

# **FINAL ENVIRONMENTAL IMPACT REPORT**

**FOR THE  
MENLO PARK/EAST PALO ALTO  
AND DISTRICTS  
SPHERE OF INFLUENCE STUDY**

**APRIL 1981**

**SAN MATEO LOCAL AGENCY FORMATION COMMISSION**



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AND DISTRICTS  
SPHERE OF INFLUENCE STUDY

SAN MATEO LOCAL AGENCY FORMATION COMMISSION

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Section A. INTRODUCTION



A. Introduction

The Final Environmental Impact Report consists of: (1) the Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study; (2) the comments of persons, organizations, and public agencies commenting on the Draft Environmental Impact Report; (3) the responses to the comments raised; (4) Appendix A, an additional analysis on fiscal issues; and (5) Appendix B, relevant correspondence.



Section B. DRAFT ENVIRONMENTAL IMPACT REPORT FOR THE MENLO  
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## 1. INTRODUCTION AND EXECUTIVE SUMMARY

### 1.1 FOCUSED EIR

An amendment to the California Environmental Quality Act of 1970 (CEQA) and the Guidelines for Implementation of CEQA, dated September 30, 1978, states that "The EIR (Environmental Impact Report) should discuss environmental effects in proportion to their severity and probability of occurrence." CEQA states, also, that effects that are "clearly insignificant and unlikely to occur" do not need to be discussed in the EIR. This is what is meant by the phrase "focused EIR" - an EIR should focus on the major and significant impacts. This is a focused EIR.

### 1.2 OVERVIEW OF THE REPORT

An environmental assessment meeting was conducted on March 3, 1980 for purposes of Initial Study. The results are shown in the Environmental Evaluation Checklist in Appendix A. It was determined by the Executive Officer of the San Mateo Local Agency Formation Commission (LAFCo) that the Sphere of Influence Study for the Menlo Park/East Palo Alto, East Palo Alto Sanitary District, Menlo Park Sanitary District, Menlo Park Fire Protection District, County Service Area #5, Ravenswood Recreation and Park District, and the East Palo Alto County Waterworks District may have a significant effect on the environment. Therefore, an Environmental Impact Report would be required.

This EIR focuses on the significant environmental impacts and local government fiscal impacts of several alternative organization structures for the unincorporated East Palo Alto area. The East Palo Alto area and its proximity to the region is shown on the map on page 3. This EIR further focuses on the potential impact of each alternative on the surrounding cities of Menlo Park and Palo Alto and each of the special districts serving the area. The four alternatives considered in the EIR are as follows:

- 1) Status Quo
- 2) Incorporation of East Palo Alto
- 3) Annexation of all or part to Menlo Park
- 4) Annexation of all or part to Palo Alto

This EIR evaluates the potential consequences of each one of the above alternatives. It identifies the environmental impacts of each alternative with regards to the study area and area residents. It describes the possible benefits and detriments of each alternative within a governmental, municipal service, environmental, social, economic, and geographic framework. It establishes the relationship between the achievement of short-term and long-term environmental goals. It proposes mitigation measures to minimize the significant effects of the project. It identifies significant unavoidable adverse impacts associated with the project, the adoption of a sphere of influence designation for the study area, and the implementation of the recommendation contained therein.





The EIR evaluates the fiscal impact of each alternative or affected governmental agencies. The effects of Proposition 13, Proposition 4, and Assembly Bill 8 are identified and discussed where appropriate. Whenever possible in this EIR, data and analysis are utilized from the "East Palo Alto Fiscal Analysis" prepared for the Association of Bay Area Governments (ABAG) in cooperation with the County of San Mateo and the East Palo Alto Municipal Council by Angus-McDonald and Associates, Inc. in association with John Warren and Associates, (hereinafter referred to as the Fiscal Analysis). The entire Fiscal Analysis is hereby incorporated by reference in the EIR.

LAFCo staff, in preparing the EIR, recognizes that the County of San Mateo Planning Division is in the process of preparing an East Palo Alto Community Plan and related Environmental Impact Report. Both are scheduled for completion in late 1980, although recent delays make this deadline seem tentative. Nonetheless, whenever possible, so as to eliminate duplication, LAFCo staff will utilize data generated for the East Palo Alto Community Plan and EIR. Furthermore, it should be noted that any data gathered or analysis performed by LAFCo staff in completing this EIR will be available at all times to the County's Planning staff.

Staff further recognizes that the East Palo Alto Community Plan, when complete, will provide the basis for future planning decisions for the area under any of the alternatives considered in the Sphere of Influence Study. The East Palo Alto area is mostly urbanized and, as such, equivalent levels of service would be required under each alternative. Land use policies will vary

little from those set forth in the Community Plan, whichever sphere of influence is adopted by LAFCo. The Plan, after review and acceptance by the local community, should guide the physical development of East Palo Alto, regardless of the governmental structure that is eventually decided upon by LAFCo and the community.

### 1.3 THE SPHERE OF INFLUENCE PROGRAM

In January 1975, the California Supreme Court, in adjudicating the "Bozung Case" involving a proposed annexation in Ventura County, held that LAFCOs are subject to the terms of the 1970 California Environmental Quality Act (CEQA).

The Knox-Nisbet Act (Government Code Section 54774) includes the following: "Among the purposes of a Local Agency Formation Commission are the discouragement of urban sprawl and the encouragement of the orderly formation and development of local governmental agencies based upon local conditions and circumstances. One of the objects of the Local Agency Formation Commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local governmental agencies so as to advantageously provide for the present and future needs of each county and its communities." ...

"In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advanta-

geously provide for the present and future needs of the county and its communities, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. As used in this study, 'sphere of influence' means a plan for the probable ultimate physical boundaries and service area of a local governmental agency. Among the factors considered in determining the sphere of influence of each local governmental agency, the Commission shall consider:

- "a. The maximum possible service area of the agency based upon present and possible service capabilities of the agency.
- "b. The range of services the agency is providing or could provide.
- "c. The projected future growth of the area.
- "d. The type of development occurring or planned for the area, including, but not limited to, residential, commercial, and industrial development.
- "e. The present and probable future service needs of the area.
- "f. Local governmental agencies presently providing services to such area and the present level, range and adequacy of services provided by such existing local governmental agencies.
- "g. The existence of social and economic interdependence and interaction between the area within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency's sphere of influence.
- "h. The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence

and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency."

A copy of the Commission's adopted "General Policies and Criteria For the Development and Determination of Spheres of Influence" are included in this report as Appendix B. These policies and criteria will provide the basis for assigning a sphere of influence to the area under study.

#### 1.4 LIMITS OF THIS EIR

When considering the logical range of possible options for assigning a sphere of influence to the unincorporated area under study, one obvious alternative that cannot be overlooked is Annexation of all or part to Palo Alto. However, it should be noted that San Mateo LAFCo has no legal authority to make such an assignment. The Knox-Nisbet Act, Government Code Section 54780, created a LAFCo in each county in California, except the City and County of San Francisco. However, each LAFCo's jurisdiction, is limited to areas within that County boundary.

If San Mateo LAFCo decides that annexation of all or part of East Palo Alto to Palo Alto is the appropriate assignment, it would be necessary to change the San Mateo and Santa Clara County boundary line. This procedure is explained in Appendix C. Santa Clara LAFCo would then consider the assignment of East



Palo Alto to Palo Alto's sphere of influence and take subsequent action. The action taken by San Mateo LAFCo is purely advisory and Santa Clara LAFCo may or may not implement this recommendation. However, if this alternative is the one adopted by San Mateo LAFCo, the Commission could request a joint study with Santa Clara LAFCo.

### 1.5 EXECUTIVE SUMMARY

The assignment of a sphere of influence to the East Palo Alto community has been given high priority by the members of the San Mateo Local Agency Formation Commission. East Palo Alto is an unincorporated area of approximately 2.6 square miles located in the southeast corner of San Mateo County between Menlo Park and Palo Alto. Since 1967, East Palo Alto has been represented by a Municipal Advisory Council. The community receives public services from a variety of special districts and various departments of the San Mateo County government.

This EIR is required under the provisions of CEQA for the proposed project: A Sphere of Influence Study for Menlo Park/East Palo Alto and affected Districts. The sphere of influence will consider four alternative forms of organization for East Palo Alto. These are as follows:

- 1) Status Quo
- 2) Incorporation of East Palo Alto
- 3) Annexation of all or part to Menlo Park
- 4) Annexation of all or part to Palo Alto

The significant environmental impacts that would be affected under each of the four alternative forms of organization to be considered in the sphere of influence study are summarized in the following several pages. Whenever possible, mitigation measures have been included also.

1) Status Quo

Under this organizational alternative the population of East Palo Alto will continue to be isolated from neighboring communities. The already "tight" new, used and rental housing market will continue, unless housing rehabilitation and new housing are encouraged. Transportation and circulation problems will also continue and probable Dumbarton Bridge connections may further divide the community.

Under this alternative from a public service standpoint the eight special districts and the County of San Mateo would continue to provide services. In most cases an adequate level of service would be provided; however, a continued high crime rate and high rate of fires and medical emergencies would serve to offset higher service levels. A possible mitigation measure is the possibility of contracting with neighboring jurisdictions for certain specific services. Capital improvements would still be needed in the areas of roads, water lines and sewer lines.

A review of existing costs and revenues for public services to East Palo Alto reveals a deficit of approximately \$886,000 per year.

This deficit can be expected to increase. The clearest case of a revenue subsidy was for police services. Again, possible economies might be found by contracting with neighboring jurisdictions.

The aesthetics of East Palo Alto would be changed under this alternative and recreation service would probably continue to be substandard, unless an alternative service provider can be found. The alternative could have a short-term advantage because problems in East Palo Alto could continue to be ignored; however, this would be to the definite disadvantage of long-term environmental goals.

## 2) Incorporation

Under this organizational alternative, incorporation of East Palo Alto will be considered assuming three boundary alternatives: 1) County Service Area #5; 2) Detachment of south of Willow Road and subsequent annexation to the new city of East Palo Alto; and 3) Incorporation of East Palo Alto without the West of Bayshore Freeway area.

The impact on demographic characteristics of East Palo Alto's population would be severe if incorporation were to occur under any of the three boundary alternatives. To enhance its tax base, the incorporated community would probably favor commercial and industrial development over residential, thereby doing little to

relieve the "tight" housing market and the serious jobs/housing imbalance in the Mid-Peninsula. Transportation and circulation problems would continue and probable Dumbarton Bridge connections could cause serious traffic related problems in East Palo Alto.

The Fiscal Analysis provides the basis for two types of city. The Alternative A city provides a minimum level of service where only legally required services are provided and most of the special districts would remain in existence. The Alternative B city would be responsible for a broader range of services. Under the Alternative A city, significant impacts would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection
- o Police Services
- o Streets

Under the Alternative B city, significant impacts would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection
- o Police Services
- o Sanitary Sewers
- o Water supply
- o Drainage
- o Local Parks and Recreation
- o Garbage Collection
- o Street Lighting



Various mitigation measures are suggested to minimize the significant impact of incorporation on these public services.

A comparison of the estimated annual cost of providing public services to East Palo Alto under the Alternative A and Alternative B cities, and the existing situation reveals that no substantial cost savings can be achieved through incorporation. In fact, Alternative A might be somewhat more costly than the present situation. A key conclusion of the revenue projections contained in the Fiscal Analysis was that East Palo Alto, under either incorporation alternative, could expect an increase in its revenue base over the projected five year period, 1980 through 1985. However, a substantial revenue short-fall is indicated under either alternative. In addition, revenue projections include new special taxes which would require voter approval, without which the projected deficits would generally double. Mitigation measures include lower service levels and an overall enhancement of the tax base in the community.

The fiscal impact of incorporation without the West of Bayshore Freeway area is significant. Fully 22 percent of total revenue 40 percent of sales tax revenue and 30 percent of property tax revenue from East Palo Alto is generated from this area. Incorporation without these revenues would be considerably less feasible.

The impact on the aesthetics of the East Palo Alto community under this alternative would also be significant because of a significant reduction in revenues and increased subsidies. The impact on

recreation services under the Alternative B city could only be a beneficial one.

The revenue short-fall shows incorporation to be infeasible at present. Therefore, although incorporation has limited short-term benefits, it has the potential to cause substantial adverse effects on human beings.

### 3) Annexation of All or Part of Menlo Park

Under this organizational alternative if only the West of Bayshore Freeway area were annexed to Menlo Park the impact on the remaining area would be significant. The East of Bayshore Freeway area has demographic characteristics that would become even more atypical if only the West of Bayshore were annexed to Menlo Park. Menlo Park, on the other hand, could achieve greater economies of scale by adding population.

Annexation of East Palo Alto to Menlo Park could serve to help relieve the jobs/housing imbalance in the Mid-Peninsula. Transportation and circulation problems could benefit from a more coordinated approach by Menlo Park.

Under this organizational alternative significant impacts on public services would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection
- o Police Services

- o Sanitary Sewers
- o Water Supply
- o Local Parks and Recreation
- o Garbage Collection
- o Street Lighting

Various mitigation measures are suggested to minimize the significant impact of annexation to Menlo Park on these public services.

The fiscal feasibility of Menlo Park annexing East Palo Alto depends entirely on the economies of scale that the larger city might achieve. Menlo Park has a relatively healthy and adequate tax base, supported by high property values and a high level of retail sales. Although the new City of Menlo Park's per capita revenue would decline, because of economies of scale East Palo Alto should produce adequate revenue to cover additional service costs to Menlo Park.

The aesthetics of the East Palo Alto community could benefit from the attention of a mature and experienced city. In addition, Menlo Park's recreation program is a good one and could be extended to East Palo Alto to adequately serve community needs. Short-term advantages would be achieved, but not at the expense of long-term environmental goals.

#### 4) Annexation of All or Part to Palo Alto

Under this organizational alternative the impact on population characteristics would be significant. As is the case with annexation to Menlo Park, annexation to Palo Alto could serve to help relieve the severe jobs/housing imbalance in the Mid-Peninsula. Also, circulation and transportation problems in the area could benefit from a more coordinated approach by Palo Alto.

Under this organizational alternative significant impacts on public services would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection
- o Police Services
- o Streets
- o Sanitary Sewers
- o Water Supply
- o Drainage
- o Fire Protection
- o Local Parks and Recreation
- o Library
- o Animal Control
- o Garbage Collection
- o Street Lighting
- o Civil Defense
- o Emergency Medical Services
- o Public Utilities



Various mitigation measures are suggested to minimize the significant impacts of annexation to Palo Alto on these public services. The County of Santa Clara would also be impacted by having to extend certain services, now provided by San Mateo County.

