

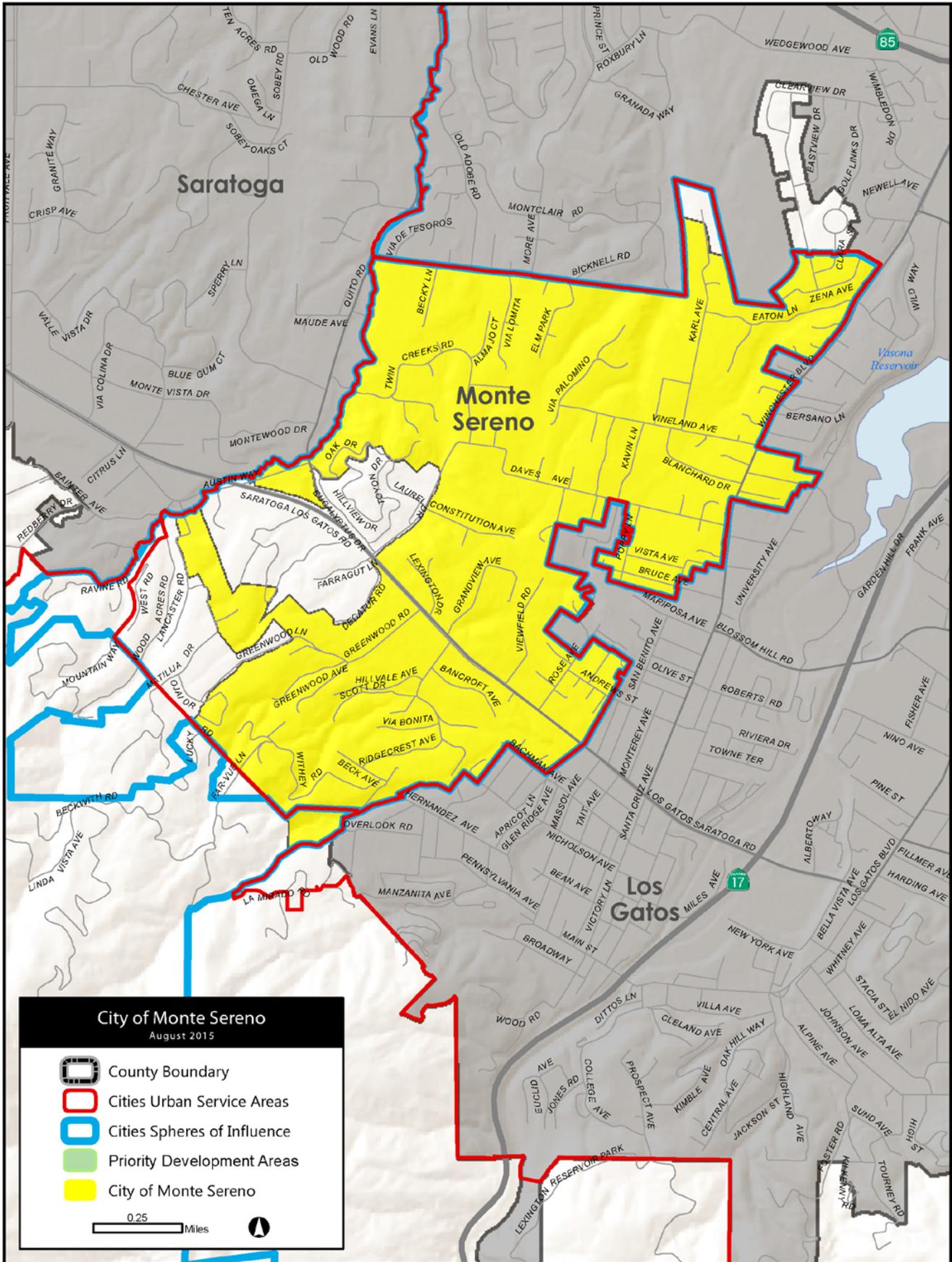
10 City of Monte Sereno



10.1 Agency Overview

The City of Monte Sereno was incorporated in May 1957. According to the DOF 2015 population estimates, the population of Monte Sereno is 3,451. As of 2015, the City's incorporated area spans 1.61 square miles. Located at the base of the Santa Cruz Mountains between the Town of Los Gatos and the City of Saratoga, Monte Sereno's predominant land use is residential. Monte Sereno is part of a group of five jurisdictions that comprise the West Valley cities along with the cities of Campbell, Cupertino, Saratoga, and the Town of Los Gatos. As of 2015, Monte Sereno's USA spans 1.91 square miles, and its SOI encompasses 2.08 square miles. These boundaries can be seen in Figure 23.

