$4.50 per unit
Wastewater Charge	
Basic Charge	\$58
Solid Waste Collection Charge	
Curbside collection w/ recycling	To be provided

With the rate structure above, a single family residence using 10,000 gallons of water would pay \$58.25 monthly for water service and \$58.00 for sewer service.

3.7 Opportunities for Shared Facilities

The City of San Juan Bautista shares facilities and/or resources with other agencies in the county, including the San Benito County Sheriff's Department and the San Benito County Water District. The City is a member of the Water Resources Association of San Benito County and participates in water resource planning and conservation programs.

The City shares fire service capacity with the San Benito County Fire Department and other fire service agencies through its contract with County Fire to provide first response in the San Juan Valley and the mutual aid agreement with other fire service providers in the region. In addition, the City collaborates with the San Benito County Integrated Waste Management Regional Agency and the City of San Juan Bautista for the franchise agreement for solid waste collection and disposal.

The most significant opportunity for the City to share facilities and resources is with the San Benito County Water District on the EDA grant for the water system.

3.8 Evaluation of Management Efficiencies

The City of San Juan Bautista operates under the direction of the City Manager, with oversight from the elected City Council. The City uses its annual budget, General Plan, and CIP to guide City programs and operations. Due to financial constraints, in the past year the City reduced library hours and eliminated 1.5 full time equivalent staff (FTEs) from city hall and 2 FTEs from Public Works. The City also contracts for city planning services, engineering, water engineering, building inspection, and code enforcement. There are currently five full time City staff (City Manager, Acting City Clerk, Utility Billing Clerk/Receptionist and two public works staff), and three part time library staff.

3.9 Government Structure Options

The City of San Juan Bautista provides comprehensive municipal services within its corporate boundaries. The City is currently providing water and sewer service to some parcels outside city boundaries. Government Code Section 56133 states that a city may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from LAFCO. (This does not apply to an extended service that a city or district was providing on or before January 1, 2001.) Out of agency service is intended as a temporary measure to remedy a public health and safety situation (e.g., failing septic system) and

in anticipation of a future annexation. If the City has provided new service to parcels outside city boundaries since January 1, 2001, the City should work with LAFCO to clean up those boundary issues.

Given the challenges to providing adequate fire service, the City may need to consider changing the government structure for how fire service is provided within the City, including investigating contracting with the San Benito County Fire Department or formation of a new fire district. Another option would be for the City to be annexed into the Aromas Tri-County Fire Protection District. There are significant financial issues that would have to be addressed due to the limited tax base, and further study would be required.

The City is considering two potential annexations: the 49.65 acre “Stephens Annexation”, and the 654.3 acre South San Juan Bautista Specific Plan area. Both areas are on the City’s south boundary. Given the City’s financial condition and current service levels, LAFCO will need to carefully consider the Plan for Service that is submitted as part of an application in order to determine whether the City is able to provide adequate service levels for the annexing area without further impacting current residents and businesses.

3.10 Local Accountability and Governance

The City of San Juan Bautista was incorporated in 1869 under the General Laws of the State of California. The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and four other council members. The Council is elected on a non-partisan basis. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City. City Council meeting agendas and minutes are available on the City’s website (www.san-juan-bautista.ca.us).

Governance for the City of San Juan Bautista is summarized in *Table 3.10*.

Table 3.10
City of San Juan Bautista

Date Incorporated: 1869			
Council Meetings: City Hall Council Chambers 3 rd Tuesday of each month at 6:00 pm			
Member	Title	Term Expires	Compensation
Priscilla Hill	Mayor	November 2010	None
George Dias, III	Vice Mayor	November 2008	
Ed Laverone	Councilmember	November 2010	
Robert Paradice	Councilmember	November 2010	
Rick Edge	Councilmember	November 2008	

The City's website includes information such as the monthly financial statements, agendas, minutes, city code, all new ordinances and resolutions, forms, general plan, historic plan, design review documentation, etc. Notices of meetings are posted in front of City Hall, at the Post Office and in the City Library in accordance with Brown Act requirements. Additionally, City Council meetings are both televised and recorded and minutes are placed on the City website. The public is encouraged to participate in the decision-making process through Town Hall meetings, workshops, and opportunities to speak at all meetings.

Over the past two years, concerns have been raised regarding the availability and timeliness of public information with respect to the EDA grant for the water system project and the process for reaching an agreement with SBCWD for project implementation. In February 2006 the San Benito County Civil Grand Jury completed its investigation into the Water System Project Funding issue and recommended that a meeting schedule be published and minutes of all meetings related to the Project be published in a timely manner for public disclosure. The City is aware of this concern. Given the critical nature of this project for public health reasons and the financial condition of the city, the City should make it a top priority to provide adequate, timely public information, including project status reports. The City's website would be an appropriate means to provide this information.

3.11 Determinations

3.11.1 Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

The population for the City of San Juan Bautista is projected to reach 3,000 at 2015 per the City's 1998 General Plan. Although future growth is limited by the General Plan policies and

the City's Growth Management Ordinance, there will continue to be demand for municipal services which will require infrastructure improvements and maintenance.

3.11.2 Infrastructure Needs or Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

The City of San Juan Bautista provides comprehensive municipal services within its boundaries, including water and wastewater services, law enforcement, fire protection, stormwater drainage, parks, and solid waste recycling. The City has significant infrastructure needs as the condition of infrastructure (road, sewer lines and water lines) is generally poor, except where new development has occurred. Infrastructure needs are being addressed as funding is made available. One of the most critical needs is for the water system project which will address issues with water quality for both water and wastewater services, and provide adequate water storage that meets State standards.

3.11.3 Financing Constraints and Opportunities

Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.

The City's General Fund is funded through revenues provided by property tax, transient tax, business license tax, franchise fees, sales tax, transaction and use tax, planning and building-related fees, parking fees, and grants. The City is facing dire financial circumstances, and has eliminated staff positions, shortened working hours, and deferred maintenance and projects. To complete the water system project, the City will have to make significant long-term financial commitments for project funding.

3.11.4 Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

The City of San Juan Bautista has limited financial resources, and cost control measures are identified through the annual budget review process as well as planning for capital projects. The City contracts for some services, including law enforcement, legal, engineering, planning, and project management. The major cost avoidance opportunity for the City is the EDA grant and/or other grants for the water system project; however the EDA grant does require approximately \$750,000 in mitigation expenses.

3.11.5 Opportunities for Rate and Fee Restructuring

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

The City updated its water and wastewater rate structures in April 2007 and uses a tiered rate structure for water service. Connection fees for water and sewer service were adjusted in April 2007 as well to reflect the capital costs for the water and wastewater systems.

3.11.6 Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

The City of San Juan Bautista shares facilities and/or resources with other agencies in the county, including the San Benito County Sheriff's Department and the San Benito County Water District. The most significant opportunity for the City to share facilities and resources is with the San Benito County Water District on the water system project.

3.11.7 Evaluation of Management Efficiencies

Purpose: To evaluate the internal organizational structure of the jurisdiction.

The City uses its annual budget, General Plan, and CIP to guide City programs and operations. The City contracts for city planning services, engineering, water engineering, building inspection, and code enforcement.

3.11.8 Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

The City is challenged to maintain adequate service levels given its financial constraints. The City may need to consider changing the government structure for how fire service is provided within the City.

3.11.9 Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management process.

The City's services are addressed by the City Council during regular meetings; the meetings are open and accessible to the public, and public notice is provided at least 72 hours in advance. City documents and plans are available for public review, and the City encourages public participation in local government.