Again, the fiscal feasibility of Palo Alto annexing East Palo Alto depends on the economies of scale that the larger city might achieve. Palo Alto has a healthy and adequate tax base. If East Palo Alto were annexed to Palo Alto, per capita revenues would decrease and per capita expenditures would increase. However, a substantial per capita cost savings could be realized in at least one important area, police services.

There would be a significant impact on utilities if this organizational alternative were recommended by staff in the sphere of influence study and adopted by the Formation Commission. This is because Palo Alto operates its own gas and electric utility and sells to consumers at a lower rate than PG & E.

The aesthetics of the East Palo Alto community could benefit from the attention of a mature and experienced city, such as Palo Alto. In addition, Palo Alto's recreation program is active and progressive and could be extended to East Palo Alto to adequately serve community needs. If annexation to Palo Alto is recommended and approved, short-term advantages would be achieved, but not at the expense of long-term environmental goals.

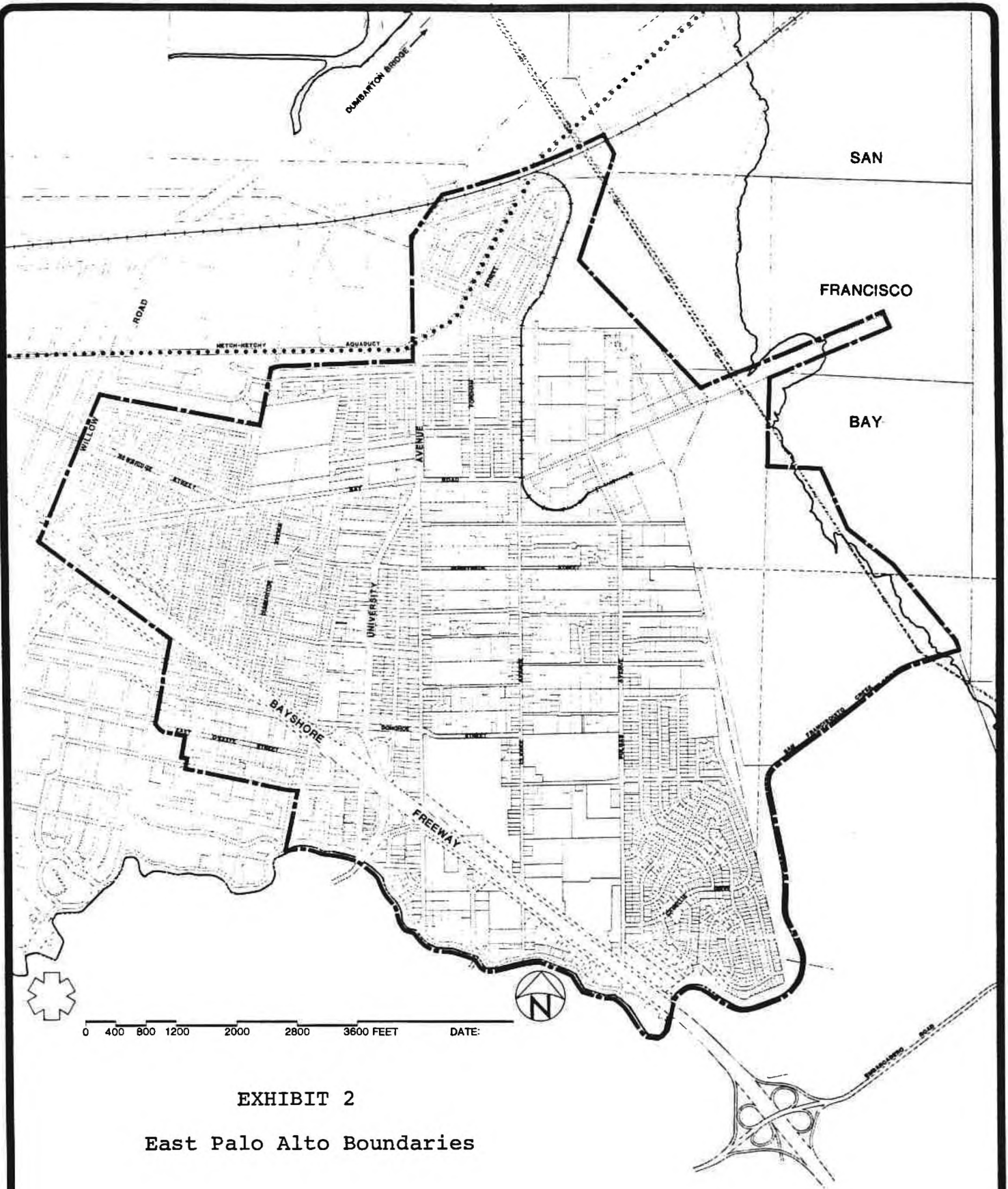
## 2. DESCRIPTION OF THE PROJECT

The "project" under consideration is a sphere of influence study to be performed by the staff of the San Mateo Local Agency Formation Commission for Menlo Park/East Palo Alto and affected districts. The primary consideration in the sphere of influence study is the assignment of an unincorporated area between Menlo Park, Palo Alto and the San Francisco Bay known as East Palo Alto. East Palo Alto has been assigned to a "holding sphere of influence" by LAFCo. A map of the East Palo Alto area appears on the next page. The sphere of influence report will recommend a form of government for the East Palo Alto area selected from four primary alternatives identified in Section I.

LAFCo staff recognizes that there are other unincorporated areas within the community of interest of the project. These areas include University Heights, Menlo Oaks, the "Hill", and the Stanford Lands south of Menlo Park. However, assignment of these unincorporated areas to a sphere of influence does not, in staff's opinion, represent a significant impact on the environment. Assignment of these areas would most probably qualify for a Negative Declaration. A separate environment assessment of these areas will be made before a sphere of influence is adopted by the Commission.

### 2.1 LOCATION AND BOUNDARIES

The sphere of influence study will consider the following areas for assignment: The existing corporate boundaries of the City



## EXHIBIT 2

### East Palo Alto Boundaries

**EAST PALO ALTO COMMUNITY PLANNING PROGRAM**  
 PLANNING AND DEVELOPMENT DIVISION · DEPARTMENT OF ENVIRONMENTAL MANAGEMENT · COUNTY OF SAN MATEO · CALIFORNIA

of Menlo Park and those unincorporated islands and other areas contiguous to Menlo Park including University Heights, Stanford Lands, the unincorporated East Palo Alto area, the boundaries of which are generally defined as being coterminous with County Service Area No. 5, and the boundaries of the special districts listed in Section I, as they overlap the study area.

## 2.2 HISTORY AND GENERAL DESCRIPTION

East Palo Alto is a multi-racial, low income suburban community located in the southeast corner of San Mateo County. The name of "East Palo Alto" was decided upon in a 1925 election as a compromise by the two rival communities of Ravenswood and Runnymede. About 1000 persons lived in the area at that time. In 1933, the 4-lane Bayshore Highway was constructed along the western side of East Palo Alto, but with the low traffic volumes of the time, it did not become a significant barrier until later. The depression and war years retarded further growth in East Palo Alto, but the 50's brought the Palo Alto Gardens and University Village subdivisions. From 2000 persons in 1940 to 8000 in 1950, East Palo Alto reached about 20,000 by 1960. The 1970 census for the area indicated a population of 17,837. Preliminary 1980 Census figures reveal a further decline in population,

The area known as East Palo Alto is coterminous with the boundaries of County Service Area No. 5 (see map page 18 ), and is the remaining unincorporated area in this portion of San Mateo County following the annexations of Belle Haven (1948) and Kavanaugh Industrial Park (1960) by the City of Menlo Park and the detachment of a portion of Cooley's Landing from Menlo Park (1976).



Control of local government services has long been an issue. During the 1960's, public services were fragmented among numerous special districts and the County of San Mateo. Citizens felt extremely alienated from the political process intended to serve them. Annexations by surrounding cities reduced East Palo Alto's territory, thus reducing opportunities for growth, economic development, and expansion of the tax base.

Based on the recommendation of the LAFCo Executive Officer, the San Mateo County Board of Supervisors authorized the formation of a Municipal Advisory Council (MAC) in East Palo Alto on July 5, 1967. The Council's five members are elected at large with each Council member residing in one of five districts. The intent of the East Palo Alto Municipal Advisory Council is to advise the Board of Supervisors on matters concerning East Palo Alto and give the local citizens a sense of political involvement. This situation was unique in California until the passage of a State law in 1971 that provided for the establishment of MAC's in unincorporated areas (Government Code Section 31010).

East Palo Alto receives municipal services primarily from eight special districts and various departments of the San Mateo County government. The level of service provided by these agencies is generally equivalent to other urban areas in San Mateo County. In some cases, the level of service is higher because of specific problems in East Palo Alto, such as high crime rate, relatively high rate of fires and medical emergencies, and high dog population. Many roads and drainage systems are difficult to maintain and are presently in substandard condition.

### 2.3 OBJECTIVES OF THE PROJECT

Once established, a sphere of influence shall by definition be a declaration of policy which shall be a primary guide to LAFCo in the determination of any proposal concerning incorporated cities or special districts and territory adjacent thereto. It is the intent of LAFCo to support the viability of local governmental agencies providing essential services. Local agencies should be so constituted and organized as to best provide for the economic and social needs of the county and its communities, efficient governmental services for orderly land use development, and controls required to conserve environmental resources. It is the intent of San Mateo LAFCo that its sphere of influence studies serve as a master plan for the future organization of local government within this metropolitan county.

### 2.4 TECHNICAL CHARACTERISTICS OF THE PROJECT

It is anticipated that a reorganization proposal or proposals will result from the assignment to a sphere of influence of the East Palo Alto area. Initiation of a reorganization application to implement any of the alternatives discussed in this EIR (except status quo) may be by petition of either registered voters or property owners, or by resolution of application of an affected agency, i.e., city, county or special district.

In the event of written protest subsequent to LAFCo approval of a reorganization (not including incorporation), the proposal may either be approved, denied, or submitted to voter approval. In-

corporation proceedings are always subject to voter approval. Specific procedures to implement the various alternatives discussed in this EIR will be detailed in an appendix to the sphere of influence study.

## 2.5 ENVIRONMENTAL CHARACTERISTICS OF THE PROJECT AREA

The Menlo Park/East Palo Alto area includes a very sizeable area of bay waters, salt ponds and marshlands. The majority of the area under study is predominantly urbanized and surrounded by other urbanized areas, with the San Francisco Bay to the east. The major vacant areas are currently proposed for industrial uses near the bay. However, the actual land use designations for East Palo Alto will not be decided upon until the Community Plan is adopted late in 1980.

The study area is traversed by the Bayshore Freeway, which divides east and west Menlo Park and east and west East Palo Alto, and east and west Palo Alto. El Camino Real runs approximately north/south through Menlo Park and Palo Alto. The Dumbarton Bridge (Highway 84) enters and exits San Mateo County along Willow Road between Menlo Park and East Palo Alto. Alternative connections for the new Dumbarton Bridge are currently the object of much controversy in the area.

San Francisquito Creek provides the southern most boundary between San Mateo County and Santa Clara County. The creek is

also coterminous with the southern Menlo Park and East Palo Alto and the northern Palo Alto boundaries. Bay Road traverses Menlo Park and East Palo Alto between Atherton and Cooley Landing in East Palo Alto. Middlefield Road parallels El Camino Real through Menlo Park from Redwood City to Palo Alto. Appendix D provides a comprehensive description of the environmental characteristics of the project area.

## 2.6 FOCUS OF THE ENVIRONMENTAL IMPACT REPORT

According to the guidelines set down by the California Environmental Quality Act of 1970, "the degree of specificity required in an EIR will correspond to the degree of specificity required in the underlying activity". The underlying activity which this EIR addresses is general in nature - that is, a rule-making action. Thus, the degree of specificity in the EIR will also be general in nature.

## 2.7 AREAS OF ENVIRONMENTAL SIGNIFICANCE

Appropriately, as shown in the Initial Study in Appendix A, the following environmental elements are the focus of this EIR:

- o Population
- o Housing
- o Transportation/Circulation
- o Public Services
- o Fiscal Effects
- o Utilities
- o Aesthetics
- o Recreation
- o Mandatory Findings of Significance

## 2.8 AREAS OF ENVIRONMENTAL INSIGNIFICANCE

Furthermore, as shown in the Initial Study in Appendix A, the following environmental elements are not the focus of this EIR.

- o Earth
- o Air
- o Water
- o Plant Life
- o Animal Life
- o Noise
- o Light and Glare
- o Land Use
- o Natural Resources
- o Risk of Upset
- o Energy
- o Human Health
- o Archeological/Historical



### 3. BASE CONDITIONS

This section will outline the Base Conditions for the area under consideration for assignment of a sphere of influence. The Base Conditions will set forth a framework of existing and planned land use, as well as population characteristics for Menlo Park, East Palo Alto and Palo Alto.

#### 3.1 MENLO PARK BASE CONDITIONS

##### 3.1.1 MENLO PARK EXISTING LAND USE

The total incorporated area of the City consists of 19 square miles, which includes a very sizeable area of bay waters, salt ponds and marshlands. The actual urbanized section of Menlo Park consists of six square miles, and the majority of the City is developed. The major vacant land areas are in the industrial district near the Bay, and in the residential districts in the Sharon Heights area of the City. One further identifiable area, encompassing a large amount of undeveloped acreage, is St. Patrick's Seminary. Also the "Hill" area has a large amount of undeveloped acreage.

Adjacent to the southwest portion of the City there is a large, unincorporated, wedge-shaped residential section referred to as University Heights, which separates the Sharon Heights area from the rest of the City. In addition, smaller unincorporated parcels are distributed around the perimeter of the City. Menlo Park has had a long-standing policy to annex these areas for the purpose of unifying the City. Appropriately, these

islands were approved for annexation to Menlo Park by the Formation Commission in May of 1980 and were approved by the Board of Supervisors in August of 1980.

The predominant land use in Menlo Park is residential with approximately 1,550 acres designated for this use. This amounts to about 40 percent of the urbanized city. Approximately 85 percent of the residential land is occupied by single-family homes. Most of the single family residential districts were built between 1940 and 1960. The following table shows housing distribution by type of structure for Menlo Park.