Figure 23. City of Monte Sereno Existing Boundaries



10.1.1 City Staffing

In FY 2014, total City staffing included six FTE employees. As shown in Table 100, City FTEs are focused on administrative functions. As discussed in section 10.4 of this document, Monte Sereno uses contracts to provide a number of services (e.g., law enforcement) or is served by special districts or other agencies with their own revenue sources (e.g. wastewater treatment).

Table 100. City of Monte Sereno Staffing

City Staffing by Major Service Function	FY 2014 FTEs
City Administration	6

Source: City staff

10.1.2 Form of Government

Monte Sereno is a general law city that operates under a council-manager form of government. The City Council consists of five members who are elected at-large. Council members serve four-year terms and select a mayor and vice mayor annually.

10.1.3 Joint Powers Authorities

The City of Monte Sereno is a member of three JPAs, as shown in Table 101.

Table 101. City of Monte Sereno Joint Powers Authorities by Major Service Function

Name of JPA	Major Service Function
Santa Clara County Library District	Library services
Silicon Valley Animal Control Authority	Animal control services
West Valley Solid Waste Management	Collection, disposal, recycling and landfill diversion of solid waste

Source: City website and City staff interviews

10.1.4 Awards and Recognition

The City of Monte Sereno did not report receiving any awards between 2010 and 2015.

10.2 Growth and Population

10.2.1 Growth and Population Projections

State law requires the ABAG to prepare an SCS that considers how the region will accommodate projected growth over a long period while also reducing the region's generation of GHGs consistent with state goals for GHG reduction. "Plan Bay Area" is this region's SCS, adopted by ABAG and the MTC in July 2013.

The fundamental thrust of Plan Bay Area is to accommodate the majority of growth in PDAs. PDAs include infill areas within a city usually served by transit, such as historic downtowns and underutilized commercial strips. This approach is consistent with and supportive of LAFCO's goals to

encourage orderly boundaries, discourage urban sprawl, and preserve agricultural and open space lands. Plan Bay Area includes projections for the region’s population, housing, and job growth within existing urbanized areas. These projections demonstrate that the region has the capacity to accommodate expected growth over the next 30 years without sprawling further into undeveloped land on the urban fringe.

Many Bay Area cities use ABAG’s projections as the basis for long-range planning. When ABAG prepared Plan Bay Area in 2013, it made projections for population and housing for 2015 for each city in the region. However, some cities believe that the state DOF estimates for population (based on information received on housing development and other current information) are more accurate. The City of Monte Sereno uses the ABAG population, job, and housing projections for its long-term planning. According to City staff, Monte Sereno is fairly well built out, and future population growth would likely result from an increase in multi-generational households. ABAG’s projections for population, households (occupied housing units) and jobs are shown in Table 102.

Table 102. City of Monte Sereno Population, Jobs and Housing Projections through 2040

	2010	2015	2020	2025	2030	2035	2040
Population	3,341	3,400	3,500	3,600	3,600	3,600	3,700
Total Jobs	450	470	530	530	550	560	580
Total Households	1,211	1,220	1,250	1,280	1,290	1,290	1,300

Source: 2010 population from US Census. ABAG data used for 2015 to 2040 projections.

10.2.2 Jobs and Housing

In 2015, according to ABAG estimates, the City has 470 jobs within the community and 1,430 employed residents. Within Monte Sereno, there are 0.33 jobs for every employed resident. The U.S. Census American Community Survey 2013 estimates that Monte Sereno has 1,220 housing units; when combined with ABAG’s estimate of 470 jobs within the City, jobs and housing balance is 0.39.

