

MIDCOAST COMMUNITY COUNCIL

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MAY 8, 1996

FOGG COMMITTEE REPORT

The FOGG (Forms of Good Government) Committee was formed as a subcommittee of the Midcoast Community Council in August 1995. The committee met seven times between September 1995 and April 1996. At these meetings, three alternatives for the future were explored:

- Incorporation
- Annexation to either Half Moon Bay or Pacifica
- Status Quo - remain under the direct control of the San Mateo County Board of Supervisors.

At our second meeting, Peter Banning, LAFCo Executive Officer from San Mateo County met with us and helped us determine his best estimate of our tax revenues and associated costs of operation as a "new city." The work Peter completed took him over five months and was completed on April 1, 1996. At our last meeting, Tuesday April 2, 1996, Walter Keiser of Economic & Planning Systems met with us to do a thumb-nail analysis of these revenues and cost, and to give us a vision of the road ahead to either of the two alternative to our current status.

The following information consists of:

1. LAFCO ESTIMATES OF MIDCOAST UNINCORPORATED AREA FINANCES
2. SUGGESTED REVISIONS TO LAFCO'S ESTIMATES OF MIDCOAST UNINCORPORATED AREA FINANCES (completed by David Spiselman with help from Dennis Coleman, Half Moon Bay City Councilman, Leonard Woren, resident of El Granada and FOGG Committee Member, and Larry De Young, Member of Concerned Citizens for The Coast and FOGG Committee Member).
3. Notes from the Presentation by Walter Keiser, Economic & Planning Systems.

From this information, it is fairly self evident that incorporation is economically possible. Following this presentation, the FOGG Committee will meet again to determine the feasibility of annexation and to determine if that is also economically possible.

1. LAFCO ESTIMATES OF MIDCOAST UNINCORPORATED AREA FINANCES

1.1 Tax Revenues from MidCoast Incorporation

Revenue Item	Estimated Income
1) Local Share, Sales Tax	\$207,300
El Granada	\$50,800
Princeton	\$74,400
Moss Beach	\$54,200
Montara	\$27,900
2) Property Tax	\$462,000
3) State Subventions	\$552,000
4) Transient Occupancy Tax	\$122,000
5) Other Revenues	\$76,000
Total	<u>\$1,419,300</u>

1.2 Costs of Incorporation for MidCoast

Cost Item	Estimated Cost
6) Police	\$1,432,678
7) Public Works	\$254,000
36 Road Miles @ \$6,500 / mi	\$234,000
Landscape, Lighting, Signal	\$20,000
8) Planning	\$275,000
9) General Administration	\$250,000
10) Other Costs	\$0
Total	<u>\$2,211,678</u>

1.3 **Surplus (Deficit)** **(\$792,378)**

1.4 Notes:

- 1) **Local Share, Sales Tax** - From State Board of Equalization Letter, dated March 8, 1996
- 2) **Property Tax** - The total estimated assessed value in May, 1994 was \$681,000,000. Terry Flinn, Appraisal Services Division, reports that values have been flat, adding 1.0119% in 1994 and 1.0111% in 1995. \$681 million plus 2% is \$695 million.

Peter Banning's Discussions with Paul Scannell led him to believe that a new city's share of the total collected property tax would be 8%, resulting in \$556,000. This is slightly higher than the property tax revenues of Half Moon Bay. After giving up 17% of this revenue to ERAF, the new city would have \$462,000.