TABLE 1  
HOUSING DISTRIBUTION BY TYPE OF STRUCTURE, 1960 and 1970

<u>Type of Structure</u>	<u>1960</u>		<u>1970</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
1 Unit	5902	67.2	6458	62.4
2 or More Units	2876	32.8	3880	37.5
Trailers or Boats	-	-	7	0.1
Total	8778	100.0	10345	100.0

Source: U. S. Bureau of the Census, 1960 and 1970

Housing starts in San Mateo County are slowing, and few, if any, rental housing units are being built. This is the case in Menlo Park, where overall vacancy rates are extremely low and the price of housing, both new and existing, is rising rapidly. Moderate-

income families have a difficult time finding housing in Menlo Park which they can afford. The housing problem is further compounded by a severe jobs/housing imbalance in Menlo Park and the entire Mid-Peninsula. The imbalance between housing price and household income can have a significant impact upon the ability of employers to recruit and retain employees. A good part of the labor pool is comprised of workers whose incomes are inadequate to obtain housing within reasonable distances of available jobs.

There are 99.6 acres of land devoted exclusively to commercial and retail uses within the city limits of Menlo Park. The major commercial districts are in a compact area centering around Santa Cruz Avenue, and in a strip along both sides of El Camino Real. Additional strip commercial development is along parts of Willow Road and several neighborhood centers are scattered throughout the City.

Presently there are 326.8 acres designated for professional-administrative uses and 76 percent of these acres are developed. A limited expansion of this land use could take place in specially selected areas.

A park-like development approach has been used in the industrial districts, which for the most part are located between the Bayshore Freeway and San Francisco Bay. These districts have the largest amount of land available for development. In 1973

there were 540 acres designated for industrial use and about 330 acres are developed, mainly with manufacturing concerns, warehousing and distributive uses.

### 3.1.2 MENLO PARK PLANNED LAND USE AND PLANNING PROGRAMS

Menlo Park's 1974 Comprehensive Plan was used by LAFCo staff as a basis for determining planned land use and planning programs. Sections III and IV of the plan, "Towards 2000" and "Plan Effectuation," were specifically consulted for establishing the framework for this Base Condition.

The future use of the St. Patrick's Seminary property must be looked at when considering planned land use. The property is currently zoned for residential development. In addition, the possible future availability of the Veterans Administration property requires similar consideration. The future of the Stanford lands is also of great importance and concern to the City of Menlo Park. The City has proposed a policy encouraging Stanford to retain these lands in open space to the greatest possible extent. Lands within the City's Sphere of Influence, which in the 1966 General Plan were indicated for professional offices, are now recommended to be considered as an "Urban Reserve."

Only a small portion of the Stanford lands adjacent to Menlo Park is within the City's Sphere of Influence boundaries, as determined by the Local Agency Formation Commission in 1968.

The Comprehensive Plan states that "the LAFCO Sphere of Influence decision does not appear to provide for logical, ultimate municipal boundaries, as even a cursory examination of these boundaries indicates a lack of cohesiveness to the several communities involved."

The Plan further indicates that "the City should petition LAFCO to change Menlo Park's Sphere of Influence boundaries to form a more rational ultimate boundary pattern." This city policy will be taken into consideration by LAFCO staff in the current sphere of influence study.

In 1970, a proposed development plan for the Downtown area was prepared by planning consultants. The City and a Downtown Committee, composed of businessmen and concerned citizens, worked with the consultants on detailed physical and financial studies on which a proposed action program was based. The development plan was reviewed by the City Planning Commission; however, no official action was taken at that time by either the Planning Commission or City Council. It was not until 1976 that redevelopment and revitalization of the downtown area finally got underway. The project is now substantially complete.

The Comprehensive Plan notes that, goals pertaining to the "growth" issue appear to be basically the same as those in the 1966 Plan." At that time the Plan Review Committee proposed that:



(1) population growth should be at a moderate and determined rate with a better distribution of racial and income characteristics; and  
(2) geographic expansion should incorporate existing unincorporated pockets and areas within the City's Sphere of Influence.

The major differences between the 1966 Plan and the 1974 Plan are that the East Palo Alto community is not considered by Menlo Park for future annexation. This is because of the formation of the Municipal Council in 1967. The presently acceptable growth rate and holding capacities as indicated in this Comprehensive Plan are considerably lower than previously provided for in the earlier General Plan.

#### 3.1.3 MENLO PARK POPULATION

The U.S. Census of 1970 reported that a total of 26,734 persons resided within the corporate limits of the City of Menlo Park. The City, as presently incorporated, were it to develop to the maximum allowed under the zoning, as shown in the Comprehensive Plan as of January 1974, had a holding capacity of about 37,200 persons. This increase of about 40 percent (27,000 to 37,000) could be considered as moderate growth in population since it is anticipated to occur over a twenty-five-year period. The holding capacity of the City, plus areas presently contiguous but outside the City boundaries, under various conditions, are shown in Table 2.

TABLE 2  
PLANNING AREA HOLDING CAPACITY

	EXISTING POPULATION		MAXIMUM POTENTIAL HOLDING CAPACITY	
	1970 Census	Previous Zoning Prior to January 1974 <sup>2</sup>	As per 1966 General Plan	Current Zoning as of January 1974
City as Presently Incorporated	26,734	43,000	43,200	37,200
City and Areas in Official Sphere of Influence	34,500	58,500	56,000	52,500
City and All Unincorporated Areas in Environs <sup>3</sup>	53,500	105,000	81,000	99,000

<sup>1</sup>As zoned by City of Menlo Park prior to the zoning amendment to multi-family districts in January, 1974, and as zoned by San Mateo County.

<sup>2</sup>As currently zoned by City of Menlo Park and/or San Mateo County.

<sup>3</sup>Includes East Palo Alto and Ladera

Source: Menlo Park Comprehensive Plan, Toward 2000

If the lands within the Sphere of Influence of Menlo Park as assigned by LAFCo in 1968, were annexed to the City, the population would increase from 27,000 to approximately 34,500, or about 30 percent. It should be noted that this does not include East Palo Alto which was placed in a "holding sphere" by LAFCo.

The holding capacity of the City would also increase. Under the previous City zoning, and County's existing zoning, the holding capacity would have been 58,500 persons, and as per the City's 1966 General Plan, about 56,000 persons. These figures indicate an increase of more than 110 percent over the 1970 U.S. Census base figure. The Comprehensive Plan notes however, that "if the areas within the official Sphere of Influence could be annexed it would offer the City the alternative to curb this increase by reducing the holding capacity from the existing County zoning." Furthermore, the Plan notes that "this reduction of holding capacity would lessen the potential negative impact of increased traffic volume and congestion, and the demand for increased municipal services."

Annexation of all unincorporated areas in the City's environs (including East Palo Alto) would increase the City's population, as per the 1970 U.S. Census, to 53,500 persons. The holding capacity under the existing County zoning would be about 105,000 and about 81,000 as per the City's 1966 General Plan.

The size and change in composition of the population of the City over the years occurred from a combination of new development, migration, annexation, change in family size, and natural increase. The City had its greatest percentage change (317%)

between 1940 and 1950, and its greatest numerical change (13,370) between 1950 and 1960, a period coinciding with the postwar increase of fertility rates throughout the nation and expansion of employment opportunities in the Bay Area. Since 1960, Menlo Park's population appears to have stabilized in numbers, which can be attributed to the relative lack of available vacant land for residential development and the nationwide trend of low fertility and birth rates. Preliminary 1980 Census figures, however, indicate a slight decline in Menlo Park's population.

The population of Menlo Park, according to the 1970 Census, was approximately 80.1 percent white and 19.9 percent non-white. Adjacent communities recorded the following percentages of non-whites: Redwood City, 3.9 percent; Palo Alto, 7.3 percent; Los Altos, 2.6 percent; Portola Valley, 1 percent; Atherton, 2 percent; Mountain View, 7.8 percent; Sunnyvale, 5.4 percent. This indicates that Menlo Park with 19.9 percent non-white population, contained a higher proportion of racial minorities than any of the neighboring communities in the Mid-Peninsula.

In the 1970 Census 41.1 percent of the total Menlo Park labor force engaged in professional, technical or management type employment. Two percent were classified as laborers. The remaining 56.9 percent of employed persons were skilled or semi-skilled workers.

The medium family income in Menlo Park in 1969 was \$13,538, The San Mateo County medium was \$13,222. Highest medium income

was in the Sharon Heights area (\$24,799) and the lowest in the Belle Haven area (\$7,656). Table 3, below gives a detailed breakdown of Menlo Park family income in 1969. The total number of families involved was 6,924.

TABLE 3  
1969 INCOME OF FAMILIES IN MENLO PARK

<u>Income (\$)</u>			<u>Families</u>
1	-	4,999	771
5		7,999	863
8		9,999	682
10		11,999	684
12		14,999	901
15		24,999	1,927
25		49,999	888
50,000 and Over			208

Source: U.S. Bureau of the Census, 1970

### 3.2 EAST PALO ALTO BASE CONDITIONS

#### 3.2.1 EAST PALO ALTO EXISTING LAND USE

The East Palo Alto Community Plan, as previously mentioned, is still in its formative stages and is not expected to be complete until late 1980. LAFCo staff, however, has received various working papers from the County Planning Division. These will be used as a basis for discussion in this section although final land use policies will not be determined until the Community Plan is adopted. East Palo Alto's existing land use by zoning category as of July 1980, is shown in Table 4, on the following page.



TABLE 4  
EAST PALO ALTO ZONING SUMMARY

	ACRES	PERCENT
"R-1" (One-Family Residential) Districts	726	43.6
"R-2" (Two-Family Residential) Districts	11	0.7
"R-3" (Multiple-Family Residential) Districts	101	6.1
TOTAL RESIDENTIAL	838	50.3
"O" (Office) Districts	5	0.3
"C-1" (Neighborhood Business) Districts	38	2.3
"C-Z" (General Commercial) Districts	16	1.0
"H-1" (Limited Highway Frontage) Districts	15	0.9
TOTAL COMMERCIAL	74	4.4
"M-1" (Light Industrial) Districts	98	5.9
"M-Z" (Heavy Industrial) Districts	45	2.7
TOTAL INDUSTRIAL	143	8.6
"A-1" (Agricultural) Districts	37	2.2
"A-3" (Floricultural) Districts	32	2.0
TOTAL AGRICULTURAL	69	4.2
"R-M" (Resource Management) District	234	14.0
TOTAL ZONED AREAS	1358	81.5
OTHER AREAS (Primarily Rights-of-Way)	309	18.5
TOTAL AREA	1667	100.0

Source: San Mateo County  
Department of Environmental  
Management  
Planning Division  
July 1980

The East Palo Alto Community consists of approximately 2.6 square miles. The area is about 50 percent residential with commercial and industrial acreage comprising 4.4 percent and 8.6 percent, respectively. Areas within the community display a variety of district characteristics. The Nairobi Center includes East Palo Alto's central business district (CBD), government center and many close-in residences. The CBD is located in the heart of the community at the intersection of two major cross-town streets and is accessible from all parts of the community. Many of the problems associated with the community are focused in this area.

From an economic standpoint, the Ravenswood Industrial Park area represents an important part of the community. This large industrial area has fairly distinct boundaries physically separating it from nearby residential neighborhoods. After completion of the Bay Road improvements, access to the area will be improved. However, alternate connections to major inter-city transportation routes are needed to increase accessibility from outside East Palo Alto and avoid the adverse impacts of truck traffic on residential streets.

The Cooley Landing area is a wide expanse of baylands 3/4 mile from the Central Business District and within walking distance of many residential neighborhoods. The East Bayshore area includes most of the commercial district between Nairobi Center and the Bayshore Freeway. It is characterized by property adjacent to or in the close proximity of University Avenue, the freeway interchange, East Bayshore and Willow Road.

The Ravenswood area includes the remainder of Bayshore Road, several apartment buildings and the community's largest trailer park. The predominant feature of the area is the former Ravenswood High School site. This site has been surplused by the Sequoia School District. The Palo Alto Gardens area is the most modern residential neighborhood in East Palo Alto. The area is largely built out.

The East Palo Alto area is one of the oldest portions of the community. Much of the area is developed with large lots, some of which are used for greenhouses. University Village is a largely self-contained residential neighborhood. The area includes Costano School and Jack Farrell Park. It is bounded by the industrial area to the east and the CBD to the south.

Palo Alto Park is a large residential area. The area is lacking in open space and recreation opportunities except for the school site and the Mutual Water Company property located southwesterly of Garden and Oakwood.

The East of Bayshore area is physically separated from the remainder of East Palo Alto by the Bayshore freeway. It has the largest concentration of multiple family residential development and a commercial district.

The San Mateo County Planning Division's working paper on Housing presents housing information that characterizes existing land use in East Palo Alto. East Palo Alto's housing inventory has increased modestly since the 1970 Census count of 6,443 units.

In the last decade there has been a net increase of 412 units, 350 of these were apartment units constructed mostly in the West of Bayshore area. Single-family housing predominates, notably in the east-of-Bayshore areas, where it was 81 percent of the total 1970 inventory of 4,435 units.

Only a small proportion of the East Palo Alto's housing stock may be considered "new." The majority of single-family units were constructed in the "tract" building era of the 1950's, and a sizable proportion are now in need of maintenance or rehabilitation. A survey done in the mid-1970's estimated that some 200 units were in immediate need of extensive rehabilitation, and that a similar number would soon require this level of attention. The County Department of Housing and Community Development has approved over 130 rehabilitation loans since 1975, and demand for these loans continues to be high. The early 1970's phenomenon of "abandoned" and vandalized houses in various parts of the east-of-Bayshore area is now greatly diminished, and there is visible evidence of upgrading of older housing, spurred by both publicly-subsidized programs and by the currently "tight" housing market. Table 5 shows the age of housing units in East Palo Alto by census tract in 1970.

The East Palo Alto community's "tight" housing market presents a problem for moderate and low income families in the area who have a difficult time finding housing which they can afford. As in parts of the Bay Area, prices of single-family dwellings in East

Palo Alto have increased dramatically. The selling price for a modest single-family residence in good condition is over \$50,000 in East Palo Alto, putting such units out of reach for moderate-income families without a substantial subsidy.

TABLE 5  
Age of Housing Units, 1970  
for East Palo Alto

<u>Year Built</u>	<u>6118</u>	<u>6119</u>	<u>6120</u>	<u>6121</u>	<u>Total</u>
1965-70	13	150	96	507	766
1960-64	37	198	333	720	1288
1950-59	688	843	819	551	2901
1940-49	87	385	414	166	1052
Before 1940	16	171	185	64	436
					<u>6443</u>

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Source: U.S. Census, 1970

Rental rates are also soaring. For example, a mid-1979 survey of East Palo Alto apartment rentals found 2-bedroom units renting for about \$340. Escalation of home prices and rents is not unique to East Palo Alto, but it is a particular hardship considering the limited incomes of many residents and potential residents. Table 6 illustrates the increasing dilemma lower income buyers or renters face in the East Palo Alto housing market, and points to the need for assistance in meeting even minimal requirements for adequate shelter.