State law requires that ABAG quantify and allocate housing needs to each jurisdiction within the Bay Area. In periodic updates to the general plan’s Housing Element, each Bay Area jurisdiction must then demonstrate how it will meet that need over the next planning period. The current Housing Element update cycle is from 2015 to 2023.

As Table 103 shows, the majority of housing units in Monte Sereno are owner-occupied single-family housing units. ABAG’s assigned housing need between January 1, 2014 and October 31, 2022 is 61 units. On May 19, 2015, the Monte Sereno City Council approved its 2015-2023 Housing Element, which demonstrated that it has sites and housing opportunities available to accommodate 71 units, which is 10 units in excess of its assigned regional share of 61 units. As of June, the City of Monte Sereno’s housing element is in review by the State of California’s Housing and Community Development Department and has not yet been certified.

Table 103. City of Monte Sereno Housing Profile

Housing Statistic	Number
Number of total housing units	1,220
Owner-occupied (SFR) housing units	1,122
Renter-occupied housing units	98
RHNA by income category	2014 to 2022
Above moderate	12
Moderate	13
Low	13
Very Low	23
Total	61

Sources: U.S. Census American Community Survey 2013 (number of total housing units); ABAG (housing needs)

10.2.3 Planning and Building

In calendar year (CY) 2014, Monte Sereno issued a total of 569 residential and commercial building permits. Total building permit valuation is estimated at \$13,127,952.

The City's total assessed valuation for FY 2013 is approximately \$1.53 billion. This represents a 7% increase from FY 2009.

10.2.4 Priority Development Areas

The City has no priority development areas.

10.2.5 Planning for an Aging Population

To accommodate the needs of Monte Sereno's aging population, the City has adopted policies that encourage multi-generational housing. These policies include dramatic incentives and reduced regulatory requirements for secondary units. The City also has zoning policies that encourage establishing boarding homes, nursing homes, etc.

10.3 Boundaries, Islands, and Disadvantaged Unincorporated Communities

10.3.1 Planning Boundaries

The City's USA and municipal boundaries are nearly contiguous with the exception of three unincorporated areas. These islands are discussed in section 10.3.2.

The City has no plans to amend its USA or SOI within the next five years. It is not currently providing services to the area outside of its city boundaries.

10.3.2 Unincorporated Islands

Three unincorporated islands exist within the City of Monte Sereno's USA. The first, MS01, is located in the northernmost part of the City's USA and consists of 9.3 acres. The second and third islands are located in the westernmost part of Monte Sereno's USA and are referred to as MS02 and MS03, consisting of 125.6 acres and 69 acres, respectively. The City has indicated it is willing to incorporate these three islands into the municipal boundary and can provide the needed services to residents. Maps of each city's unincorporated islands are included in Attachment B.

10.3.3 Disadvantaged Unincorporated Communities (DUCs)

No disadvantaged unincorporated communities were identified within the City of Monte Sereno.

10.4 City Services

In Monte Sereno, core municipal services are mainly delivered by contract service providers. As noted earlier, Monte Sereno is part of the West Valley cities group, which collaborates on many aspects of service delivery. Such collaboration is noted where applicable. The primary service provider for the major municipal services discussed in this report is summarized in Table 104.

Unless specifically noted, the City of Monte Sereno did not anticipate difficulty in continuing to provide services or maintain infrastructure or facilities related to service delivery in the following areas.

