

# FACT SHEET ON INCORPORATION

VOLUME I, NO 1

EAST PALO ALTO, CALIFORNIA

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## GENERAL ISSUES

East Palo Alto is an unincorporated community receiving fragmentary city services from San Mateo County. It has ten special districts\* and a municipal council that is advisory to the County Board of Supervisors. The basic services are poor. The piecemeal approach to providing these services is commonly considered a major reason for their inferior quality and delivery, and is also a major reason the community exerts so little influence over final governmental decisions.

*\*The special districts are: Menlo Park Fire Protection District; East Palo Alto County Waterworks District #3; Ravenswood Recreation and Park District; Ravenswood Highway Lighting District; East Palo Alto Sanitary District; Menlo Park Sanitary District; and four flood control/drainage districts.*

**Incorporation** has been determined to be the best overall way to make East Palo Alto a better place to live, and this *Fact Sheet* is put together to provide you with some sound and practical information on what the **Incorporation** business is all about. Topics to be highlighted in this first issue are **The Incorporation Process; The Formation of the New City; Financing the New City; City Services; and The Benefits of Incorporation.** Subsequent monthly issues of the *Fact Sheet* will expand on each of these topics.

## THE INCORPORATION PROCESS

**Incorporation** is the process by which an unincorporated community becomes a city. With **incorporation**, the community elects its own city council and gains control over planning and services, land-use, and revenue acquisitions and expenditures.

### The Incorporation Application

Proceedings for the **incorporation** of a city are initiated by local residents who must file certain documents with a special county agency charged with that responsibility. In this area, the agency is called the San Mateo Local Agency Formation Commission (LAFCo). The three key documents to be filed with the LAFCo are: the Environmental Impact Report (EIR), which describes the potential environmental effects of starting a new city; an application, accompanied by a municipal or city plan and financial statement that describes the estimated revenues and expenditures of the new city; and a valid petition, which has been signed by at least five percent (5%) of the registered voters.

### The LAFCo Public Hearing

LAFCo convenes a public hearing on the EIR and, upon adoption, issues a Certificate of Filing for the **incorporation** application. It then holds a public hearing on the **incorporation** application to decide its position on the proposal to incorporate.

### The Board of Supervisors' Public Hearing

Following LAFCo approval, the San Mateo Board of Supervisors is petitioned to hold a public hearing on the **incorporation** application. At that time, the Board takes official action on the **incorporation** proposal, and once approved, the board sets an election date for the registered voters of East Palo Alto to decide whether to incorporate the community.

### The Election

November 3, 1981 is the projected date for the election on **incorporation**. With the approval of a simple majority of the participating registered voters, the new city would begin operation on July 1, 1982.

## THE NEW CITY

### Form of City Government

There are two types of cities in the State of California; one is a General Law City, the other a Charter City. Upon **incorporation**, East Palo Alto automatically becomes a General Law City. However, a Charter City may be formed from an existing General Law City by voter approval. The major difference between General Law and Charter Cities is that a Charter City generally has more flexibility in organizing city government and in exercising municipal powers.

A General Law City can be administered in one of three basic ways:

- (1) **Council-Manager City.** The city council hires a city manager who has broad administrative authority over the management of municipal affairs, and who is responsible for the appointment and dismissal of department heads. The city council likewise is empowered to fire a city manager.
- (2) **Council-Administrator.** Here again, the city council hires a city administrator who is responsible for the day-to-day operation of the city; however, the city council retains administrative authority over municipal affairs, including the hiring and firing of department heads and the city administrator.
- (3) **Mayor-Council.** The city council acts collectively in managing the affairs of the city.

The form of city government, the name of the new city, the city council, and other elected officials are decided by the registered voters, usually at the same time as the vote on **incorporation**.

### Boundaries of the New City

The boundaries of the new city are defined in the **incorporation** application submitted to LAFCo and finally approved during the public hearings held by the Board of Supervisors. The boundaries of the new city will probably include all of the present unincorporated area commonly known as County Service Area #5.

### Demography of the New City

East Palo Alto is a multi-racial suburban community located in the southeastern corner of San Mateo County. The 1970 census reported that approximately sixty-one percent (61%) of East Palo Alto's population is Black, twenty-seven percent (27%) is Caucasian non-Hispanic, seven percent (7%) is Hispanic including Mexican-American, and the remaining five percent (5%) consists of Oriental, Indo-Chinese, American Indian, South Sea Islanders, and other non-Caucasian.