TABLE 6  
HOUSING COSTS AND INCOME  
EAST PALO ALTO

	<u>1970</u>	<u>1976</u>	<u>1979</u>	<u>%Change</u>
<u>Median Home Value</u>	\$18,000	\$23,000	\$46,200	+148.4%
<u>Median Contract Rent/Month</u>	\$ 147	-	\$ 280	+ 90.5%
<u>Median Household Income</u>	\$ 9,401	\$13,721	\$16,582	+ 76.4%

Sources: U.S. Census, H.U.D., San Mateo County Planning Department.

### 3.2.2 EAST PALO ALTO PLANNED LAND USE AND PLANNING PROGRAMS

The Land Use element of the proposed East Palo Alto Community Plan is considered by the San Mateo County Planning Division to be the heart of planning process. The approach to be used by the Planning Division will be to develop a land use plan based on planning principles, the community's existing and potential needs, assets, community defined goals, and facilitation of private sector investment; and provide for implementation of the plan through a series of recommended ordinance changes.

Planned land use and planning programs for East Palo Alto Community are obviously still in their formative stages. This section of the Base Conditions, therefore, will be subject to modification as the Community Plan develops and the public review process unfolds.

It would be premature for LAFCo staff to present even preliminary proposals for Planned Land Use and Planning Programs. Hopefully, when this Draft EIR is reviewed and comments are received, the Planned Land Use section of this report can be augmented with more substantive information.

County Planning believes that housing programs for the community must be integrated into a larger countywide program designed to (1) improve existing deteriorated housing and (2) provide new housing opportunities for low income persons throughout the county. East Palo Alto's existing housing stock is basically sound and, where deteriorated, is capable of being rehabilitated.

There is still considerable potential for development of new housing in East Palo Alto. The community represents a tremendous opportunity to help relieve the severe jobs/housing imbalance in the Mid-Peninsula. A sensitive and skillful mix of future residential, commercial and industrial development in East Palo Alto could help relieve this situation.

### 3.2.3 EAST PALO ALTO POPULATION

In establishing the Base Conditions for East Palo Alto Population, much of the basic information on population, housing, and households in East Palo Alto must be derived from the 1970 Federal Census. Detailed information from the 1980 Census will not be available for at least a year and a half, although preliminary counts of population and housing units have recently been released. Preliminary indications reveal a substantial decrease

in East Palo Alto's population.

The 1970 population of East Palo Alto by census tract is shown in Table 7.

TABLE 7  
POPULATION - EAST PALO ALTO

CENSUS TRACT/ AREA	1950	1960	1970
6118	NA	3,421	3,609
6119	NA	6,022	6,100
6120	NA	4,434	5,136
East of Bayshore	NA	13,877	14,845
6121			
West of Bayshore	NA	1,142	2,992
Total East Palo Alto	7,123	15,019	17,837

Source: U.S. Census, 1970

East Palo Alto had its period of rapid growth during the 1950's. In the 1950-1960 decade, population more than doubled. Most of the growth in this period was in the east of Bayshore area. West of Bayshore added some single-family unit and several apartment buildings, but still retained a semi-rural atmosphere in parts of the area, at least until the construction of Bayshore Freeway in the mid-1950's. Construction of the Freeway appears to have marked the beginning of the present pattern of a high-density, largely white apartment community west of Bayshore; and a predominantly single-family largely black population east of Bayshore.

According to the San Mateo County Planning Division, results of the 1980 Census, when they become available, will probably show a substantial decline in population. Indicators such as declining school enrollments and a relatively small amount of new residential construction suggest that population in the east-of-Bayshore area has declined. As in most mid-Peninsula communities (e.g., Menlo Park, Palo Alto), household size in this area is dropping as a result of declining birth rates and "graduation" from child-rearing status by numbers of long-term resident families. This adds up to zero growth and a declining population.

This effect may be less pronounced in the apartment community west of Bayshore. There are few children in the apartment households, and the number of people occupying a given apartment unit (normally 1 to 3 people), tends to remain constant as one household replaces another in the unit.

The age distribution of the population has important implications for school planning, recreational and cultural programs and facilities, employment, the crime rate and policing needs, and many other aspects of community life. Compared with many other localities, East Palo Alto has a relatively "young" population (see Table 8). Although almost all communities in this area will show substantial changes in their age make-up for 1980, the relative differences shown in the 1970 statistics will still be reflected in the 1980 figures, when they become available. East Palo Alto will continue to have a high declining proportion of its population in the pre-school and school age groups, and the young adult group will show an increase. There will probably be a moderate increase in the 65+ group.

TABLE 8

AGE DISTRIBUTION IN THREE MID-PENINSULA COMMUNITIES - 1970

Community	Percent in Age Group								Total
	0-4	5-14	15-19	20-24	25-29	30-49	50-64	65+	
East Palo Alto	9.2	21.9	8.2	11.9	11.1	23.2	9.7	4.8	100%
Menlo Park	6.7	15.0	6.9	7.8	8.0	23.4	19.0	13.2	100%
Palo Alto	5.7	13.4	8.9	8.7	8.1	26.3	17.9	10.3	100%

Source: U.S. Census, 1970



The 1970 Census counted almost 11,000 black residents of the community, or 61 percent of its population (see Table 9 ). In 1970, almost all of the black population resided east of Bayshore, where 72 percent of the population was black. Other significant minorities included Spanish-Americans and persons of oriental ancestry.

TABLE 9  
ETHNIC CHARACTERISTICS - EAST PALO ALTO, 1970

Census Tract/ Area	Population by Ethnic Groups				Total Population
	Black	Spanish Heritage	Other White	Other Races	
6118	3,174	272	55	108	3,609
6119	4,203	441	902	554	6,100
6120	3,270	189	1,495	182	5,136
East of Bayshore	10,647	902	2,452	884	14,845
6121					
West of Bayshore	199	241	2,420	132	2,992
Total E. Palo Alto	10,846	1,143	4,872	976	17,837

Source: U.S. Census, 1970

East Palo Alto, particularly the east-of-Bayshore area, has many households with extremely modest means. The 1969 median family income, as measured in the 1970 Census, was \$9,401, compared with a median of \$13,222 for San Mateo County, and higher levels in neighboring cities. Some 14 percent of the families were classified as below the federally-defined "poverty level." Currently, about half the families of the community are in the "low-moderate" income range, by HUD standards.

Other correlates of low-moderate income are documented in the 1970 Census statistics: relatively high number of large families, numerous single-parent families (mostly headed by women), higher than average unemployment rates, a high proportion of the labor force in "blue collar" employment. These indications are most evident in the east-of-Bayshore census tracts. For east-of-Bayshore residents in particular, the freeway symbolizes more than a geographic barrier.

Average household size (persons per occupied housing unit) was relatively high in 1970, 4.2 persons per unit for owner-occupied units; 3.2 for renter-occupied units. Considering the relatively small size of most units in East Palo Alto, this indicates a very intensive utilization of many units. If an "overcrowding" standard of 1.01 persons per room is applied, 6.5 percent of East Palo Alto's units were overcrowded in 1970.

### 3.3 PALO ALTO BASE CONDITIONS

#### 3.3.1 PALO ALTO EXISTING LAND USE

The Base Conditions for this EIR have already been established for Menlo Park and East Palo Alto in the two preceding sections. This section of the report will define the Base Conditions for annexation of all or part of East Palo Alto to Palo Alto.

Palo Alto's Comprehensive Plan was used by LAFCo staff as a source document for land use information used in this section. Palo Alto, a city of approximately 25 square miles, is located 35 miles from San Francisco and 15 miles from San Jose. Palo Alto is the only South Bay community whose lands extend from the middle of the Bay to Skyline Ridge in the Santa Cruz mountains. The Palo Alto planning area includes the City of Palo Alto, adjacent unincorporated Faber and Laumeister tracts in San Mateo County. These City-owned tracts are in East Palo Alto, however, East Palo Alto is not considered to be within Palo Alto's "planning area."

The planning area includes land within the Palo Alto City limits and unincorporated areas including Stanford University lands in Santa Clara County and several parcels in the Baylands and upper foothills. Some major decisions affecting land use have been made: the foothills and Baylands are to remain open. The remainder of the City is nearly built-up.

In 1975, Palo Alto's 23,800 housing units made up about one-sixth of the housing in the Midpeninsula area from Redwood City to Sunnyvale. In addition, Stanford University provides space for about 7,100 students including 1,450 apartments for married students. There are also 700 campus units for faculty and staff. These units are not available on the open market.

Two-thirds of Palo Alto's units are single-family home. Of these, about 20 per cent of them are rented. Owners occupy just over one-half of all the housing units in Palo Alto. The percentages of single family units and owner-occupied units are similar to most other large Midpeninsula communities.

Palo Alto's housing is closer in age to the housing in San Mateo County than it is to other communities in Santa Clara County. Almost 40 per cent of Palo Alto's housing was built before 1950 and another 40 per cent between 1950 and 1960. Since 1960, while Palo Alto was constructing only 20 per cent of its housing, the rest of Santa Clara County was building 50 per cent.

The medium market value in 1970 of owner-occupied housing in Santa Clara County was \$27,300, almost 20 per cent higher than in California as a whole. At the same time, the median value in Palo Alto was almost \$33,900, and more than 15 per cent of Palo Alto's owner-occupied housing was valued at over \$50,000. Palo Alto had almost twice as much of its ownership housing (46 per

cent)priced above \$35,000 as the whole of Santa Clara County and less than half as much (17 per cent) under \$25,000. No other city of over 50,000 population in the county showed such a divergence from the county pattern.

Although more than 50 percent of Palo Alto's ownership housing was valued under \$35,000 in 1970, less than 10 per cent now is available for that price. Units under \$25,000 are almost gone from the market. Between 1970 and 1975 the median house value increased to \$56,000, a jump of more than 50 per cent.

Similar, although less severe, cost escalation has occurred in rental housing. About 70 per cent of Palo Alto's rental housing was available for under \$200 per month in 1970, but only a little more than 50 per cent was available at that same level in 1974, mostly in smaller studio and one-bedroom units. One-sixth of the apartments in Palo Alto in 1974 were renting for \$275 per month or more.

Despite the high costs, the vacancy rates for both ownership and rental housing have been stable at below three per cent in recent years due to the strong housing demand. The federal Department of Housing and Urban Development defines "shortage" or "tight" market conditions as an overall rental vacancy rate of three per cent or less and an apartment vacancy rate of five percent or less.



As is the case with other communities on the Mid-Peninsula, Palo Alto has a severe jobs/housing imbalance. Expanding employment will increase the pressure on the already saturated housing market in Palo Alto and the surrounding communities.

### 3.3.2 PALO ALTO PLANNED LAND USE AND PLANNING PROGRAMS

The Land Use Plan shows the City's intentions for the development, redevelopment, growth, and preservation of public and private properties within the Palo Alto planning area over the next 15 years. The planning area includes land within the Palo Alto City limits and unincorporated areas including Stanford University lands in Santa Clara County and several parcels in the Baylands and upper foothills.

Proposed land uses and streets echo existing patterns. This is because the flatlands of Palo Alto are largely built up. The City's decision to keep the foothills and Baylands predominantly open is reflected in the Open Space Element. Boundaries between land uses are quite specific and usually follow present property lines and existing land uses.

In theory, Palo Alto's present residential zoning pattern indicates a potential holding capacity of almost 38,500 housing units. However, as noted in the Comprehensive Plan, the only way this total could be reached is if all buildings in Palo Alto were removed and the City were completely rebuilt from scratch at maximum density. A more realistic estimate of full residential

development is much lower because much of Palo Alto's housing is already built up and is unlikely to be redeveloped, and development in the past has not usually occurred at maximum density. Building on all remaining residentially zoned vacant land would result in a total of about only 25,750 units in the City. There will be construction on other than vacant land, however. Most new multi-family units will be built on redeveloped land, replacing older single-family units in areas already zoned for multi-family use. Because of this kind of expected redevelopment, a realistic estimate of full development in Palo Alto is around 27,500 units. Palo Alto is seriously in need of more residential development to relieve the pressure on its already saturated housing market.

### 3.3.3 PALO ALTO POPULATION

Palo Alto's Comprehensive Plan was used by LAFCo staff as a source document for the population information used in this section. The Plan indicates that there are 56,000 people living in Palo Alto, and about 11,000 living on the Stanford University campus. Palo Alto's population is rising in average age. Persons 60 years and older make up almost one-seventh of Palo Alto's residents, a higher proportion than the national average, but lower than in neighboring Menlo Park. The highest concentration of seniors in Santa Clara County is found in the downtown area of Palo Alto. At the same time as the percentage of seniors is increasing, the percentage of children is decreasing. Children under 18 made up 28 per cent of Palo Alto's population in 1970

as compared to Santa Clara County's 37 per cent. Enrollment in the Palo Alto Unified School District has been declining steadily in recent years because of the drop in the birth rate and the tight, high-priced housing market which causes most families with young children to seek housing elsewhere. Six per cent of Palo Alto's population is between 18 and 21 years old. Stanford students living in Palo Alto account for a large number--almost 2,000 people--in this age group.

Expanding employment will increase pressure on an already saturated housing market in Palo Alto and in the surrounding communities. The quality of housing, level of public services, public school system, proximity to regional transportation, and the character and magnitude of local employment all affect housing demands.

Ethnic minorities make up about 13 per cent of Palo Alto's population. Persons of Spanish language and surname are the largest group, accounting for almost half of the minority population. Asian-Americans are a little more than one-third of the minority population and about four per cent of the total population. Blacks are one-fifth of the minority population and less than three per cent of the total population, and others are less than one per cent of the total population.

The 1970 Census showed that Palo Alto had the second highest average family income of any city of 25,000 or more in the Bay Area. Average household income ranked somewhat lower because of the large number of lower income senior and student households in Palo Alto.

#### 4. ALTERNATIVE ORGANIZATIONAL STRUCTURES - A FRAMEWORK

In this section of the EIR a framework for each of the four alternative forms of organization will be set forth. This section will provide the organizational basis for determining the environmental impact of each alternative on areas of environmental significance to be examined in Section 5.

##### 4.1 STATUS QUO

The status quo alternative to be analyzed in the sphere of influence study will evaluate the East Palo Alto community as it currently exists. It will take inventory of the quality and quantity of public services provided to the community. It will compare and contrast present service levels and volumes with those that would be provided under optimal circumstances. It will evaluate current public services, identifying deficiencies and recommending possible improvement measures. Fiscal conditions will be analyzed in detail.

