


RICHARD GORDON

Board of Supervisors
County of San Mateo

TO: Mid-Coast Community Council
FROM: Rich Gordon 
DATE: September 1, 1997
RE: Proposed Study re: Incorporation or Annexation

Enclosed please find a copy of a proposal for a Midcoast Incorporation Fiscal Feasibility Study. Paul Koenig, Director of Environmental Services for the County of San Mateo, and I will be present at your meeting of September 10th to discuss this proposal. With your consent we would be prepared to initiate the study no later than October 1st. It is estimated that it will take up to a maximum of four months to complete the proposed study.

It should be pointed out that the proposed study is designed to further stimulate discussion. The study will not in and of itself answer all of the questions that might surface regarding incorporation or annexation. The study, for example, will not analyze the political will and interests of the citizens. The study also will not provide for a general plan review or the development of a vision for the mid-coast.

I believe that the study is an excellent first step to gather data which can be used by the Mid-Coast Community Council, the Board of Supervisors, the Half Moon Bay City Council, and others to take the next steps. I look forward to discussing this proposal with you on September 10th.

I am also aware that you continued an item regarding a proposed Substandard Lot Merger Ordinance from your last meeting to the meeting of September 10th. I will advise Paul Koenig of this as it is my understanding that you had questions for him regarding your proposal. If you have any questions or concerns prior to September 10th, please contact my office.

cc: Paul Koenig
Half Moon Bay Review



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PROPOSAL FOR MIDCOAST INCORPORATION FISCAL FEASIBILITY STUDY

I. BACKGROUND

San Mateo County's unincorporated Midcoast includes the communities of El Granada, Moss Beach, Princeton, Miramar and Montara. The area has around 11,700 residents and covers approximately 15 square miles. Public services are provided by San Mateo County, two sanitary sewer districts, two fire districts, one independent water district, a water utility company and a joint powers authority for sewage treatment. In 1984, the San Mateo County Local Agency Formation Commission (LAFCo) adopted spheres of influence for the Midcoast which call for a single coastside city including the City of Half Moon Bay and unincorporated areas to the north, bounded by the urban/rural boundary. Implementation of these spheres would involve consolidation of the City of Half Moon Bay and a number of special districts, including the Montara and Granada Sanitary Districts, Half Moon Bay and Pt. Montara Fire Districts and Coastside County Water District.

The Midcoast Community Council (MCCC), formed in 1991 as an elected municipal advisory council, has worked with the Board of Supervisors, County staff and LAFCo on evaluating various alternatives to local government organization on the Midcoast, including formation of a park district, annexation to the City of Half Moon Bay, and incorporation. Most recently, data prepared between April and December of 1996 by Peter Banning, former LAFCo Executive Officer, indicated that annexation would result in an annual fiscal deficit of approximately \$500,000, and incorporation would result in a shortfall ranging from \$800,000 to \$1.35 million per year. These estimates were based on revenue data from the 93/94 fiscal year and excluded capital improvement costs.

In April of 1997, the MCCC passed a resolution requesting that San Mateo County provide both funding and staff time necessary to complete a study to determine if either incorporation or annexation to Half Moon Bay is politically and economically feasible. The following outlines the methodology and scope of a fiscal study that could be completed jointly by County Planning and LAFCo staff.

II. STUDY OBJECTIVES

The proposed study will assess the fiscal feasibility of annexation and incorporation, giving consideration to desired service levels, alternative service provision arrangements and land use development potential. Findings could then be used to determine public support for the alternatives identified and whether a comprehensive fiscal analysis should be prepared as part of an application to LAFCo.

III. SCOPE OF WORK

Task 1: Define Study Parameters

Upon commencement of the study, the project team will meet with representatives of the Midcoast Community Council, City of Half Moon Bay, and San Mateo County to define the parameters of the study. In particular, staff will seek guidance on service level assumptions to be used and specific service provision scenarios to be analyzed. This task will aim at accomplishing the following:

- Define extent of services to be analyzed. Services to be examined may include basic services, parks and recreation services, and other services currently provided by special districts.
- Identify alternative service provision arrangements to be evaluated, including assumption of special district service provision responsibilities, consolidation of special districts, and contracting out for some services.
- Inventory existing service levels and determine target levels of service on which to base the study.

Task 2: Conduct Fiscal Analysis

Annual costs of providing the services identified in Task 1 will be prepared based on budget data available from relevant local and state agencies and previous work by Peter Banning. Analysis will be limited to expenditures for service provision, and will exclude capital improvement costs.

Annual revenues will be estimated based on data available from the County Assessor, City of Half Moon Bay, and previous work by Peter Banning. For each service provision and incorporation/annexation scenario, costs and revenues will be itemized in table form, along with total estimated fiscal surplus or deficit.

The fiscal impact of alternatives such as assumption of special district services and contracting out for services will be evaluated using current budget data and information to be provided by affected agencies.

Task 3: Conduct Land Use Analysis

The land use analysis will determine the revenue generating potential for various land uses that could potentially be located in the Midcoast. Estimated costs and revenues for each land use type will be presented in table form, and land uses will be ranked in terms of their revenue generating potential. An assessment will be made as to locational needs and infrastructure demands of the key fiscally beneficial land uses, as well as existing coastal protection and other regulatory constraints. The land use analysis will present examples of the levels and types of development that would be required to offset any identified fiscal shortfalls under the various incorporation scenarios.

Task 4: Prepare Summary Report

The project team will prepare a summary report presenting the findings of the fiscal analysis and land use analysis. The report will provide an overall assessment of fiscal feasibility of annexation and incorporation, identifying estimated net fiscal effects, and the potential for mitigation by alternative service provision arrangements and revenue generating land uses. In view of the findings of the fiscal and land use analyses, the report will also include a discussion of the LAFCo process. Finally, the report will present an evaluation of the need for further study by consultants if there was to be an application to LAFCo.

The project team will prepare a draft report, which will be available for review and comment by the MCCC and appropriate agencies. Upon receiving comments, the project team will prepare a final report.

IV. PROJECT TEAM

Under the general direction of Paul Koenig, Environmental Services Agency Director and LAFCo Executive Officer, the project team will consist of Martha Poyatos, LAFCo Administrative Analyst, and George Bergman, Senior Planner and Andrew Delaney, Planner II, both with the Planning and Building Division.

Ms. Poyatos will be primarily responsible for the fiscal components of the study. Ms. Poyatos has worked for LAFCo for four years, providing policy and fiscal analysis of proposals for boundary changes, annexations and incorporations.

Mr. Bergman will conduct the study's land use analysis. Mr. Bergman has been a land use planner with San Mateo County for 17 years. Since 1987, he has been the Senior Planner for Long Range Planning, and has conducted various Coastside studies including broadening land use options in Princeton, implication of substandard lot development in the Midcoast, greenhouse compatibility in Pescadero, and policy changes to foster agriculture in the rural Coastal Zone.

Andrew Delaney, Planner II in the Planning and Building Division, will assist with both the fiscal analysis and the land use analysis. Mr. Delaney will be responsible for data collection and analysis, and will assist in drafting the report. Mr. Delaney recently joined the County of San Mateo after working for an urban economics consulting firm for two years, where he gained experience conducting fiscal analyses for cities and counties throughout the state.

V. SCHEDULE

Staff will complete a draft report within ten weeks of beginning work on the project. The draft report will be made available for review and comments. Assuming comments do not require substantial amounts of additional data collection or analysis, staff will complete a final report within two weeks of receiving comments on the administrative draft. Thus, it is estimated that the study will be completed from 14 to 16 weeks after work commences.