Table 104. City of Monte Sereno Service Delivery Model by Major Service Function

Major Service Function	Primary Service Provider	Non-City Service Provider, if applicable
Animal Control	JPA	Silicon Valley Animal Control Authority
Law Enforcement	Contract	Los Gatos-Monte Sereno Police Department
Library	JPA	Santa Clara County Library District
Parks Recreation	N/A Contract	Los Gatos-Saratoga Recreation District
Planning/Building	City	
Solid Waste	JPA	West Valley Solid Waste Management, which contracts with West Valley Collection and Recycling
Streets	City	
Stormwater	Special District	West Valley Sanitation District
Utilities		
Electricity	Franchise Agreement	Pacific Gas and Electric
Gas	Franchise Agreement	Pacific Gas and Electric
Telephone/High-speed internet	Franchise Agreement	Verizon, Comcast (State-Issued Franchise)
Wastewater	Special District	West Valley Sanitation District

Source: City website and City staff interviews

In the past five years the City has not stopped or started providing any municipal services. Given the expected population growth for the City of Monte Sereno, City staff does not anticipate any difficulty providing municipal services to its community.

A summary of key service level statistics is compiled as part of Attachment A to this report.

10.4.1 Animal Control

The Silicon Valley Animal Control Authority (SVACA) is the service provider for animal control within the City of Monte Sereno. In FY 2014 total City expenditures for this function were \$23,403. Service level statistics are included in Attachment A.

10.4.2 Law Enforcement

The Los Gatos-Monte Sereno Police Department is the contract service provider for law enforcement and dispatch services within the City of Monte Sereno. The department has one police station, which is located in the Town of Los Gatos. In total, there are 38 sworn officers in the department with an unknown number assigned to Monte Sereno. During FY 2014, there were 605 calls for service. The City reports that response time for Priority One calls averaged 4 minutes and 14 seconds.

In FY 2014 total City expenditures on this function were \$534,382. Approximately 22% of the City's General Fund is dedicated to law enforcement.

The Los Gatos-Monte Sereno Police Department share several specialized resources, such as a canine team, SWAT, and hostage negotiation teams.

10.4.3 Library

The Santa Clara County Library District provides library services within the City of Monte Sereno. There is currently no library facility within the City, but the District's bookmobile service does list Daves Elementary School as a regular stop on its route. Annual print circulation exceeds 1.2 million, and nearly 124,000 digital books are available for download to library patrons.

10.4.4 Lighting

Lighting within the City is provided and maintained by the City. A summary of lighting infrastructure is provided in Attachment A.

10.4.5 Parks and Recreation

The City does not have any parks. Monte Sereno residents use City of Saratoga and Town of Los Gatos for parks and recreation services. Recreation services are provided under contract by the Los Gatos-Saratoga Recreation District, known as LGS Recreation, a joint powers agency created by the local school districts. It provides a variety of recreation services to the community, with a special focus on services to school-age children. The City does not budget any funds for these services, nor does it have any type of community center.

10.4.6 Solid Waste

The City of Monte Sereno is a member of the West Valley Solid Waste Management Authority JPA. The authority arranges and manages collection, disposal, recycling, and landfill diversion of solid waste originating in the cities of Campbell, Saratoga, Monte Sereno and the Town of Los Gatos. Through the authority, solid waste services are contracted to a service provider (currently West Valley Collection and Recycling). The City's expenditures for public solid waste services for FY 2014 were \$3,650.

In CY 2013, Monte Sereno disposed of 1,289 tons of solid waste. Monte Sereno offers green waste and yard trimming disposal and recycling of mixed paper, bottles, cans and other recyclable materials. In 2013, the City's amount of pounds of solid waste disposed per person per day was 2.1 for its general population, meeting the state's goal for the community of 3.9 pounds. The pounds of solid waste per person per day for employees in the community was 23.5, meeting the state's goal for the community of 49.6 pounds. No solid waste disposal facility is located within Monte Sereno, but West Valley Collection and Recycling may use any of the nine landfill transfer stations located within Santa Clara County.

10.4.7 Streets

The City of Monte Sereno maintains 26.2 lane miles and 2 sidewalk miles. The City expends approximately \$454,000 annually on street-related expenditures. Street sweeping is provided by contract. The City maintains approximately 15 street trees. The City did not report a value for its current pavement condition index (PCI).