By the way of introduction, the unincorporated urbanized East Palo Alto community relies heavily upon the County of San Mateo and eight special districts for public services. Existing government service providers in East Palo Alto are shown in Table 10, page 54.

Table 10  
EXISTING GOVERNMENT SERVICE PROVIDERS IN EAST PALO ALTO

Government Service	Type of Agency					Name of Service Provider
1. <u>Schools</u> a. Public - Primary - Secondary - College b. Private  2. <u>Police Protection</u>  3. <u>Fire Protection</u>  4. <u>Road Construction &amp; Maintenance</u>  5. <u>Flood Control &amp; Storm Drainage</u>						 - Ravenswood City School District - Sequoia Union High School District - San Mateo County Community College District - Nairobi Schools (including primary and secondary schools and a college)  - San Mateo County Sheriff's Department - California Highway Patrol  - Menlo Park Fire Protection District - California Division of Forestry  - San Mateo County Public Works Dep't (Road Division) - Caltrans  - San Mateo County Public Works Department, Flood Control & Water Services: - San Francisquito Creek Flood Zone No. 1 - San Francisquito Creek Flood Zone No. 2 - Ravenswood Slough Flood Zone - East Palo Alto Gardens Drainage District - East Palo Alto Drainage Maintenance District



Table 10 , continued

Government Service	Type of Agency	Name of Service Provider
6. <u>Street Lighting</u>	<div>County Department</div> <div>County District</div> <div>Independent District</div> <div>Private Organization</div> <div>State or Federal Agency</div>	<ul style="list-style-type: none"> <li>- San Mateo County Public Works Department:               <ul style="list-style-type: none"> <li>- Ravenswood Highway Lighting District</li> </ul> </li> </ul>
7. <u>Water Supply</u>	<div>County Department</div> <div>County District</div> <div>Independent District</div> <div>Private Organization</div> <div>State or Federal Agency</div>	<ul style="list-style-type: none"> <li>- Palo Alto Park Mutual Water Company</li> <li>- O'Connor Tract Cooperative Water Company</li> <li>- San Mateo County Public Works Department, Flood Control &amp; Water Services               <ul style="list-style-type: none"> <li>- East Palo Alto County Waterworks District</li> </ul> </li> </ul>
8. <u>Sewage Treatment &amp; Disposal</u>	<div>County Department</div> <div>County District</div> <div>Independent District</div> <div>Private Organization</div> <div>State or Federal Agency</div>	<ul style="list-style-type: none"> <li>- East Palo Alto Sanitary District</li> <li>- Menlo Park Sanitary District</li> </ul>
9. <u>Refuse Disposal</u>	<div>County Department</div> <div>County District</div> <div>Independent District</div> <div>Private Organization</div> <div>State or Federal Agency</div>	<ul style="list-style-type: none"> <li>- San Mateo County Scavenger Co. (County Service Area No. 5 - contract service)</li> </ul>
10. <u>Parks &amp; Recreation</u>	<div>County Department</div> <div>County District</div> <div>Independent District</div> <div>Private Organization</div> <div>State or Federal Agency</div>	<ul style="list-style-type: none"> <li>- Ravenswood Recreation and Parks District</li> <li>- San Mateo County Department of Parks &amp; Recreation</li> <li>- Mid-Peninsula Open Space District</li> </ul>
11. <u>Planning &amp; Building Inspection</u>	<div>County Department</div> <div>County District</div> <div>Independent District</div> <div>Private Organization</div> <div>State or Federal Agency</div>	<ul style="list-style-type: none"> <li>- San Mateo County Department of Environmental Management, Planning Division and Development Division</li> <li>- East Palo Alto Municipal Council</li> </ul>

Government Service	Type of Agency County Department County District Independent District Private Organization State or Federal Agency					Name of Service Provider
12. <u>Social &amp; Health Services</u>	•			•	•	<ul style="list-style-type: none"> <li>- San Mateo County Dep't of Public Health &amp; Welfare</li> <li>- Drew Medical and Dental Center</li> <li>- Economic Opportunity Commission, Inc.</li> </ul>
13. <u>Housing &amp; Community Development</u>	•					<ul style="list-style-type: none"> <li>- San Mateo County Housing &amp; Community Development Division</li> <li>- San Mateo County Housing Authority</li> </ul>
14. <u>Transit</u>		•				<ul style="list-style-type: none"> <li>- Samtrans</li> </ul>
15. <u>Library</u>	•					<ul style="list-style-type: none"> <li>- San Mateo County Library, East Palo Alto Branch</li> </ul>
16. <u>Animal Control</u>	•					<ul style="list-style-type: none"> <li>- Peninsula Humane Society (County of San Mateo contract)</li> </ul>
17. <u>Other General Government Services</u>	•				•	<ul style="list-style-type: none"> <li>- San Mateo County</li> <li>- East Palo Alto Municipal Council</li> </ul>
18. <u>Emergency Services</u>		•		•		<ul style="list-style-type: none"> <li>- Menlo Park Fire Protection District</li> <li>- Medevac, Inc. (County of San Mateo contract)</li> </ul>
19. <u>Civil Defense</u>	•					<ul style="list-style-type: none"> <li>- San Mateo County Civil Defense</li> </ul>

#### 4.2 INCORPORATION OF EAST PALO ALTO

The incorporation of East Palo Alto alternative to be analyzed in the sphere of influence study will evaluate the feasibility of a new city. Incorporation will be analyzed assuming three boundary alternatives. These are: (1) the current boundaries of CSA #5, (2) detachment of South of Willow Road from Menlo Park to be added to the current boundaries of CSA #5, and, (3) the current boundaries of CSA #5, excluding the West of Bayshore Freeway area.

Boundary alternative number (2) is a variation in the incorporation/annexation/detachment scenario would be detachment of the land South of Willow Road from Menlo Park and subsequent annexation to East Palo Alto. This alternative involves detachment of several hundred acres currently within Menlo Park and annexation of this land to East Palo Alto as it incorporates. The land involved is South of Willow Road and includes the old Hiller-Fairchild industrial site (presently being redeveloped), other smaller industrial developments, vacant industrial land (some of which has been proposed for a major residential development), salt ponds and bay front marshland, which includes a marina site.

The addition of this land to East Palo Alto would add to the new city's undeveloped land supply and permit residential and industrial growth that may enhance the feasibility of incorporation. Two projects proposed on this land, the Menlo Industrial Park and the Sunset Meadows Residential Subdivision, have both been

shown in respective project EIR's to be fiscally sound, providing revenues in excess of costs. The Sunset Meadows plan, however, has recently been abandoned by the developer.

Boundary alternative number (3) is a scenario that would involve annexation of the West of Bayshore Freeway area to Menlo Park and incorporation or status quo for the East of Bayshore Freeway area. This alternative would exclude the area currently considered a part of East Palo Alto from an incorporated East Palo Alto. The land is adjacent to Menlo Park. A local property owners' group has been actively pursuing annexation of the area to Menlo Park.

The area West of the Bayshore Freeway occupies less than ten per cent of the land area of East Palo Alto but is developed at a higher density. Seventeen per cent of East Palo Alto's population resides in the area. It is the location of the major commercial area in East Palo Alto. Because of the higher residential density and generally more costly homes, the area produces a larger proportional amount of property tax revenue. The area is the most fiscally sound part of East Palo Alto.

The Fiscal Analysis will be used as the basis for determining the financial feasibility of incorporating the East Palo Alto community. However, whenever LAFCo staff determines that the Angus-McDonald study does not adequately cover an area or is inaccurate, we will perform our own analysis.

It should be noted that although staff will attempt to use data and analyses already gathered or performed, we will assemble an independent data base to evaluate the adequacy and impartiality of previous work. Furthermore in the case of alternatives (2) and (3), minimal coverage is provided by the McDonald and Associates, Inc. study. Therefore, staff will expand on these alternatives by argumenting the analysis so as to adequately determine their feasibility.

The Fiscal Analysis formulates two incorporation service levels. The first represents a minimum level of service where only the legally required services would be provided and where most of the special districts would remain in existence. This is referred to as Alternative A. The second service level represents a more full-service city where most of the special districts would be absorbed by the new city of East Palo Alto. This is referred to as Alternative B.

The sphere of influence study, to be prepared by LAFCo staff, will assume these two service levels for incorporation alternatives (1), (2), and (3). The responsibilities of the proposed minimum service city, Alternative A, would be as follows:

- o General Government
- o Police Protection
- o Street Maintenance
- o Planning and Building Inspection
- o Animal Control
- o Civil Defense
- o Garbage Collection



These services could be provided directly by the city or provided through service contracts. The Fiscal Analysis assumes in Alternative A that all of these services would be performed by city personnel except engineering, legal, animal control, civil defense and garbage collection. The level of service proposed was generally set at existing levels. Where a substandard level of service presently exists, an additional increment of service was proposed. The city staff proposed was generally considered a core staff. Many cities have employees financed by CETA or specific federal grants. These programs will undoubtedly exist in East Palo Alto but are not specifically identified.

The Alternative B City of East Palo Alto is assumed to be a general law, council-manager city similar to the Alternative A city. However, Alternative B city would be responsible for a broader range of services that include the following:

- o General Government
- o Police Protection
- o Planning and Building Inspection
- o Water Service
- o Sanitary Services
- o Street Maintenance
- o Drainage Maintenance
- o Street Lighting
- o Parks and Recreation
- o Animal Control
- o Civil Defense
- o Garbage Collection

Although these services could be provided through service contracts, in this analysis it was assumed that all services would be provided directly by the city except, engineering services, attorney services, animal control, civil defense, garbage collection, and pari maintenance and street lighting. Similar to the Alternative A city, the proposed level of service is generally set at existing levels. Where a substandard level of service presently exists, an additional increment of service is proposed. Also like Alternative A, the proposed city staff would be augmented by staff and programs funded by specific federal grants such as CETA.

#### 4.3 ANNEXATION OF ALL OR PART TO MENLO PARK

The annexation of all or part to Menlo Park will be analyzed considering four variations:

- 1) Annexation of West of Bayshore to Menlo Park and status quo for the remainder of East Palo Alto.
- 2) Annexation of West of Bayshore to Menlo Park and incorporation of the remainder of Menlo Park.
- 3) Annexation of West of University Avenue to Menlo Park and annexation of East of University to Palo Alto, and
- 4) Annexation of all of East Palo Alto to Menlo Park.

Under this alternative, the City of Menlo Park would extend its present services to all or part of East Palo Alto. Menlo Park has a public service infrastructure that might be expanded more economically than creating a new city government. This would be accomplished by dissolving most of the special districts providing

public services to East Palo Alto and expanding the existing Menlo Park departments. Notable exceptions would be the Menlo Park Fire District, Menlo Park Sanitary District, and the East Palo Alto Sanitation District which would continue to provide service after annexation. The district boundaries in and around Menlo Park are in no way related to or contiguous with municipal boundaries.

In order to establish a framework for discussion of the environmental impacts of this alternative in Section 5.3 of this EIR, a brief description of public services offered by Menlo Park is included in the following pages.

The City of Menlo Park provides police service to the area within 19 square miles of its corporate limits (6 square miles is urban area) and provides emergency service to the subject unincorporated island area. The department has a staff of 45 persons and provides Patrol, Investigation, Traffic Management, Communications, Parking and Crime Prevention Services. The City has a parking ordinance that prohibits overnight street parking.

The City of Menlo Park owns and maintains approximately 60 acres of recreational open space. The City's Recreation Department operates numerous classes, projects and trips for the Menlo Park residents and cooperates with the school districts to provide neighborhood and community play facilities and programs available year-round.

The Menlo Park Civic Center - Burgess Park Complex consists of the Council Chambers, Administration Building, Police Station, Library, Recreation Center, Burgess Theater, and about 12 acres of park land, all of which provides various community facilities and services.

The City of Menlo Park owns and operates one library and is a member of the Peninsula Library System.

The City's water comes from the City of San Francisco-operated Hetch-Hetchy system, and for the most part is delivered by either the Menlo Park Municipal Water Department, the California Water Service Company, or the O'Connor Tract Mutual Water Company.

A private company, Browning-Ferris Industries, presently provides waste collection service to the subject area. This company in turn contracts with the South County Garbage and Refuse Disposal District for the disposal of waste at the district's site. The district operates and maintains their solid waste disposal site at the end of Marsh Road in Menlo Park.

Planning services to the City are provided by the Community Development Department. The department has a staff of seven and is responsible for Planning, Building Inspection and Code Enforcement, Housing Programs, Zoning, Signs and Environmental Beautification.

The City's Public Works Department is responsible for maintenance of all City Facilities, Parks and Grounds, Vehicles and Equipment, Trees and Shrubs, Streets and Storm Drains.

The City's gas and electricity are supplied by the Pacific Gas and Electric Company, a private corporation, through its integrated transmission and distribution networks. Planning for the generation of power and the supply of gas is provided by the utility.

#### 4.4 ANNEXATION OF ALL OR PART TO PALO ALTO

The annexation of all or part to Palo Alto alternative to be analyzed in the sphere of influence study will evaluate the feasibility of adjusting the San Mateo and Santa Clara County boundary line. The consideration of this alternative will require close coordination and cooperation between San Mateo LAFCo and Santa Clara LAFCo, San Mateo County and Santa Clara County, Menlo Park and Palo Alto. The mechanics of adjusting a county boundary are provided for in the California Statutes. The two alternative procedures are summarized in Appendix C of the EIR. If these procedures prove unworkable or too difficult to implement, in the situation at hand, it may be possible for the California Association of Local Agency Formation Commissions (CALAFCO), the County Supervisors Association of California (CSAC), or the League of California Cities to sponsor legislation to make the procedure more workable.



In addition to annexation of the entire East Palo Alto area to Palo Alto, separate consideration will be given in the sphere of influence study to annexation of only the area East of University Avenue. Annexation of the area West of University Avenue to Menlo Park will be considered as the reciprocal of this alternative and will be considered as part of Alternative 3, Annexation of All or Part of East Palo Alto to Menlo Park.

The City of Palo Alto, in the event that this alternative is recommended by staff, would be responsible for the extension of municipal services to all or part of the area. Palo Alto is a full-service city that provides a complete range of urban services to residents. In order to establish a framework for discussion of the environmental impacts of this alternative in Section 5.4 of this EIR, a brief description of the public services offered by Palo Alto is included in the following pages.

The City of Palo Alto's Police Department provides police services to its residents. The department maintains a 107.5 person staffing level. The department is responsible for Administration, Support Services, Field Services, Training, Community Services, Investigation and Traffic Control.

