

**DRAFT****PRELIMINARY DRAFT – NEED NOTES FROM MARY AND HANDOUTS FROM DAVID****Notes from Mid-Coast Community Council Public Meeting on Forms of Government  
19 September 1998 at El Granada Elementary School**

[See disclaimer at end of notes; these are not official minutes.]

This was a noticed public meeting to present and accept community comments on the Mid-Coast Incorporation / Annexation Fiscal Study recently completed by the San Mateo County Local Agency Formation Commission, the first of a pair of public meetings on this subject. The second meeting will be held Saturday, September 26, at 10:00 am at the Farallone View Elementary School. Mid-Coast Community Council members present included Mary Hobbs, Ric Lohman, Paul Perkovic, and David Spiselman.

Leonard indicated that a per-lot parcel tax of approximately \$90 per year would be sufficient to bridge the funding gap.

Lorraine Feather

[Missed introductory comments and presentations by Dave and Leonard and Lorraine, started with Martha]

**Presentation by Local Agency Formation Commission representative**

Martha Poyatos – Gave brief overview of dependent vs. independent Local Agency Formation Commissions (LAFCos). Explained the history of Mid-Coast Incorporation / Annexation Fiscal Study, results indicate an annual deficit for the incorporation scenario (new city covering area between Half Moon Bay and Pacifica) of about \$877,000 and an annual deficit of \$1,400,000 for annexation to Half Moon Bay. (The incorporation scenario provides the minimum level of services required by a city; the annexation scenario also includes costs associated with Parks and Recreation based on similar Half Moon Bay costs.) Property tax for incorporation is determined by LAFCo, using a state-mandated formula in the Government Code, which applies a percentage factor to the actual costs of services currently provided by the County; this percentage factor is the ratio of County property tax revenue to total County revenue. Sales tax revenue for a new city (or the contribution to an annexed area) is based on actual revenue within the area; the sales tax is a "situs tax" levied at the point of sale. State motor vehicle in-lieu fees, for the first five years after incorporation, are based on voter registration; then they are based on actual population. Costs in the study were based on existing costs from the County of San Mateo or the City of Half Moon Bay. [See copy of study attached.]

Martha continued explaining various methods of bridging an annual operating deficit. One method is a parcel tax, assessed on each parcel within the area (but not an ad valorem tax, i.e., based on value, which is limited by Proposition 13). Some other cities in the County, such as Atherton or Hillsboro (?), use a parcel tax method to fund general city services. Another method is to reduce the level of services to the funding available. Another method is to increase revenues through new sales tax sources, transient occupancy taxes, etc. The mechanics of incorporation include more comprehensive fiscal studies, an Environmental Impact Report, approval by LAFCo, approval by the voters in the area to be incorporated (or annexed), election of a new City Council (for incorporation), and initial city start-up. This entire process will take several years.

**Audience Comments**

Mary Hobbs – Encouraged audience to provide an answer to the question, if you are at all interested in pursuing incorporation or annexation, what would make it worth it to you? She is somewhat concerned that

if we incorporated, we might be forced (for fiscal reasons) to approve exactly the kind of development that we don't want.

Michael Murphy – (Lives south of Half Moon Bay on Lobitos Creek Road.) He hopes we do something; local control is really important. However, as long as you have a deficit, you need a parcel tax; to get a parcel tax, you need a 2/3 vote; and you can't get a 2/3 vote in California. He thinks that the definition of the area prejudices the fiscal outcome. Including the rural area south of Half Moon Bay, which is a revenue generator for the County, changes the equation. A city from the Mid-Coast wrapped around Half Moon Bay (thus providing a greenbelt) and continuing down to Pescadero would have higher revenues and add an area with very low services costs. It would be important to help this rural area preserve farming, which many of the residents believe is threatened by County policies. There is plenty of precedent for this throughout the State. It is very difficult to put farm labor housing up; we could do what Mendocino did, where there are farm shops, visitor oriented services, small bed and breakfasts, etc. [In response to a question about use taxes generated by the rural area:] Examples of County revenue from the rural area are "tipping fees" paid by BFI to the County for the privilege of operating the landfill, or from Global Wireless (Ken Jones's company).

Oscar Braun – (Lives south of Half Moon Bay in Higgins Canyon.) A little over three years ago, Mike Murphy, several other property owners, and he got together to explore incorporating as a separate county, which they wanted to call Coastanoa. Agriculture generates several hundred million dollars a year, which produces several million dollars for the County based on use fees. The County has a Local Coastal Program that lays out all of the issues that the Mid-Coast Community Council often addresses; of course, the LCP must be subservient to the State Coastal Act. The rural property owners have formed a coalition, called the Quality of Life Coalition, to circulate a petition to the Legislature requesting that the Coastal Zone boundary be moved west, towards the ocean. In San Mateo County, the Coastal Zone boundary is as much as five miles from the ocean; in other parts of the State, it is often just a few hundred feet. He thinks that the County is not supportive of local control, and that even after spending hundreds of thousands of dollars, there is still only a 10% chance of success. Likes the City of Coastanoa idea, giving us the power to guide our communities.