10.4.8 Stormwater

The City's stormwater system is managed and maintained by the West Valley Sanitation District. According to staff, the City's stormwater system is aging and system maintenance has been deferred. As new state and federal stormwater regulations come into effect, City staff noted concerns about ensuring compliance with the unfunded state mandates related to stormwater. Maintenance of the stormwater system is partially funded by a stormwater maintenance fee added to residents' wastewater bills. The City's General Fund also pays for some needed maintenance, particularly for emergency stormwater drain maintenance. To supplement and enhance funding, the City is considering alternate revenue generation possibilities, including the creation of an assessment district.

In addition, the City of Monte Sereno is part of the WVCWP. Along with Campbell, Los Gatos and Saratoga, the City of Monte Sereno helped create WVCWP to control discharge of polluted stormwater into local creeks and the San Francisco Bay. As a part of the WVCWP, Monte Sereno participates in the SCVURPPP along with several other cities and the County to address water pollution on a regional basis (more information on SCVURPPP is included in the Shared Services chapter of this document). SCVURPPP members share a common NPDES permit, allowing member agencies to discharge stormwater into the San Francisco Bay (see the Shared Services chapter for more information).

As part of WVCWP, West Valley cities, including Monte Sereno, pay a fee to receive administrative guidance and implementation compliance with the regional NPDES requirements. Property owners within the West Valley Sanitation District, which includes Monte Sereno, pay a surcharge to fund WVCWP. For residential properties, the fee is approximately \$20 per parcel. Fees for commercial

properties vary depending on square footage. The fee is collected as part of the tax roll along with sewer service charges.

10.4.9 Utilities

PG&E is the electricity and gas provider within Monte Sereno. PG&E did not respond to requests to identify the total number of PG&E gas and electric meters in the City of Monte Sereno. The City did not indicate concerns about PG&E's ability to serve Monte Sereno's existing population or its future demand for energy and natural gas. City staff noted that Monte Sereno is partnering with Cupertino, Mountain View, Sunnyvale and unincorporated areas of the County to discuss the possibility of becoming a CCA under the provisions of AB 118 to allow them to pool electricity demand of their residential, business and municipal accounts to purchase or develop power on their behalf.

Telecommunications providers (telephone, high speed internet and land-based video/cable services) serving Monte Sereno are Verizon and Comcast. Monte Sereno indicated no concerns about the availability or reliability of telecommunications services, including high-speed internet.

10.4.10 Wastewater

The West Valley Sanitation District provides Monte Sereno with wastewater service. Monte Sereno has 22.1 miles of sewer mains and 6 miles of laterals.

The City does not operate a wastewater treatment plant. Treatment is handled by the San Jose-Santa Clara Regional Wastewater Facility as a pass-through agreement with West Valley Sanitation District. Sludge is treated and processed (converted to biosolids) and used as alternate daily cover for landfills. Recycled water is not available within the City.

10.5 Financial Information

The following section provides key financial data points related to Monte Sereno's municipal operations based on the most recent audited financial statements available from FY 2013. Select information is provided from FY 2009 for trend and comparative information.

Monte Sereno's audited financial statements for FY 2014 were not available at the time this report was written. City staff provided certain financial data upon request, but a comprehensive financial data set will not be available until the audited financial statements are completed. In the latest reported financial statements from FY 2013, Monte Sereno's total citywide expenditures exceeded \$2.4 million. Approximately 73% (\$1.8 million) of these expenditures constituted General Fund expenditures.

10.5.1 Revenues and Expenditures

The City's primary source of revenue is property tax. Since FY 2009 property tax revenue has increased by about \$64 thousand (5.7%). Sales tax revenue in Monte Sereno in FY 2013 is slightly above pre-Great Recession levels. However, sales tax is not a significant source of revenue for the City (see Table 105).

Table 105. City of Monte Sereno Tax Revenues

Tax Revenue Type	FY 2009	FY 2013
Property Tax	\$1,118,391	\$1,182,320
Sales Tax	\$9,144	\$12,408
Utility Users Tax	N/A	N/A

Source: Audited financial statements, City Finance Staff

A summary of the City's General Fund revenues and expenditures is shown in Table 106.