Palo Alto has a Fire Department staffed by 118 persons. The Palo Alto Fire Department operates seven fire stations at various locations around the City. The department is responsible for Administration, Fire Suppression, Research and Training, Paramedic, and Fire Prevention Services.

The City of Palo Alto's Social and Community Services Department is responsible for Administration, Arts and Sciences, Library, Nature and Science and Recreation Services. The Library System operated by the City maintains five branch facilities. The Recreation Department is responsible for five subprograms: Administration, Special Interest Programs, Athletics and Fitness, Facility Operations and Golf Course Operations.

The Planning and Community Environment Department is responsible for Planning, Transportation, Inspectional Services, Building and Code Enforcement.

The Public Works Department is responsible for Administration, Engineering, Streets, Parks and Open Space Management and Refuse. The Engineering Office is responsible for administering the City's Capital Improvement Program. The Streets Division maintains Streets and is also responsible for Street Lights and Storm Drainage. The Parks and Open Space Management Division manages Natural Resources, e.g., Wetlands and Foothills, maintains Trees, Electric Line Clearing, General Park and Parkway Maintenance and Utilities Landscaping.

The City of Palo Alto operates its own Utilities Department that provides gas and electric, sewer, and water services to City residents. The City has its own municipally operated Electric Power Operation and since 1964 has bought all of its electri-

city from the Western Area Power Administration (WAPA) of the Department of Energy (DOE). The purchase contract ends in the year 2004.

Palo Alto used about 788 million kilowatt hours in 1978. WAPA's electricity is primarily hydroelectric and is cheaper than if it were purchased from Pacific Gas & Electric Company (PG&E). Palo Alto will need sources of electricity in the mid 1980's when WAP's capacity is exceeded. A curtailment plan and related regulations are available for short-term supply emergencies. The City buys all its natural gas on contract from PG&E. Unit rates for gas and electricity are lower than those charged by PG&E to customers in adjacent cities.

Palo Alto owns and operates a landfill for disposal of solid waste, commonly called refuse or garbage. Around 250 tons of solid waste are produced each day in Palo Alto. Most of this waste is collected by the Palo Alto Sanitation Company, with a large portion of the remainder delivered by City employees or residents. Palo Alto's landfill is scheduled to close as soon as possible, but no later than 1998.

Sewer services to Palo Alto residents are also provided by the Utilities Department. The department is responsible for the collection, treatment, and disposal of domestic and industrial wastes generated within the service area of the Palo Alto Regional Water Quality Control Plant. Additionally, the department is responsible for the operation of the four million gallons

per day Santa Clara Valley Water District Reclamation Plant. The department further is responsible for new and replacement mains and service laterals.

Water service to Palo Alto is also provided by the Utilities Department. The City of Palo Alto's water supply is purchased from the City of San Francisco's Hetch-Hetchy Water System. The department also purchases and sells reclaimed water from the Santa Clara Valley Water District's facility located at the treatment plant.

In the event that this alternative is recommended by LAFCo staff in the sphere of influence study, and adopted by the County of Santa Clara will also be required to extend public services to East Palo Alto. Public services are presently provided by San Mateo County. These services would include Health, Transportation, Social Services, Criminal Justice, Consumer Affairs and Land Development. The fiscal and economic effect of which county provides these services will be analyzed by LAFCo staff in the sphere of influence study. Both the impact on San Mateo County, from a decreasing economy of scale standpoint, and the impact on Santa Clara County from an increasing economy of scale standpoint, will be analyzed. LAFCo staff will be working closely with San Mateo and Santa Clara County staffs to ascertain the ramifications of this alternative.

## 5. IMPACTS OF ALTERNATIVE ORGANIZATIONAL STRUCTURES UPON AREAS OF ENVIRONMENTAL SIGNIFICANCE

The preceding four sections of the EIR have introduced and summarized the report, provided a description of the project, established the base conditions within which the impacts on the areas of environmental significance may be evaluated, and provided a framework for the four alternative organizational structures to be analyzed in the sphere of influence study.

This section focuses on the four alternative forms of organizational structure to be considered in the sphere of influence study. It identifies the environmental impacts of each alternative with regards to the study area and area residents. It describes the possible benefits and detriments of each alternative within a governmental, municipal service, environmental, social, economic, and geographic framework. It proposes mitigation measures to minimize the significant effects of the project. It identifies significant environmental effects which cannot be avoided for each alternative. It establishes the relationship between the achievement of short-term and long-term environmental goals. It identifies irreversible environmental changes associated with the project, the adoption of a sphere of influence designation for the study area, and the implementation of the recommendation contained therein.



To reiterate the four alternative forms of organizational structure to be considered in the sphere of influence study are as follows:

1. Status quo - No project
2. Incorporation of East Palo Alto
3. Annexation of all or part to Menlo Park
4. Annexation of all or part to Palo Alto

This section of the EIR is focused on the following environmental elements found to be significant in the initial study:

- o Population
- o Housing
- o Transportation/Circulation
- o Public Services
- o Fiscal Effects
- o Utilities
- o Aesthetics
- o Recreation
- o Mandatory Findings of Significance

#### 5.1 STATUS QUO

The dictionary defines status quo as "the condition or state in which a person or thing is or has been." The impact on areas of environmental significance, listed above, if the staff recommends and the Commission approves a "status quo" assignment in the sphere of influence study, are basically a continuation of current practices. If a continuation of the existing situation means a continuation of adverse environment impacts on areas of environ-

mental significance, then the adoption of a "status quo" sphere of influence for East Palo Alto by the members of the Formation Commission could be said to have a significant impact on the environment.

#### 5.1.1 IMPACT ON POPULATION

The adoption of a status quo sphere of influence for the East Palo Alto community would most probably mean a continuation of the Population Base Conditions as outlined in Section 3.2.3, page 41, of this EIR.

The impact on population would be the continued isolation of a predominantly minority community, with many households of extremely modest means, a relatively high number of large families, numerous single-parent families, higher than average unemployment rates, a high proportion of the labor force in "blue collar" employment and a high rate of crime from some of the most affluent, predominantly white communities in the nation.

#### Mitigation Measures

- A. It is not possible to avoid a significant impact on the community's population characteristics if "status quo" is recommended in the Sphere of Influence Study and approved by LAFCo.

#### 5.1.2 IMPACT ON HOUSING

The adoption of a status quo sphere of influence for the East Palo Alto community would most probably mean a continuation of the housing situation as outlined in the Base Conditions Section

3.2.1, page 34. The community is predominantly single-family homes in the East of Bayshore region and multi-family structures in the West of Bayshore region. Most of the housing was constructed in the 1950's and a sizable proportion are now in need of maintenance or rehabilitation. The already "tight" new and used housing market can be expected to continue. The rental housing market will continue to be "tight" as more and more lower income families compete for the same rental units.

#### Mitigation Measures

- A. Encourage housing rehabilitation and redevelopment in East Palo Alto's residential neighborhoods.
- B. Encourage new housing construction in East Palo Alto.

#### 5.1.3 IMPACT ON TRANSPORTATION/CIRCULATION

The impact of the status quo alternative on transportation/circulation programs in East Palo Alto will largely depend upon the East Palo Alto Community Plan. The community is in need of public transit because, according to data in the 1970 Census, East Palo Alto has large portions of families, children and seniors. Groups which make up the major categories of transit users: shoppers, students and seniors. Commuters, recreators and the handicapped are also users of public transit in East Palo Alto.

Automobile, bicycle, and pedestrian transportation is also of primary consideration. East Palo Alto residents are dependent on outside communities for goods and services, therefore all these forms of transportation need to be adequately provided for.

A number of road projects are required in the community, in addition to the already ambitious construction program initiated by the County of San Mateo. These projects include both reconstruction of existing roads and construction of entirely new roads in order to utilize land more efficiently. Streets in the Palo Alto Park area are in poor condition and lack curbs and gutters. These 5.37 miles of streets are considered in need of repair by the County Public Works Department. However, if these streets are brought up to minimum county standards, right of ways will reduce both property boundaries and parking space on already narrow streets. It may also change the rural character of the area.

The new Dumbarton Bridge approaches will have a significant impact on transportation/circulation in East Palo Alto if status quo is recommended in the sphere of influence study and approved by LAFCo. Plans for the Dumbarton Bridge approaches will give access to the area through University Avenue. Consideration is also being given to a direct, one-way access to this industrial area and an alternative bridge approach which would give direct access to the area from Highway 101 at Embarcadero Road ("Southern Connection").

#### Mitigation Measures

- A. Provide sufficient access to community facilities and services.
- B. Ensure adequate access to regional transit and other local systems.
- C. Improve streets to provide adequate transportation routes for cars, bicycles, buses, and pedestrians.
- D. Develop and approve a Dumbarton Bridge connection that will adequately provide access to the industrial park and proposed

marina, but not inflict heavy vehicular traffic on residential streets.

#### 5.1.4 IMPACT ON PUBLIC SERVICES

The impact of a status quo recommendation and adoption in the sphere of influence study would be a continuation of public services provided primarily by eight special districts and various departments of the San Mateo County government (See Table 10 , page 54 ).

The level of service provided by these agencies, with the exception of the Ravenswood Recreation and Park District, is generally equivalent to other urban areas in San Mateo County. The level of service provided by the Recreation and Park District is sub-standard. In some cases, the level of service is higher because of specific problems in East Palo Alto, such as high crime rate, relatively high rate of fires and medical emergencies, and high dog population. The Sheriff's Department has, however, been accused of being unresponsive to the needs of the East Palo Alto Community.

The East Palo Alto Municipal Council serves as an interface between the residents and the public service providers. Over the years, the council has engaged itself in negotiating with the districts and the county regarding public services. Because of the commitment of most of the special districts and San Mateo County, East Palo Alto for the most part enjoys good public services.



The Capital Improvement Programs (CIP's) of the main service providers are directed at upgrading municipal facilities, including roads, water supply, drainage, and sanitary sewers. A conclusion of the Fiscal Analysis concerning municipal facilities was that a number of problems exist with present facilities. The projects presently under construction during the next five years should eliminate most of the problems.

Two major problems are not addressed in current capital improvement programs. First, a number of road projects are required, in addition to the already ambitious construction program. These projects include both reconstruction of existing roads and construction of entirely new roads in order to utilize land more efficiently. Second, the water distribution system in some areas is deteriorating because of corrosion. The system must be protected from this problem, or major new costs for replacing the corroded pipes will be required.

#### Mitigation Measures

- A. The possibility of contracting for police services with either Menlo Park or Palo Alto should be explored.
- B. The County Public Works (CIP) for the East Palo Alto Community should be completed for those projects underway during the next five years. In addition street upgrading and widening should be completed and all streets should be brought up to minimum county standards.

- C. The water system must be protected from corrosion, and new pipes must be installed.
- D. Sewer lines must be adequately maintained and should be routinely checked for adequacy.
- E. The East Palo Alto Community Plan should be completed and approved by the East Palo Alto Community and San Mateo County as soon as possible, and used as a basis for future planning activities.

#### 5.1.5 FISCAL IMPACT

The Fiscal Analysis provides a summary of existing costs and revenues for municipal services provided to the East Palo Alto community. This summary is reproduced in this EIR as Table 11 , page 78.

Agencies responsible for municipal services in East Palo Alto expended an estimated \$3,793,800 during 1978-79 for services in East Palo Alto. Total revenue generated in East Palo Alto during the same period is estimated at \$2,908,100, not all of which was allocated to these municipal services. (See Table 11, page 78 ). This indicates a present revenue shortfall. Some of the shortfall was offset by the state bailout funds in 1978-79, and some was offset by federal grants, both general revenue sharing and Housing and Community Development Act block grants. The balance of costs not covered by local revenue represents a subsidy to East Palo Alto by other areas of San Mateo County.

The clearest case of a revenue subsidy was for police services, where the combined expenditures of the San Mateo County Sheriff's Department and the California Highway Patrol in East Palo Alto exceeded the local contribution for these services by nearly four times.

San Mateo County's housing and community development program received \$3,674,000 of HCDA block grant funds in 1978-79. HCDA grants are based on county statistics related to per capita income, unemployment, and substandard housing. East Palo Alto

Table 11

SUMMARY OF EXISTING COSTS AND REVENUES  
EAST PALO ALTO

Municipal Service	Separable Maintenance & Operation Costs 1978-79	Revenues (1978 - 1979)				
		County or District Gen. Funds	Fees, Assessments	Federal Grants, Subventions	State Grants, <sup>1</sup> Subventions	Other:
Police	\$1,472,076	\$ 985,406	-0-	\$119,371	\$367,299	-0-
Fire Protection	462,300	272,957	-0-	-0-	189,543	-0-
Roads	88,100	-0-	-0-	-0-	88,100	-0-
Drainage	22,640	21,704	-0-	-0-	336	\$ 600
Lighting	61,409	29,014	-0-	-0-	32,395	-0-
Water Service	642,305	30,805	\$604,500	-0-	-0-	7,000
Sanitary Services	280,801	105,102	158,728	-0-	6,971	10,000
Local Parks and Recreation	169,678	60,943	4,360	2,207	102,168	-0-
Library	158,276	132,691	429	-0-	25,156	-0-
Planning & Building Inspection	36,150	20,204	14,463	1,065	200	220
Animal Control	8,441	4,043	4,398	-0-	-0-	-0-
East Palo Alto Municipal Council	231,200	123,067	-0-	108,133	-0-	-0-
Refuse Disposal	160,466	-0-	160,466	-0-	-0-	-0-
<b>TOTAL</b>	<b>\$3,793,842</b>	<b>\$1,785,736</b>	<b>\$947,344</b>	<b>\$230,774</b>	<b>\$812,168</b>	<b>\$17,820</b>

1. Includes the state SB 154 "bail out" funds intended to offset the impact of Proposition 13.

Source: McDonald & Associates

accounts for \$411,000 or 11 per cent of the total county entitlement. In 1978-79 HCDA funds appropriated in East Palo Alto were \$600,000 or 20 per cent of the countywide entitlement.

#### Mitigation Measures

- A. In the case of the service receiving the largest subsidy, police services, the potential cost savings of contracting with a neighboring city, e.g., Menlo Park or Palo Alto, should be explored.
- B. In general, the tax base of East Palo Alto should be enhanced by encouraging industrial, a mix of residential, and commercial development in the community. Further, by rehabilitation and community development efforts the housing stock should be upgraded, where grossly deficient.

#### 5.1.6 IMPACT ON UTILITIES

The impact on public utilities should "status quo" be recommended by staff and adopted by the Commission would not be significant. Power and natural gas would continue to be provided by the Pacific Gas and Electric Company. Water and sewer services would still be provided by special districts. Communications systems would still be in place. Storm drainage would continue to be provided by the various drainage districts. Solid waste collection and disposal would still be provided and financed by means of County Service Area No. 5.