Preliminary data from the 1980 census indicates that the population of East Palo Alto is approximately 18,000 persons.

Construction of the Bayshore Freeway in the mid-1950's resulted in the higher density, largely white apartment community West of the Bayshore and the predominantly single-family, Black population East of the Bayshore.

East Palo Alto has a relatively young population and also a distinctive population of single-parent families, seniors, and various ethnic minorities. These factors have important implications for municipal planning economic development, educational and recreational decision-making.

## FINANCING THE NEW CITY

"East Palo Alto is fiscally viable as an incorporated city." This is the conclusion of the Stanford Research Institute International (SRI) based upon an independent study of the projected revenues and expenditures for the new city.

### Revenues and Expenditures for the New City

#### Projected Expenditures (In 1979 Dollars)

SRI concluded that city expenditures during the first year of operation, 1982-83, would be approximately \$3,020,221, including \$500,000 initial start-up costs; in the second year, 1983-84, expenditures would be \$3,020,221; and in the third year, 1984-85, expenditures would be \$3,020,221.

#### Projected Revenues (In 1979 Dollars)

SRI concluded that city revenues during the first year of operation would be approximately \$3,098,300, including a one-time transfer of funds from San Mateo County in the amount of \$1,263,000; in the second year, revenues would be \$3,135,700; and in the third year, revenues would be \$3,234,500.

#### Projected Surplus (In 1979 Dollars)

Based upon this data, the new city would have a healthy financial surplus in the first year of approximately \$841,079, a second year surplus of \$115,479, and a third year surplus of \$214,279. The total surplus for the first three years, 1982-85, would be approximately \$1,170,837, and the new city would continue to remain

financially stable — this is a key fact in favor of **Incorporation**.

### Projected Revenue Sources

**It is emphasized** that the SRI revenue projections are based almost exclusively upon what East Palo Alto residents NOW pay in the form of taxes and fees and on what San Mateo County NOW receives in state allocations (known as subventions). These dollars are NOW received and spent by the county.

Therefore, there would be NO NEED to increase the cost of services to residents during the first three years, and NO NEED to increase costs in the future BEYOND WHAT THE COUNTY WOULD BE EXPECTED TO CHARGE.

The sources of revenue for the new city would include the following: property tax; sales tax; licenses and permits; fines and penalties; interest income; property transfer tax; cigarette tax; alcoholic beverage tax; vehicle-in-lieu tax; gas tax; general revenue sharing; A.B. 90; service charges and fees; and a one-time transfer of funds from San Mateo County to provide the new city with start-up and operational costs. Remember, these are taxes that East Palo Altoans NOW pay in different forms and which are NOW spent by the county.

SRI recommends a utility franchise tax that amounts to no more than eighteen dollars (\$18) per person annually, and also a business license tax. Both the utility franchise tax and the business license tax are optional and require approval by two-thirds of the participating registered voters.

## ANALYSIS OF THE FISCAL BURDEN OF INCORPORATION

Revenue Source	Annual Cost to Businesses Above Existing Costs	Annual Cost to Each Person Above Existing Costs
Property Tax	None	None
Sales Tax	None	None
*Business License Tax	\$47,000 Total	None
*Utility Franchise Tax & Service Charges & Fees	This cost is not presently charged by San Mateo County. The net effect will be a small cost to local businesses.	This cost is not now charged by San Mateo County. The net effect will be a cost not exceeding \$18 per person per year.
Licenses and Permits	None	None
Property Transfer Tax	None	None
Cigarette Tax	None	None
Vehicle In-Lieu Fees	None	None
Gasoline Tax	None	None

\*with 2/3 voter approval

### Property Taxes

Proposition 13 prohibits the raising of property tax rates without a two-thirds voter approval. However, as many new East Palo Alto homeowners have recently learned, the reassessment of property value by the San Mateo Assessor when property is sold, or even when major improvements are made, increases the dollar amount of taxes collected by the county.

In other words, **Incorporation** will have no direct effect on property taxes since *property values are set by the county and tax rates are controlled by a two-thirds majority of the registered voters*.

### Federal and State Grants

The SRI report does not include estimates of various state and federal grants for which the new city would be eligible because it is unsound financial planning to project revenues and expenditures on indeterminate income. However, the new city would certainly qualify for substantial support from these sources.

For example, some cities have had as much as twenty percent (20%) of the staff funded by CETA, and though specific grants

will be available and pursued by the new city, the SRI financial analysis does not consider CETA as a funding source.