James K. Barnes – Gave some examples of what we are facing if we incorporate. East Palo Alto has been incorporated over fifteen years. They did all the things you are suggesting. They still cannot support themselves, and they've got a far superior tax base than the Mid-Coast does. East Palo Alto has faced lawsuits, costing the city hundreds of thousands of dollars, over their tax mechanisms, redevelopment proposals, etc. Before you put forth a plan to incorporate a new city, be sure you have all your financial plans in place. [Leonard Woren asked whether East Palo Alto's police costs weren't higher:] They get police from the County Sheriff Department; they get support from Palo Alto.

Barbara Mauz – (Lives in El Granada.) She is encouraged that we are having this Town Hall Meeting. There isn't a real large turnout today [there were about 10 persons in the audience], but this is a warm-up for other meetings. Commented on the Mirada Surf Proposal, which she claimed the County should never have accepted. Where there's a will, there's a way; if incorporation will increase our land use control, we can figure out the best way to get that done.

Janet Cochran – Sees this as two issues: Gaining land use control and efficient provision of services. Wants to focus on the area of services. Has worked for Santa Clara County LAFCo. Looking at cities such as Windsor or Gilroy, incorporation as a city may put a great deal of pressure for development that provides sales tax revenue, such as the outlet malls in Gilroy. She asked Martha to explain the Vehicle In-Lieu Fee.

Martha Poyatos – When the Motor Vehicle In-Lieu fee goes away in five years, it seems like an effort by the State Legislature to get a new city to find new revenue sources. Proposition 13 took property tax authority away from local government and gave it to the State; as a consequence, through mechanisms such as the Educational Revenue Augmentation Fund, the State has diverted local revenues from local government.



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Julian Fisher – (Lives in El Granada.) Pacifica seemed to have worked out some problems, and they're very similar to us.

Ric Lohman – (Lives in Miramar.) In talking to people, there have been some comments that "We don't want more government, we want things just the way they are now." But that's not an option we can pick. Development is coming; we're not going to have the same community we have now. The decision people have to make is what kind of community do people want, and what involvement do they want in formulating that community? Some major growth is going to take place in the next several years, but we also need to look at short-term issues over these years. We need to keep pressing the Board of Supervisors for participation on design issues here on the Coast, for representation on the Planning Commission, etc. If you are thinking that we don't want to be part of Half Moon Bay, consider that it would be a large community.

Kathryn Slater-Carter – Having looked at the problems in Pacifica, we must be very cognizant of the financial problems of incorporation. There was a study done just before the formation of the Mid-Coast Community Council, and it looked at three options. One of them was having a local Planning Commission. In Tuolumne County, they have three Planning Commissions, each of which is drawn from local community members for the areas where they have jurisdiction. Local control doesn't always give us what each one of us wants. Looking at the handout that Oscar Braun supplied, the future urban development for the Mid-Coast is given as 2678 dwelling units; but the local sanitary districts recently completed assessment districts where the total number of potential sewer connections was much higher than this.

Paul Perkovic – Reminded the audience that notes will be distributed via the MIDCOAST-L discussion list hosted at the MONTARA.COM Web site.

Martha Poyatos – Explained why the study area did not include the rural areas. Once rural lands are included within a city's jurisdiction, they are subject to development.

Leonard Woren – In reference to the claim that there would be lawsuits as in East Palo Alto, redevelopment agencies are more likely to generate lawsuits, and he doesn't think anyone is discussing redevelopment.

Adjourned at 12:05 pm.

[Disclaimer: These are preliminary, unreviewed notes taken in real-time by a Council member and participant. Although they attempt to be a neutral summary of points made by each speaker, they are neither a verbatim transcript nor official minutes. Additions, clarifications, and corrections from the community are welcomed. As with the previous notes, these notes will be made generally available via hard copy and electronically on the Montara Web Site and via the MIDCOAST-L@LISTS.MONTARA.COM community distribution list server, to enable the Council and the community to keep a relatively clear and complete written summary of the discussions. Complete videotapes of meetings are broadcast by MCTV, cable Channel 6, following each meeting, and archived copies of these tapes may also be available for review, if appropriate. My apologies to the grammarians for mixing voice; the first person sentences were more-or-less direct quotations of statements made by the speaker, the third person sentences were my summary of what was said. Where you find bracketed ellipses, such as [...], it indicates that the speaker said something that was lost in the notes.]