- 3) **State Subventions** - are computed as \$47.21 per capita, according to the Office of the State Controller (Steve Edwards, (916) 322-4671), Accounting Division.
- 4) **Transient Occupancy Tax** - Peter Banning estimates that there are presently 76 Bed & Breakfast motel rooms in the area, including 14 approved but not yet built. At 40% occupancy and \$110 per room, the 10% TOT will produce \$122,000.
- 5) **Other Revenues** - Business License Taxes (at \$50 per employee for 1,520 workers) yields \$76,000. Franchise Taxes and Fees for Service (Planning Fees only) would yield additional revenues, but Banning had no information on how much we might expect.
- 6) **Police** - Current cost of County Sheriff's service in this area and assumed contract cost for maintaining the current level of service was estimated from a letter from Undersheriff Art Munks, dated March 17, 1996.
- 7) **Public Works** - Raods and Storm Drainage only.
- 8) **Planning** - This estimate represents the cost of establishing and running Planning and Building functions in the new city comparable to those in Half Moon Bay. It does not include costs associated with general plan development or California Coastal Commission certification. Costs are based on staffing by a Planning Director, Associate Planner, 1.5 Inspectors and a Planning Commission Secretary.
- 9) **General Administration** - Council, Manager, Clerk, liability insurance, etc.
- 10) **Other Costs** - Not included but to be considered:
 - o Professional Services

- o Parks and Recreation
- o Start-up costs
- o Capital Improvements
- o Rent

11) **Population, Employment, Growth and Income Notes -**
 ABAG Population Estimated for “Half Moon Bay Unincorporated”

	<u>1980</u>	<u>1990</u>	<u>1995</u>	<u>2000</u>
Population	8,724	10,525	11,700	13,500
Households	3,121	3,785	3,830	4,540
Employed Residents	4,717	6,229	6,200	7,300
Total Jobs	1,426	1,780	1,520	1,800
Income	\$61,254	\$81,855	\$91,100	\$105,400

ABAG projections anticipate the next 20 years will bring:

- 59% population growth
- 70% growth in total households
- 76% growth in employed residents
- 33% growth in total jobs.

This area is characterized by infrastructure problems in water, sewer and transportation. Growth projections appear to assume that these problems will be solved between 2000 and 2005.

Miscellaneous:	Registered voters	6,050
	Total Area (square miles)	15

2. SUGGESTED REVISIONS TO LAFCO'S ESTIMATES OF MIDCOAST UNINCORPORATED AREA FINANCES

2.1 Tax Revenues from MidCoast Incorporation

Revenue Item	Estimated Income
1) Local Share, Sales Tax	\$207,300
El Granada	\$50,800
Princeton	\$74,400
Moss Beach	\$54,200
Montara	\$27,900
2) Property Tax	\$462,000
3) State Subventions	\$552,000
4) Transient Occupancy Tax	\$183,000 - \$360,000
5) Other Revenues	\$76,000
Total	<u>\$1,480,300 - 1,660,300</u>

2.1 Costs of Incorporation for MidCoast

Cost Item	Estimated Cost
6) Police	\$312,700 - 858,600
7) Public Works	\$254,000
36 Road Miles @ \$6,500 / mi	\$234,000
Landscape, Lighting, Signal	\$20,000
8) Planning	\$150,000
9) General Administration	\$250,000
10) Other Costs	\$0
Total	<u>\$966,700 - 1,512,600</u>

2.3 **Surplus (Deficit)** (\$32,300) - \$693,600

2.4 REVISIONS To Notes:

- 4) **Transient Occupancy Tax** - A 60% occupancy rate is more likely to keep a motel solvent than 40% occupancy rate, and since there is considerable motel building going on at this time, the rate might be even higher at the current time. While there are presently 76 Bed & Breakfast motel rooms in the area, including 14 approved but not yet built, Harbor Village and other “not yet approved” projects in the unincorporated midcoast more than double this! Using Banning’s 90 motel rooms, at 60% occupancy and \$110 per room, the 10% TOT will produce \$183,000. Including the other unapproved projects at the 60% rate would yield about \$360,000.

- 6) **Police** - Half Moon Bay pays more than Banning’s estimate, a total of \$1,455,000.. However, we could arrange a joint coverage agreement with either Half Moon Bay or Pacifica to provide us with the minimum necessary coverage, achieving economies of scale that would serve both the contracted with city and our community well. Cost of service in this area and assumed contract cost for service was estimated from Half Moon Bay’s Annual 1995-96 Budget for the Police Department. If we paid pure pro rata for three shifts of two officers per shift (with total economies of scale) our cost would be 6/17ths of their personnel costs (\$1,052,500), or a total of about \$312,700. If we paid for the same protection with absolutely NO economies of scale (that is, adding in total shares for supervision, clerical, depreciation, etc), then our cost for the same three shifts would be 10/17ths of Half Moon Bay’s total budget for their police department, or \$858,600.