### Economic Development

It is commonly known that East Palo Alto has substantial potential for economic development. An Overall Economic Development Plan has been prepared by the East Palo Alto Economic Development Council which is funded by the San Mateo Housing and Community Development Program and by the U.S. Department of Commerce, Economic Development Administration.

The economic development plan projects the following major developments in East Palo Alto during the 1980's: Ravenswood Industrial Park; Nairobi Shopping Center; East Palo Alto Marina; neighborhood commercial revitalization in various areas of the community to capture the more than fifty million dollars spent outside of the community by residents on basic goods and services; increased business ownership by local residents; prudent use of the lands that are available for development; and increased jobs and training opportunities.

## CITY SERVICES

This section provides general information on how **Incorporation** will affect the following municipal services: general government, police, fire protection, parks and recreation, planning, library, streets, sewage, drainage, water, animal control, garbage collection, civil defense, medical emergency and lighting.

### General Government Services

General government services include city administration, finance, legal affairs, and personnel. The current providers of these services are San Mateo County, the special service districts, and the East Palo Alto Municipal Council.

After **Incorporation**, general government services will be the responsibility of the new city government.

Revenues for general government services will come from the city general fund and federal and state grants.

**Incorporation** will allow for increased local control and political responsiveness of elected officials.

### Police Services

The current providers of police services are the San Mateo Sheriff's Department and the California Highway Patrol.

After **Incorporation**, police services will be the responsibility of the new city government which will hire all personnel and set policies governing police actions.

Funding for police services will come from the city general fund, permits, service fees and grants.

It is possible that the new city council will establish a Police Commission made up of local residents.

The potential for better law enforcement would be greatly increased with **Incorporation**.

### Fire Protection Service

The Menlo Park Fire District currently provides fire protection services to East Palo Alto, and would continue as the service provider after **Incorporation**.

Funding for fire protection services would continue from existing revenue sources after **Incorporation**.

**Incorporation** would have no direct effect on the level of fire protection since the new city would not be the service provider.

### Parks and Recreation

The current service providers are San Mateo County and the Ravenswood Recreation and Park District.

With voter approval, **Incorporation** would result in the dissolution of the Ravenswood Recreation and Park District and the creation of a Parks and Recreation Department in the city government.

If the new city takes over responsibility for parks and recreational services, funding would come from the general fund, user fees, and federal and state grants. If not, these services will continue to be funded from existing revenue sources and **Incorporation** would have no direct effect on the level of services since the new city would not be the service provider.

It is possible that the new city council will establish a Parks and Recreation Commission made up of local residents if it has responsibility for providing these services.

**Incorporation** could greatly increase the potential for better park maintenance and diversification of programs.

### Planning

Municipal planning includes the following basic services: general planning, zoning, code enforcement and building inspection. The current providers of these services are San Mateo County and the East Palo Alto Municipal Council.

After **Incorporation**, municipal planning will be the responsibility of the new city government.

Revenues for municipal planning will come from the city general fund, licenses and permits, and service charges and fees.

The new city council will appoint a Planning Commission made up of local residents as required by law.

**Incorporation** should greatly improve the potential for more responsible local planning and minimize the types of recent decisions by the San Mateo Planning Commission (e.g., Fiber Cycle and the West Park condominium conversions) that are of major concern to the residents of East Palo Alto.

### Library

San Mateo County would continue to operate the local library after **Incorporation** using existing revenue sources.

### Streets

The San Mateo Public Works Department is the current service provider for the maintenance, repair and improvement of streets in East Palo Alto.

After **Incorporation**, street maintenance will be the responsibility of the new city government. However, San Mateo County would retain responsibility for implementing the Capital Improvement Program projects now planned or under construction.

Funding for street management would come from gasoline tax, vehicle code fines, federal/state grants and the general fund.

**Incorporation** should greatly improve the potential for improved street management in East Palo Alto.

### Sanitation: Sewage

The current service providers are the East Palo Alto Sanitary District and the Menlo Park Sanitary District.

With voter approval, **Incorporation** would result in the dissolution of the East Palo Alto Sanitary District and the Menlo Park Sanitary District as presently formed, and the creation of a Public Works Department in the city government.

If the new city takes over responsibility for sanitation services, funding would come from the general fund and user fees. If not, these services will continue to be funded from existing revenue sources and **Incorporation** would have no direct effect on the level of services since the new city would not be the service provider.

It is possible that the new city council will establish a Sanitation Commission made up of local residents if it has responsibility for providing these services.