Table 106. City of Monte Sereno Major Sources of General Fund Revenue and Expenditures

	FY 2009	FY 2013
Total General Fund Revenues	\$2,346,516	\$2,150,608
Total General Fund Expenditures	\$1,834,834	\$1,802,018
Top Sources of General Fund Revenues		
Property and special assessment taxes	\$1,115,357	\$1,177,597
Licenses and permits	\$627,684	\$428,320
Franchise fees	\$196,611	\$295,309
Other revenue	\$201,807	\$128,137
Top Sources of General Fund Expenditures		
General government	\$1,765,067	\$1,774,542
Community development	\$25,342	\$21,926
Public safety	\$44,425	\$5,550

Source: Audited financial statements, City Finance Staff

10.5.2 Debt

A summary of the City's obligations, debt, and liabilities is provided in Table 107.

Table 107. City of Monte Sereno Obligations, Debt and Liabilities

Obligations, Debt and Liabilities	FY 2009	FY 2013
General Bonded Debt	\$0	\$0
Ratio of Direct Debt (General Bonded Debt) to Net Assessed Valuation	0.0%	0.0%
Ratio of Combined Debt (Direct and Overlapping Debt) to Net Assessed Valuation	Not provided	Not provided
Unfunded pension liability	\$68,910	\$98,648

Source: Audited financial statements, City Finance Staff

10.5.3 Reserves

Monte Sereno's unassigned General Fund reserve levels have increased since FY 2009. The City also established an Economic Uncertainty Reserve within the General Fund of \$3.5 million in FY 2013 from existing General Fund unassigned reserves. Such increases are a positive indicator of economic

recovery from the Great Recession and proactive fiscal management practices employed by the City (see Table 108).

Table 108. City of Monte Sereno Reserves

Line Item	FY 2009	FY 2013
Unassigned General Fund Reserve Levels	\$6,139,449	\$6,201,574
Economic Uncertainty Reserve Fund (separate from General Fund Reserve)	\$0	\$3,500,000

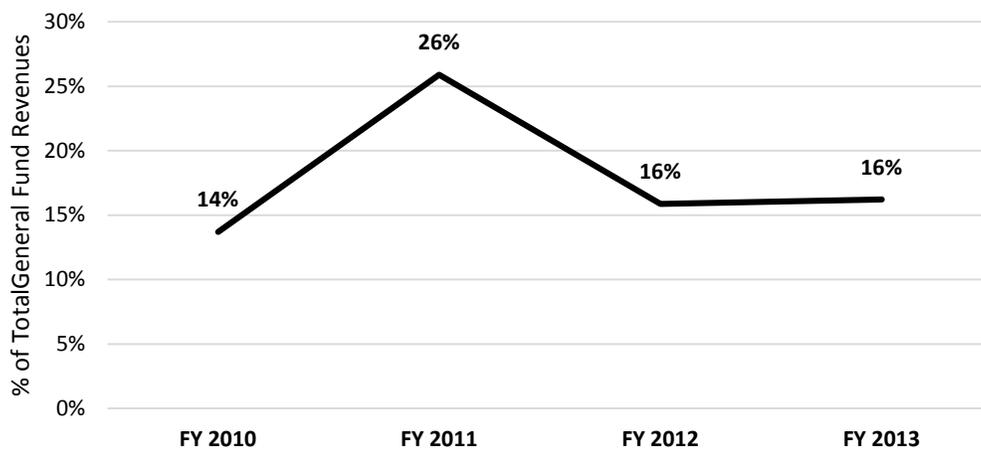
Source: Audited financial statements, City Finance Staff

10.5.4 Financial Health Indicators

Using select indicators from the League of California Cities’ Financial Health Diagnostic Tool, the City of Monte Sereno is in positive fiscal health.

From FY 2010 to FY 2013, the City has accumulated annual surpluses in the General Fund. The City’s General Fund surplus has increased by two percentage points since FY 2010, an indicator of positive fiscal health. The trend of the City’s General Fund deficit/surplus is shown in Figure 24.

Figure 24. City of Monte Sereno Gross Annual General Fund Deficit/Surplus by year from FY 2010 to FY 2013



Source: Audited financial statements

The City has budgeted an operating deficit of \$398,000 in its General Fund for FY 2015. Monte Sereno has generally been conservative in its budget estimates and actual results typically yield higher reserves than budget forecasts. The budget does not include a five-year financial plan.