#### 5.1.7 IMPACT ON AESTHETICS

The impact on aesthetics should "status quo" be recommended by staff and adopted by the Commission would be significant.



The community's aesthetics would definitely be changed by the selection of this alternative. An example of such a change is the continued deterioration of the Nairobi Shopping Center due to gross abuse over the years.

#### Mitigation Measures

- A. Select a reorganizational alternative that will have environmental effects that will not cause substantial adverse impacts on property and on human beings.

#### 5.1.8 IMPACT ON RECREATION

The impact on recreation should "status quo" be recommended by staff and adopted by the Commission would be significant. The district is not effectively providing Recreation and Park Services to the community. In many respects the district's services are substantially below area, regional, and national standards.

#### Mitigation Measures

- A. The level of services and facilities provided by the Ravenswood Recreation and Park District should either be upgraded or an alternative service provider should be designated.

#### 5.1.9 IMPACT ON MANDATORY FINDINGS OF SIGNIFICANCE

The impact on this area should "status quo" be recommended by staff and adopted by the Commission could be significant. Taking no action would have the effect of ensuring a continuation of the present situation. This could have a short-term advantage for some, i.e., the problem could be ignored, but would be to the

disadvantage of long-term environmental goals. The problems outlined in previous sections could continue to degenerate and become more serious if a proactive solution is not found.

### Mitigation Measures

- A. Select a reorganizational alternative that will have environmental effects that will not cause substantial adverse impacts on property and on human beings.

## 5.2 INCORPORATION OF EAST PALO ALTO

In this part of the EIR, the impacts of recommending incorporation of East Palo Alto in the sphere of influence study on areas of environmental significance will be reviewed. Whenever possible, mitigation measures will be presented to lessen the impact on the areas of environmental significance. The impacts will be reviewed assuming three boundary alternatives; 1) CSA #5 2) Detachment of South of Willow Road and subsequent annexation to the new city of East Palo Alto, and 3) Incorporation of East Palo Alto without the West of Bayshore Freeway area.

### 5.2.1 IMPACT ON POPULATION

Assuming CSA #5 boundaries, the population of East Palo Alto, if incorporation is approved by LAFCo, the Board of Supervisors and the electorate, should not change substantially from current projections. These are established in the Base Conditions, Section 3. To incorporate, East Palo Alto needs to develop its commercial and industrial base. This will not increase population.

However, it may displace the residents of certain residential areas if care is not taken to protect the integrity of residential neighborhoods by the harmonious development of commercial and industrial land uses.

Population characteristics should not change substantially if incorporation is approved utilizing the boundaries of CSA #5. Again, these characteristics are established in the Base Conditions, Section 3.

Detachment of the South of Willow Road area and subsequent annexation to the proposed new city of East Palo Alto (CSA #5 boundaries) would not impact population. The area is industrial and wetlands. The Sunset Meadows Residential Subdivision was once proposed to be developed on 70 acres in the area, with an estimated 2,000 persons. However, the developer has abandoned plans and no alternatives have been proposed.

Incorporation of East Palo Alto without the West of Bayshore Freeway area would have a significant impact on the population of the new city. As established in the Base Conditions, the population of East Palo Alto, according to the 1970 Census, is 17,837. Of this total 2,992 or 16.8 per cent reside in the West of Bayshore Freeway area.

The ethnic characteristics of East Palo Alto would also be significantly impacted if the area West of Bayshore was excluded from the proposed new city. Although the population of the area

West of Bayshore accounts for 16.8 per cent of the total East Palo Alto population, East and West of Bayshore have an equivalent number of white persons -- 2,452 in the East of Bayshore and 2,420 in the West of Bayshore. However, the white population in the East of Bayshore area comprises 16.5 per cent of the 14,845 persons in the area, whereas in the West of Bayshore the white percentage equals 80.9 of the 2,992 persons. Therefore, excluding the West of Bayshore from the new city would, therefore, decrease the white population by approximately 50 per cent.

Currently, the black population of East Palo Alto comprises 61 per cent of the entire community. Without the West of Bayshore area this percentage would consequently increase to approximately 72 per cent. Black residents comprise only 6.6 per cent of the population West of Bayshore.

Spanish Americans account for 6.4 per cent of the entire East Palo Alto community. Of these residents, 5.1 reside in the East of Bayshore area. Excluding the West of Bayshore area from the proposed new city would mean that the percentage of Spanish American residents would increase to 6.1 per cent of the 14,845 residents East of Bayshore.

The proposed new city of East Palo Alto contains a much higher percentage of ethnic minorities than any of the other neighboring cities of the Mid-Peninsula. Incorporation of East Palo Alto under any of the three boundary variations could significantly

impact the environment by further serving to isolate a predominantly minority community, with many households of extremely modest means, a relatively high number of large families, numerous single-parent families, higher than average unemployment rates, and a high proportion of the labor force in "blue collar" employment and high rate of crime from some of the most affluent predominantly white communities in the nation.

#### Mitigation Measures

- A. Under any of the three boundary variations discussed in this section it is not possible to avoid a significant impact on the community's population if incorporation is recommended in the Sphere of Influence Study and approved by LAFCo.

#### 5.2.2 IMPACT ON HOUSING

The East Palo Alto area is predominantly residential in nature. 50.3 per cent or 837 acres are developed as residential dwelling units. Approximately 15 per cent of the land in East Palo Alto has future development potential. There are four primary areas with development potential: 1) the frontage road along the Bayshore Freeway, both east and west of the freeway, 2) the Ravenswood High School site, 3) the existing wrecking yards as an industrial park, and 4) the shopping center. The frontage road has some potential for multi-family development. The remaining areas have potential for commercial, industrial or institutional uses.



It is difficult to assess the impact on housing if incorporation is the alternative recommended by LAFCo staff to the Formation Commission. However, a harmonious development concept that protects the integrity of residential neighborhoods, while encouraging commercial and industrial development has been proposed by the County Planning Division. The impact of incorporation on housing will be that commercial and industrial development will probably be preferred over more residential development. This will not help in relieving the severe jobs/housing imbalance in the Mid-Peninsula.

East Palo Alto is one of the few areas in San Mateo County where persons of low and moderate income can afford to live. The impact on affordable housing, therefore, could be significant if enhancement of the tax base is a prerequisite to incorporation.

The area West of the Bayshore Freeway is predominantly multi-family dwelling units. An effort has been made to convert apartments in this area to condominiums. This could provide more property tax revenues to the proposed incorporated city of East Palo Alto because since Proposition 13, property may be reassessed at market value when sold. All other property, apart from that purchased after 1975-76, is valued at the 1975-76 value, adjusted by 2 per cent per year. However, converting apartments to condominiums could have the effect of displacing persons of low and moderate income who cannot afford to purchase a home. The impact on persons in this category would therefore be significant.

### Mitigation Measures

- A. Encourage housing rehabilitation and redevelopment in East Palo Alto's residential neighborhoods.
- B. Protect the integrity of existing and potential residential neighborhoods by harmonious development of commercial and industrial property. Incorporation efforts should not be to the detriment of residential development.
- C. Encourage the preservation of affordable housing in East Palo Alto and improve the quality of existing housing.
- D. Give extensive consideration to applications to convert apartments to condominiums so as to lessen the displacement effect on persons of low and moderate income.
- E. Encourage higher income housing to balance the East Palo Alto community and generate new income.

### 5.2.3 IMPACT ON TRANSPORTATION/CIRCULATION

Transportation in East Palo Alto may be divided into four components; public transit, automobile, bicycle, and pedestrian transportation. The East Palo Alto Community Plan will contain a "Circulation Plan" to guide the future decision-making in this area in the community. The public transit system for the community of East Palo Alto should provide access to facilities and services within the community as well as access to facilities and services outside. Because East Palo Alto residents are dependent on outside communities for goods and services, adequate public transportation is essential. The transit service also provides linkage with other local and with regional transit systems.

SAM TRANS has assigned a high priority to transit service in East Palo Alto because of the large concentrations of elderly, handicapped, low income, and others without access to private automobiles.

The Southern Pacific Transportation Company owns the track and right-of-way and operates service on the railroad spur in East Palo Alto. This spur is used once a month by one firm and periodically by another in the Bay Road Industrial Park. Plans for continued service on the spur are considered on a yearly basis and although Southern Pacific would recommend removal of it, requests from the community and the possible expansion and up-grading of the industrial park encourage them to maintain this minimal service.

The Palo Alto Municipal Airport is under the jurisdiction of Santa Clara County. A County Airport Master Plan is being developed by county consultant Hodges and Shutt in Santa Rosa. The completion data for the plan is December, 1980. When the plan is completed information will be available on future plans of the airport and existing and future impacts on the East Palo Alto community.

The street system in East Palo Alto consists of 38.07 miles of roads and streets. Of these, 8.35 miles are of the select system and 29.72 are on the minor street system. The Public Works Department of San Mateo County is presently responsible for a Road Improvement Program which is delineated in the Capital Improvement Program (CIP). The CIP includes capital improvement projects that are programmed over a five-year period.

Streets in the Palo Alto Park area lack curbs and gutters and are in poor conditions. These 5.37 miles of streets are considered in need of repair by the County Public Works Department. However, if these streets are brought up to minimum county standards right of ways will reduce property boundaries and reduce parking on already narrow streets and will change the rural character of the area.

If incorporation is recommended by staff and approved by LAFCo, the impact on the CIP will be significant. East Palo Alto has experienced a number of problems in this area. Street construction, repair and maintenance would become the responsibility of the new city of East Palo Alto. However, current improvement programs planned or under construction would be completed by the San Mateo County Public Works Department.

The new Dumbarton Bridge approaches will have a significant impact on transportation/circulation in East Palo Alto, especially if incorporation is recommended in the Sphere of Influence Study and approved by LAFCo. Plans for the Dumbarton Bridge approaches will give access to the area through University Avenue. Consideration is also being given to a direct, one-way access to this industrial area and an alternative bridge approach which would give direct access to the area from Highway 101 at Embarcadero Road ("Southern Connection").

Depending upon which Dumbarton Bridge connection alternative is finally selected, the impact on East Palo Alto's incorporation feasibility could be great. East Palo Alto needs to enhance its tax base and a direct University Avenue or Southern Connection could significantly improve the potential for additional commercial and industrial development.

As a practical matter, however, the possibilities of a Southern Connection are remote. The City of Palo Alto has made it clear that the City would not bend to any Southern Connection to the bridge. On the other hand, the East Palo Alto Municipal Council has expressed fear that a University Avenue connection would essentially cut the community in half. The Council argues that a Southern Connection is essential for a viable industrial park and would also aid the proposed development of a marina at Cooley Landing.

The detachment of the South of Willow Road from Menlo Park and subsequent annexation to East Palo Alto, or incorporation of East Palo Alto without the West of Bayshore, will not significantly change the impacts on transportation/circulation described above.

#### Mitigation Measures

- A. Ensure transportation/circulation policies that after incorporation adequately serve the diverse needs of the community.
- B. Provide sufficient access to community facilities and services.
- C. Ensure adequate access to regional transit and other local systems.



- D. Improve streets to provide adequate transportation routes for cars, bicycles, buses, and pedestrians.
- E. Develop and approve a Dumbarton Bridge connection that will adequately provide access to the industrial park and proposed marina but not inflict heavy vehicular traffic on residential streets.

#### 5.2.4 IMPACT ON PUBLIC SERVICES

When reviewing the impact of the incorporation of East Palo Alto alternative on areas of environmental significance, the impact on Public Services is of considerable importance. An inventory of existing Public Services provided to East Palo Alto is included in Section 4, page 54 , of this EIR. A summary of existing costs and revenues is provided in Section 5, page 78 .

To determine a point of departure for establishing the services to be provided by a new city, it is important to note that California Counties are required to provide certain countywide services, such as health and welfare. Other services are provided by the County only in unincorporated areas. If incorporation is recommended, it should be assumed that the responsibilities for these latter services will fall upon the new city. These services include the following:

- o General government; that is, the broad legal responsibility for community governance, ordinances, etc.
- o Police protection, now provided by the Sheriff and, in terms of traffic patrol, the California Highway Patrol (CHP). After incorporation, the CHP would patrol only freeways within the City.

- o Roads and related public works services, (County would remain responsible for completion of current capital improvement program).
- o Community development, here defined to include planning and building inspection.
- o Animal regulation.
- o Civil defense.

A community may receive or desire many other local public services. In unincorporated areas these services are typically usually provided by cities, although special districts may serve city areas. In East Palo Alto this group includes:

- o Fire protection, now provided by the Menlo Park Fire Protection District.
- o Water supply, now provided by the East Palo Alto County Waterworks District #3, a dependent county district.
- o Parks and recreation, now provided by the Ravenswood Recreation and Park District.
- o Street lighting, now provided by the Ravenswood Highway Lighting District, a dependent county district.
- o Sanitary and waste disposal, now provided by two special districts, the East Palo Alto Sanitary District (which serves most of the community) and the Menlo Park Sanitary District.
- o Flood control, now provided by the Ravenswood Slough Flood Control Zone, the East Palo Alto Drainage Maintenance District, the Palo Alto Gardens Drainage Maintenance District and the San Francisquito Creek Flood Control Zone.

- o Library service. East Palo Alto is currently served by the San Mateo County Library District.
- o Garbage collection, now provided by San Mateo County by means of County Service Area No. 5.

Certain countywide and regional services would continue to be provided to the East Palo Alto community if incorporation is recommended by staff and approved by the Formation Commission. These would include the following:

- o Social Services
- o Health Services
- o Courts and Criminal Prosecution
- o Regional Parks
- o Voter Registration and Election Administration  
(City is responsible for cost of municipal elections.)
- o Transit
- o Other Governmental Services
  - Assessor
  - Treasurer
  - Recorder
  - Etc.
- o Emergency Medical Service
- o Community College

The Fiscal Analysis assumes two service levels for incorporation. These two service levels will be used by LAFCo staff in the Sphere of Influence Study under the three proposed boundary options. The framework for Alternative A and Alternative B is

set forth in Section 4.2 of this EIR. The three boundary options are also defined in that section of the report.

The Fiscal Analysis provides an inventory and description of major municipal service providers. Rather than duplicate the extensive work of the consultant in this area, pages 17 through 46 inclusive of the Fiscal Analysis are hereby incorporated by reference in this EIR.

