

# Midcoast Community Council

An elected Municipal Advisory Council to the San Mateo County Board of Supervisors  
Serving 12,000 coastal residents

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July 27, 2011

San Mateo County Board of Supervisors  
400 County Center  
Redwood City, CA 94063

Re: Incorporation/Annexation Fiscal Study

Dear President Groom and Members of the Board,

In June 1998 San Mateo County published a report titled "Mid-Coast Incorporation/Annexation Fiscal Study" prepared for the Midcoast Community Council. ([This study is available on the documents page in the Planning and Building section of the County's web site.](#)) As stated in the cover letter to the study:

*The study provides fiscal data in the form of a full fiscal year's budget for two potential forms of government: the incorporation of the communities of Montara, Moss Beach, Princeton, El Granada, and Miramar; or annexation of these communities to the City of Half Moon Bay." The study also includes general information on alternative revenue sources available to cities and specific revenue generating land use alternatives for the study area.*

As recently requested by community members, the Midcoast Community Council agrees it is time to revisit this topic, and hereby requests that San Mateo County re-evaluate the study using current fiscal data and also correct various deficiencies in the 1998 study.

Circumstances have changed since the 1998 study was prepared including substantially higher property values resulting in higher property tax collections, significantly larger population, construction of the Oceana Hotel which can be expected to provide hundreds of thousands of dollars in TOT when the economy recovers, and various changes in tax allocations to cities due to changes in State law. Due to the lengthy process of building community support for incorporation or annexation and the LAFCo process itself, it seems reasonable to assume that the economy will be back to "normal" by the time a new city could be formed. Also, the County now charges full cost-recovery for Planning Department applications; this approach was not allowed as a consideration in the 1998 Study.

In addition to the scenario of simply incorporating a new city of the listed communities, the Council requests an additional scenario also be evaluated which would combine such an incorporation with dissolution of Granada Sanitary District and Montara Water and Sanitary District, and possibly

Coastside County Water District, with their functions to be assumed by city departments in the new city and transfer of those districts' existing property tax revenue to the general fund of the new city. (For CCWD, the responsibility and the property tax revenue would be proportioned between Half Moon Bay and the new city).

An analysis should be included addressing how Half Moon Bay's Beachwood lawsuit settlement payments factor into an annexation scenario.

The Council recommends that a steering committee of the community and county provide guidance to frame the launch of this effort and provide guidance for the review. The MCC has council and community members who can participate in this process.

Thank you for your consideration.

Sincerely,  
s/Len Erickson  
Chair, Midcoast Community Council