Table 109 shows the City’s General Fund Fiscal Indicators. The City’s liquidity ratio and General Fund reserves as a percent of expenditures for FY 2014 is unavailable until the audited financial statements are completed. The liquidity ratio of 113.4, based on data from the FY 2013 audited financial statements, indicates that Monte Sereno has the necessary cash to fund its liabilities. General Fund reserves of 356.7% greatly exceed the GFOA-recommended minimum reserve of 17% (or two months) of annual operating expenditures.

Table 109. City of Monte Sereno General Fund Fiscal Indicators

Fiscal Year	Indicator	Value
FY 2015	Net Operating Deficit/Surplus	-8.4%
FY 2013	Liquidity Ratio ¹	113.4
FY 2013	Fund Balance as percent of Expenditures ²	356.7%

Source: Audited financial statements, City Finance Staff

¹ Calculated by combining cash and short-term investments and then dividing by current liabilities

² Unreserved (unassigned and assigned) General Fund Reserves as a percent of annual operating expenditures

10.5.5 Financial Reporting

The City's audited financial statements are not prepared in a timely manner and audited by an independent CPA. See Table 110.

Table 110. City of Monte Sereno Financial Reporting

Financial Reporting Indicator	Status
Unqualified opinion from independent CPA	N/A
Publication of Audited Financial Statements within six months of fiscal year	No

10.6 Service Review Determinations

LAFCO is required to prepare a written statement of determination with respect to six key areas as specified by Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Using criteria described in section 2.4, the following determinations are provided for the City of Monte Sereno.

1. GROWTH AND POPULATION PROJECTIONS

As of 2015, the City of Monte Sereno serves 3,451 residents within its 1.61 square mile incorporated area. ABAG projects that the City's population will grow by approximately 0.6% per year until the population levels off in 2025, remaining mostly constant through 2040 when it is projected to have a population of 3,700.

The City has three unincorporated islands that total 203.9 acres. The City has indicated its willingness to incorporate these three islands into the municipal boundary, assuming there is community support for the annexation. The residents of these urban islands, however, have been largely unsupportive of City annexation in the past.

The City has identified sufficient housing opportunities to meet its RHNA of 61 housing units between 2014 and 2022. The City does not anticipate that growth patterns will expand beyond Monte Sereno's existing USA. No PDAs exist within Monte Sereno for infill development.

The City last prepared a comprehensive update of its general plan in January, 2009. The City's existing boundaries accommodate the level of growth projected by ABAG in Plan Bay Area.

2. LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

No DUCs were identified within or contiguous to Monte Sereno's SOI.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES, INCLUDING THOSE RELATED TO SEWERS, WATER AND FIRE IN ANY DUCs WITHIN OR CONTIGUOUS TO THE SOI

City staff noted that, given new regulations coming into effect, the City is concerned about unfunded state mandates related to stormwater infrastructure maintenance. As a result of these regulations, the City anticipates future costs to address its aging stormwater system and related deferred maintenance.

The City of Monte Sereno does not anticipate obstacles to maintaining existing service levels or meeting infrastructure needs in the next five years, given the growth and population increases projected.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

Monte Sereno's General Fund has consistently operated at a surplus from FY 2010 to FY 2013 (the latest published CAFR). The City does not prepare a five-year financial plan. Monte Sereno's General Fund reserves of 356.7% exceed the minimum reserve threshold of two months of operating expenditures (17%) as recommended by the GFOA, indicative of the City's ability to meet future service needs in the event of an economic downturn. In addition, the City's liquidity ratio of 113:1 indicates the necessary cash to fund its short-term obligations with sufficient cash flow.

The City of Monte Sereno has sufficient financial resources to accommodate infrastructure expansion, improvements or replacement based on the agency's capital improvement plans. One area of potential concern is stormwater, as discussed under Determination Three.

The City has not yet published its CAFR for FY 2014.