- 8) **Planning** - This estimate represents the cost of establishing and running Planning and Building functions in the new city comparable to those in Half Moon Bay. It does not include costs associated with general plan development or California Coastal Commission certification. Reestimating expenses at minimum levels for staffing would give us just a Planning Manager, an Inspector and a Secretary.

3. NOTES FROM THE PRESENTAION BY WALTER KEISER, ECONOMIC & PLANNING SYSTEMS

3.1 BASICS

- 3.1.1 Reason for Incorporation
 - 3.1.1.1 Land Use
 - 3.1.1.2 Service Improvement
 - 3.1.1.3 Community Identity
- 3.1.2 Community Communications and Awareness
 - 3.1.2.1 How broad-based?
 - 3.1.2.2 Motivation of Voters
- 3.1.3 Government Options
 - 3.1.3.1 Incorporation
 - 3.1.3.2 Annexation
 - 3.1.3.3 Status Quo (remain unincorporated)
 - 3.1.3.4 Area Planning Commission

3.2 FEASIBILITY

- 3.2.1 Economics and the Financial Issue of the DEFICIT
- 3.2.2 Need for BROAD-BASED COMMUNITY SUPPORT - over 90% of the voters must be in favor of any change that requires a vote.
- 3.2.3 Need for support of all special districts, regardless of whether or not there will be district consolidation
- 3.2.4 Focussed effort, led by a “small dedicated group.”
- 3.2.5 LAFCo support

3.3 PROCEDURES FOR INCORPORATION

- 3.3.1 Organize the “group”
 - 3.3.1.1 Organize around the Midcoast Community Council
 - 3.3.1.2 Get \$100,000 from San Mateo County as a budget for consultant’s studies for presentation to LAFCo and to the County Board of Supervisors
 - 3.3.1.3 Establish a Political Action Committee (PAC) to obtain funding for public education purposes
- 3.3.2 Define the issues and begin engaging the community in the process NOW.
- 3.3.3 FUNDING - Need at least \$100,000 to complete incorporation
 - 3.3.3.1 Broad-based private funding from the community
 - 3.3.3.2 Local Private Interests
 - 3.3.3.3 Local Agency - form a special district

- 3.3.3.4 County might partially or fully fund the process. Note that the county can require the contribution to be classed as a “loan” and require payback.
- 3.3.4 Fatal Flaw Study = costs \$3,000 - \$5,000 and at worst helps to define the objective and establish credibility with the county.
- 3.3.5 Community Attitude Survey - requires a minimum sample size of 300 respondents and cost about \$10,000
- 3.3.6 Soon after, contact county and special districts to lobby and discuss our objective. Get their concurrence.
- 3.3.7 Formulate a PETITION containing service boundaries, etc. to form the city. 25% of the registered voters must sign it for a city. 5% of both the annexed area and the city receiving the annexed are must sign it for annexation. Obtain legal counsel to work with Mary Rafferty at LAFCo, and have counsel ensure that petition is complete and sufficient. Goal is 1.5 times the required minimum number of signatures (38% of the registered voters). Once Peter Banning of LAFCo receives the signed petitions and submits them to the County Registrar, the “notification of filing is now active.” Note that the boundary of our new city must be our urban / rural boundary. The project may be deemed to be a SEQUA project and LAFCo may recommend an EIR be completed.
- 3.3.8 PUBLIC HEARING called by LAFCo, at which LAFCo rules on our petition and supporting documentation. If LAFCo permits it, the Board of Supervisors calls an election.

COMPLETING THIS PROCESS TAKES A MINIMUM OF 18 MONTHS AND TYPICALLY TAKES ABOUT 5 YEARS.

3.4 PROCEDURES FOR ANNEXATION

NOT YET DETERMINED