**Incorporation** could greatly improve the potential for better coordination and more cost-effective services in East Palo Alto.

### Sanitation: Drainage

Currently, there are four service providers: Ravenswood Slough Flood Control Zone; East Palo Alto Drainage Maintenance District; Palo Alto Gardens Drainage Maintenance District; and the San Francisquito Creek Flood Control Zone.

**Incorporation** would result in the dissolution of or transfer of authority for all of the county-administered flood control zones and drainage districts, which would be managed by the new city government.

The city council could establish a Sanitation Commission made up of local residents, as indicated above.

Drainage services would continue to be funded from existing revenue sources and benefit assessments paid by property owners.

### Water Supply

The East Palo Alto County Waterworks District #3 and private water companies are the current service providers.

**Incorporation** would result in the dissolution of the County Waterworks District #3 and the creation of a Water Division in the city Public Works Department.

Funding for this service would come from existing revenue sources, which are principally user fees.

### Animal Control

The Peninsula Humane Society, which is the current service provider, would continue to have responsibility for animal control after **Incorporation** based upon a contract with the new city.

Funding for this service would come from existing revenue sources.

### Garbage Collection

The current service provider is San Mateo County Service Area #5, which contracts with a private firm for garbage collection.

After **Incorporation**, garbage collection will be the responsibility of the new city government.

It is possible that the city council will continue to contract for this service.

Funding for garbage collection services would come from existing revenue sources, which are principally user fees.

### Civil Defense

The current service provider is San Mateo County.

After **Incorporation**, civil defense will be the responsibility of the new city government.

Funding for this service would come from the city general fund.

### Emergency Medical

The Menlo Park Fire District and San Mateo County, through a contract with Medevac, are the current service providers.

This service would not be affected by **Incorporation**, although the city government would be responsible for contracting for emergency medical services.

Funding would come from the city general fund and user fees.

### Lighting

The Ravenswood Highway Lighting District is the current service provider in East Palo Alto.

After **Incorporation**, these services would continue basically unaltered, with the possibility of expansion, and they would continue to be contracted by the new city government.

Funding would continue as a benefit assessment paid by property owners.

## THE BENEFITS OF INCORPORATION

*It is becoming increasingly clear that East Palo Alto does not receive adequate services from San Mateo County. There is no real possibility for change as long as East Palo Alto is unincorporated.*

*East Palo Alto possesses the human and material resources needed to build a great city. Ours is a promising future if we only dare to seize the opportunity. **Incorporation** is an idea whose time has come!*

*This first Fact Sheet on **Incorporation** discusses a number of important issues, from which one can reasonably conclude that there is a very strong case for the **Incorporation** of East Palo Alto. **Incorporation** will result in the election of our own City Council: more responsive local government committed to improving city services and creating opportunities for local participation in the process of charting the future of our beautiful community.*

*Municipal services in East Palo Alto are presently fragmented and, for the most part, are controlled by elected and appointed*

*officials who are not accountable to local residents. This fragmentation and overlapping of services is the direct result of not having an effective governmental structure to serve our needs.*

*No longer should East Palo Alto settle for choosing a single Supervisor from outside the community to represent us; we can elect our own City Council **and** the Supervisor.*

*No longer should East Palo Alto settle for fragmented, inadequate services; we can form a city that provides quality services based upon the principles of efficiency, economy and responsiveness.*

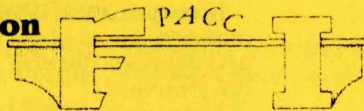
*No longer should East Palo Alto look to others for solutions to our local problems; we are fully capable of solving them ourselves.*

**Incorporation** is the only viable alternative . . .

- o a locally elected city council
- o local control of planning, land-use and programs
- o more responsive local government
- o improved city services
- o increased local participation and accountability

## DON'T HESITATE, INCORPORATE!

**East Palo Alto Citizens'  
Committee on Incorporation**  
Post Office Box 50624  
East Palo Alto, CA 94303



The *East Palo Alto Citizens' Committee on Incorporation*, known as **EPACCI**, was formed by the East Palo Alto Municipal Council on January 15, 1980 to coordinate the efforts to incorporate East Palo Alto. *EPACCI* meets each Tuesday evening from 7 p.m. till 9 p.m. in the Municipal Building located at 2415 University Avenue. All meetings are open to the public.

Membership in the *EPACCI* is open to all who desire that East Palo Alto become an incorporated city.

For more information, write to *EPACCI*, P.O. Box 50624, East Palo Alto, California 94303, or call (415) 327-5846.

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