

MIDCOAST COMMUNITY COUNCIL

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June 25, 1997

San Mateo County Board of Supervisors
Attention: Mr. Richard Silver, Clerk of the Board
Hall of Justice and Records
401 Marshall Street
Redwood City, CA 94063

On April 9, the Midcoast Community Council sent the San Mateo County Board of Supervisors a request for staff time and funding to complete a "Fatal Flaw" Study to analyze the impacts of incorporation or annexation of the unincorporated San Mateo County midcoast area to Half Moon Bay. This letter repeats that request, and gives you more reason to positively consider approval.

Even if such a study reported that the tax revenues attributable to the unincorporated San Mateo County midcoast area are inadequate to cover the expenses of operating a city or that the marginal tax revenues to Half Moon Bay under annexation would not cover the marginal expenses of annexation, such a study would be very useful in pointing to the potential tax revenues attributable to various types of development that the Midcoast Community Council and the residents might consider recommending to the county and to developers. The Fatal Flaw Study is envisioned to lead the community toward a plan for development endorsed by the community. The result of such a community consensus would provide developers and the community with guidance on the acceptability of those developments that could increase tax revenues over expenses by the largest margin until incorporation or annexation is possible.

During the last eighteen months, the Forms of Good Government Committee (FOGG) has researched the alternatives to remaining an unincorporated part of San Mateo County. The FOGG Committee researched these alternatives in as much detail as it could, with the guidance of the LAFCo executive, Peter Banning and a consultant, Walter Keiser. At its meeting on March 26, 1997, the Forms of Good Government Committee reported back to the Midcoast Community Council, recommending that the MCC seek funding and staff time from San Mateo County to complete a study to determine if either incorporation of our area into a city or annexation of our area by Half Moon Bay is politically and economically possible.

Please put this request for granting funds and staff time for the Fatal Flaw Study on your agenda as soon as is possible.

Signed:

Ric Lohman
Chair

David Spiselman
Vice Chair

At the meeting last Friday with Paul Koenig, with Rich Gordon, Joe Caruso, Paul, Ric and myself present, the following stuff occurred, with respect to the FOGG letter requesting staff time and funding from the Board of Supervisors for conduction a Fatal Flaw Study of the Incorporation and Annexation alternatives.

1. Mr. Caruso stated that the East Palo Alto history lesson would keep the majority of supervisors from permitting incorporation of a city unless it was intuitively obvious that the new city could operate without producing a deficit.
- 2 Mr. Koenig stated that it was intuitively obvious that the midcoast communities could not operate without producing a deficit and he therefore saw no reason to recommend that Fatal Flaw Study funding be provided to us.
3. I asked if the county had any real plan that could change this, regarding the types of development that might produce tax revenues to enable us to plan pursuit of an alternative form of government. Mr. Koenig said there was no plan and he could therefore offer us no guidance.
4. I stated (what seemed obvious to me) that a Fatal Flaw Study could provide us with just that direction:

We would find out:

- 4.1 How big the deficits for incorporation and annexation really are;
 - 4.2 What incremental tax revenues would be provided by each of the types of development, to reduce the deficit gap;
 - 4.3 How the community feels about each of the alternatives, to enable us to formulate an effective plan to either incorporate or become attractive for annexation, if it is the community's will to better control its own destiny.
5. Mr. Koenig stated that he had never though about it in that light. He said that if we re-wrote our FOGG letter request for funding to focus on using the Fatal Flaw process to create a plan for the community to increase its tax revenues over time until annexation or incorporation became possible, he might recommend the funding be approved.

I am therefore requesting that we place the rewriting of our Fatal Flaw Study Funding request on the next Midcoast Community Council's consent agenda.