5. STATUS AND OPPORTUNITIES FOR SHARED FACILITIES

The City of Monte Sereno is engaged in service sharing agreements as identified in Table 111 ~~below~~.

Table 111. Summary of Shared Services in the City of Monte Sereno

Service Area	Type of Sharing Arrangement	Partnering Entity
Animal Control	JPA	SVACA
Emergency Center Operations	Contract	City of Los Gatos
IT Services	Contract	City of Campbell
Law Enforcement – Operations	Contract	City of Los Gatos
Law Enforcement – Radio Communications	JPA	SVRIA
Library Services	JPA	SCCLD
Recreation	Contract	LGSRD
Solid Waste	JPA	WVSWMA
Stormwater	MOU	SCVURPPP

Monte Sereno relies extensively on shared services. Due to capacity issues with Los Gatos, Monte Sereno has begun to explore the possibility of sharing emergency operations center functions with other West Valley cities. The City has also begun to explore the possibility of contracting for building inspections, human resources and public works, and the City is interested in electricity sharing through a CCA.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

Monte Sereno provides comprehensive information about core municipal operations on its website, including public hearing notices, agendas, and minutes for the City Council and its various advisory commissions and committees; annual budget; CAFR; general plan; and various master plans.

Through the publication of these documents, the City of Monte Sereno promotes accountability for its community service needs.

10.7 Sphere of Influence Recommendations and Determinations

SOI BOUNDARY RECOMMENDATION

The City's existing SOI is coterminous with its City limits to the north, northwest, east and south. The southwestern portion of the City's SOI includes unincorporated hillside territory located outside of the City's USA boundary. Some of this area includes very-low density residential development and undeveloped land that has little or no roads or other infrastructure. There are also three unincorporated islands within the City's USA boundary. The boundaries of two of these unincorporated islands form the western

portion of the City's SOI boundary. The City is bounded by the Town of Los Gatos to the north, east, and southeast; and by the City of Saratoga to the west.

It is recommended that LAFCO reaffirm the City of Monte Sereno's existing SOI boundary because the City's SOI boundary serves multiple purposes including serving as:

- A long range planning tool to help LAFCO evaluate USA boundary changes and annexation requests.
- Areas that will not necessarily be annexed to the City or will not necessarily receive services from Monte Sereno, but are areas in which the County and Monte Sereno may have shared interests in preserving non-urban levels of land use. Specific examples include the foothills and ridgelines located southwest of the City. Furthermore, both the City and the County share a mutual interest in protecting view sheds and natural resources.
- Areas where the City and the County have significant interaction.
- Areas that contain social and economic communities of interest to the City, such as areas within the City's jurisdictional boundaries.

In making this recommendation, it should be made clear that inclusion of an area within the City's SOI boundary should not necessarily be seen as an indication that the City will or should either annex or allow urban development and services in the area. The City's USA boundary is the more critical factor considered by LAFCO and serves as the primary means of indicating whether the areas will be annexed and provided urban services.

SOI DETERMINATIONS FOR THE CITY OF MONTE SERENO

Government Code §56425(e) requires written determinations with respect to the following four factors to update an agency's SOI. Based upon the information contained within Monte Sereno's service review profile in this chapter, the following determinations are provided to update the City's existing SOI:

1. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

Residential uses are planned within Monte Sereno's USA boundary. The County's and City's general plans call for the continuation of non-urban uses beyond the City's USA boundary.

2. The Present and Probable Need for Public Facilities and Services in the Area

The type of public services and facilities required within Monte Sereno's SOI boundary is not expected to change, although the level of demand will increase slightly.

3. The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The present capacity of public facilities appears to be adequate. However, Monte Sereno is still in the process of addressing the impacts that state mandates will have related to stormwater infrastructure maintenance on budgetary and operational resources, as indicated in the City's service review determination #3 above.

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

All communities of interest within the USA and City limit are included within the SOI.

5. For Those Cities that Provide Public Facilities or Services Related to Sewers, Water or Fire Protection, the Present and Probable Need For Those Public Facilities and Services in Any DUCs within the Existing SOI

Not applicable.