The actual boundaries of the proposed new city government costs, and type and level of government services to be delivered by the new city of East Palo Alto would only be made clear by an actual incorporation proposal. However, as previously mentioned, the Fiscal Analysis sets forth two basic alternatives as far as the delivery of public services is concerned. Alternative A represents a city of East Palo Alto which delivers only the legally required city services. Alternative B represents a city offering a fuller range of services. The proposed service levels for both alternatives were intended by the consultant to maintain or improve existing service levels, although no major new service expansion was included.

Several assumptions were made by the consultant, concerning the form, requirements and size of a city government for East Palo Alto. One assumption was that a council-manager form of government would be adopted by East Palo Alto. Other important assumptions related the great diversity in number and types of

municipal services provided by California cities. Some cities provide virtually every municipal service, while other cities provide only the legal minimum and leave major services to other agencies such as special districts. The decision of whether to pursue a more full-service role depends upon:

- o The relative costs and efficiency between the existing situation and a new city service;
- o How much local centralized control is desired;
- o The adequacy of the present services;
- o The relative difficulty of changing the existing arrangements at the time of incorporation.

A less than full-service city has two major avenues available for provision of municipal services: service contracts with other agencies or private companies and continuation of special districts after incorporation.

The decision to utilize service contracts depends upon two conflicting factors: the potential cost and efficiency advantage versus the need to maintain city control over the administration of the service. The recent trend in California cities has been toward service contracts for at least several municipal services. Even with extensive contract services, a city government is still obliged to maintain a council and a city administration. For purposes of the Fiscal Analysis service contracts were included for several relatively minor services.



The decision to continue with existing service providers such as special districts, is similar to the decision to utilize service contracts. When the services of one or more special districts are not absorbed by the new city, the costs and revenues of those agencies do not show up in the city's budget. This is an advantage to the city's budget-makers, but the residents of the city pay for the services nonetheless. Absorption of special districts by a new city may result in a reduction of total service costs in the community because of the potential efficiency of the larger organization. The city may also benefit from being a more full-service city by recording a larger fiscal effort, which is a factor in eligibility for federal grants such as general revenue sharing. Regardless of the advantages of absorbing special districts, there are many potential problems with the actual mechanics (and politics) of a take over. Boundaries are critical. If a district boundary is within or conterminous with the proposed city boundaries, the problems are reduced. If detachment from a larger district is required, major problems are created, including the viability of the district that has been reduced.

For purposes of the Fiscal Analysis, the consultant decided to handle the issue of the number of services to be provided by the new city by offering two alternatives. Existing cities of comparable size were surveyed for fiscal and service information. The results were that under Alternative A, legally required services only, the City of East Palo Alto was assumed to be a general law, council-manager city. It would assume responsibility for the following services:

- o General Government
- o Police Protection
- o Street Maintenance
- o Planning and Building Inspection
- o Animal Control
- o Civil Defense
- o Garbage Collection

These services could be provided directly by the city or provided through service contracts. For purposes of the Fiscal Analysis, it was assumed that all the services would be performed by city personnel except engineering services, legal services, animal control, civil defense and garbage collection. The level of service proposed is generally set at existing levels. Where a substandard level of service presently exists, an additional increment of service is proposed. The city staff proposed should generally be considered a core staff. Many cities have employees financed by CETA or specific federal grants. These programs will undoubtedly exist in East Palo Alto but are not specifically identified. Details of Alternative A are reproduced in Table 12, page 98, of this EIR.

The Alternative B City of East Palo Alto is assumed in the Fiscal Analysis to be a general law, council-manager city similar to the Alternative A City. The Alternative B City would, however, be responsible for a broader range of services that include the following:

- o General Government
- o Police Protection

- o Planning and Building Inspection
- o Water Service
- o Sanitary Services
- o Street Maintenance
- o Drainage Maintenance
- o Street Lighting
- o Parks and Recreation
- o Animal Control
- o Civil Defense
- o Garbage Collection

**Table 12**  
**DETAILS OF INCORPORATION ALTERNATIVE A, EAST PALO ALTO**

<b>MUNICIPAL SERVICE</b>	<b>CURRENT SERVICE PROVIDER</b>	<b>INCORPORATION ALTERNATIVE SERVICE PROVIDER</b>	<b>EFFECT OF INCORPORATION ON ORIGINAL PROVIDER</b>	<b>EAST PALO ALTO REVENUE SOURCES</b>	<b>EFFECT OF INCORPORATION ON SERVICE LEVEL</b>
General government	San Mateo County Government  East Palo Alto Municipal Council	East Palo Alto City Government	Slightly reduced effort  Direct cost savings	City general fund  Costs applied from special funds and grants	Increased local autonomy and political responsiveness
Planning, building inspection, ordinance administration	San Mateo County Department of Environmental Management  East Palo Alto Municipal Council	East Palo Alto Community Development Department	Reduced effort  Direct cost savings  Small loss of property tax and fee revenues	City general fund  Permit and service fees  Grants	Potential for improved ordinance enforcement
Police services	San Mateo County Sheriff's Dep't (County Service Area No. 5)  California Highway Patrol	East Palo Alto Police Department	Reduced effort  Direct cost savings  Loss of property tax proportional to CSA #5 share of local prop tax  Co. Service Area No. 5 dissolved	City general fund	Service level would generally be maintained. Loss of CHP traffic control will cause additional workload for new police department.
Streets	San Mateo County Public Works Department	East Palo Alto Community Development Department	Reduction in maintenance effort  County retains responsibility for capital improvements planned or under construction	Gas tax  Vehicle code fines  Federal grants	No significant effects

Table 12  
Alternative A, continued

MUNICIPAL SERVICE	CURRENT SERVICE PROVIDER	INCORPORATION ALTERNATIVE SERVICE PROVIDER	EFFECT OF INCORPORATION ON ORIGINAL PROVIDER	EAST PALO ALTO REVENUE SOURCES	EFFECT OF INCORPORATION ON SERVICE LEVEL
Local parks and recreation	Ravenswood Recreation and Parks District	Same as current provider	None	Current provider would continue with existing revenue sources	None
Library	San Mateo County Library	Same as current provider	None	Current provider would continue with existing revenue sources	None
Animal control	Peninsula Humane Society	Same as current provider, but under contract to East Palo Alto	Peninsula Humane Society would continue with city instead of county	Current provider would continue with existing revenue sources	None
Garbage collection	San Mateo County (County Service Area No. 5)	City of East Palo Alto (contract service)	CSA #5 dissolved	Fees adequate to cover cost of contract service and administration	None
Street lighting	Ravenswood Highway Lighting District	Same as current provider	None	Benefit assessment paid by property owners	None



Table 12  
Alternative A, continued

MUNICIPAL SERVICE	CURRENT SERVICE PROVIDER	INCORPORATION ALTERNATIVE SERVICE PROVIDER	EFFECT OF INCORPORATION ON ORIGINAL PROVIDER	EAST PALO ALTO REVENUE SOURCES	EFFECT ON INCORPORATION ON SERVICE LEVEL
Sanitary sewers	East Palo Alto Sanitary District  Menlo Park Sanitary District	Same as current providers	None	Current providers would continue with existing revenue sources	None
Water supply	East Palo Alto Water District  Private water companies	Same as current providers	None	Current providers would continue with existing revenue sources	None
Drainage	East Palo Alto Gardens Drainage Maintenance Dist.  East Palo Alto Drainage Maintenance Dist.  Ravenswood Slough Drainage Maintenance Dist.	Same as current providers	None	Current providers would continue with existing revenue sources or convert to a benefit assessment	None
Fire protection	Menlo Park Fire District	Same as current provider	None	Current provider would continue with existing revenue sources	None

Table 12  
Alternative A, continued

MUNICIPAL SERVICE	CURRENT SERVICE PROVIDER	INCORPORATION ALTERNATIVE SERVICE PROVIDER	EFFECT OF INCORPORATION ON ORIGINAL PROVIDER	EAST PALO ALTO REVENUE SOURCES	EFFECT OF INCORPORATION ON SERVICE LEVEL
Civil defense	San Mateo County Civil Defense	Same as existing provider, but under contract to East Palo Alto	San Mateo County Civil Defense would contract with city for services	City general fund	None
Emergency Medical Services	Menlo Park Fire District  San Mateo County (contract with Medevac)	Same as existing providers	None	Current providers would continue with existing revenue sources	None

Source: Fiscal Analysis

Although these services could be provided through service contracts, in this analysis it was assumed that all services would be provided directly by the city except, engineering services, attorney services, animal control, civil defense, garbage collection, and park maintenance and street lighting. Similar to the Alternative A city, the proposed level of service is generally set at existing levels. Where a substandard level of service presently exists, an additional increment of service is proposed. Also like Alternative A, the proposed city staff would be augmented by staff and programs funded by specific federal grants such as CETA. Details of Alternative B are reproduced in Table 13, page 103, of this EIR.

The impacts of the incorporation alternative on the provision of public services would be less under Alternative A than under Alternative B. This is because many of the special districts currently providing services to the East Palo Alto community would continue to do so under Alternative A. No change in service providers and, therefore, no significant environmental impact under the minimum service city would be experienced in the following area:

- o Sanitary Sewers
- o Water Supply
- o Drainage
- o Fire Protection
- o Local Parks and Recreation
- o Library
- o Animal Control

**Table 13**  
**DETAILS OF INCORPORATION ALTERNATIVE B, EAST PALO ALTO**

<b>MUNICIPAL SERVICE</b>	<b>CURRENT SERVICE PROVIDER</b>	<b>INCORPORATION ALTERNATIVE SERVICE PROVIDER</b>	<b>EFFECT OF INCORPORATION ON ORIGINAL PROVIDER</b>	<b>EAST PALO ALTO REVENUE SOURCES</b>	<b>EFFECT OF INCORPORATION ON SERVICE LEVEL</b>
General government	San Mateo County Government	East Palo Alto City Government	Slightly reduced effort	City general fund	Increased local autonomy and political responsiveness
	East Palo Alto Municipal Council		Direct cost savings	Costs applied from special funds and grants	
Planning, building inspection, ordinance administration	San Mateo County Department of Environmental Management	East Palo Alto Community Development Department	Reduced effort	City general fund	Potential for improved ordinance enforcement
	East Palo Alto Municipal Council		Direct cost savings  Small loss of property tax and fee revenues	Permit and service fees  Grants	
Police services	San Mateo County Sheriff's Dep't (County Service Area No. 5)	East Palo Alto Police Department	Reduced effort	City general fund	Service level would generally be maintained. Loss of CHP traffic control will cause additional workload for new police department.
	California Highway Patrol		Direct cost savings  Loss of property tax proportional to CSA #5 share of local prop tax  Co. Service Area No. 5 dissolved		
Streets	San Mateo County Public Works Department	East Palo Alto Public Works Department, Road Division	Reduction in maintenance effort  County retains responsibility for capital improvements planned or under construction	Gas tax  Vehicle code fines  Federal grants  City general	No significant effects

Table 13  
Alternative B, continued

MUNICIPAL SERVICE	CURRENT SERVICE PROVIDER	INCORPORATION ALTERNATIVE SERVICE PROVIDER	EFFECT OF INCORPORATION ON ORIGINAL PROVIDER	EAST PALO ALTO REVENUE SOURCES	EFFECT OF INCORPORATION ON SERVICE LEVEL
Local parks and recreation	Ravenswood Recreation and Parks District	East Palo Alto Parks and Recreation Department	Dissolution of Ravenswood Recreation and Parks District	City general fund  User fees  Federal and state grants	Improved park maintenance  Greater emphasis on fee programs  Cooperation with youth services program
Library	San Mateo County Library	Same as current provider	None	Current provider would continue with existing revenue sources	None
Animal control	Peninsula Humane Society	Same as current provider (contract service)	Peninsula Humane Society would continue with city instead of county	Current provider would continue with existing revenue sources	None
Garbage collection	San Mateo County (County Service Area No. 5)	City of East Palo Alto (contract service)	CSA #5 dissolved	Fees adequate to cover cost of contract service and administration	None



Table 13  
Alternative B, Continued

MUNICIPAL SERVICE	CURRENT SERVICE PROVIDER	INCORPORATION ALTERNATIVE SERVICE PROVIDER	EFFECT OF INCORPORATION ON ORIGINAL PROVIDER	EAST PALO ALTO REVENUE SOURCES	EFFECT OF INCORPORATION ON SERVICE LEVEL
Sanitary sewers	East Palo Alto Sanitary District  Menlo Park Sanitary District	East Palo Alto Public Works Department, Sanitary Div.  Menlo Park Sanitary Dist.	Dissolution of East Palo Alto Sanitary District	User fees	None
Water supply	East Palo Alto Water District  Private water companies	East Palo Alto Public Works Department, Water Div.  Private water companies	Dissolution of East Palo Alto Water District  Private companies would continue	User fees	None
Drainage	East Palo Alto Gardens Drainage Maintenance Dist.  East Palo Alto Drainage Maintenance Dist.  Ravenswood Slough Drainage Maintenance Dist.	East Palo Alto Public Works Department, Road Division	Dissolution of existing county drainage maintenance districts within East Palo Alto	City would finance drainage maintenance with benefit assessment paid by property owners	None
Fire protection	Menlo Park Fire District	Same as current provider	None	Current provider would continue with existing revenue sources	None

Table 13  
Alternative B, continued

MUNICIPAL SERVICE	CURRENT SERVICE PROVIDER	INCORPORATION ALTERNATIVE SERVICE PROVIDER	EFFECT OF INCORPORATION ON ORIGINAL PROVIDER	EAST PALO ALTO REVENUE SOURCES	EFFECT OF INCORPORATION ON SERVICE LEVEL
Street lighting	Ravenswood Highway Lighting District	City of East Palo Alto (contract service)	Dissolution of Ravenswood Highway Lighting District	City would finance street lighting with benefit assessment charged to property owners	None
Civil defense	San Mateo County Civil Defense	Same as existing provider, but under contract to East Palo Alto	San Mateo County Civil Defense would contract with city for services	City general fund	None
Emergency medical	Menlo Park Fire District  San Mateo County (contract with Medevac)	Same as existing providers	None	Current providers would continue with existing revenue sources	None

Source: Fiscal Analysis

- o Street Lighting
- o Civil Defense
- o Emergency Medical Service

The impact of Alternative A on the level of municipal service currently enjoyed by East Palo Alto residents would be minimal in the following areas:

- o Streets
- o Sanitary Sewers
- o Water Supply
- o Drainage
- o Fire Protection
- o Local Parks and Recreation
- o Library
- o Animal Control
- o Garbage Collection
- o Street Lighting
- o Civil Defense
- o Emergency Medical Service

Under the proposed incorporation Alternative A, significant environmental impacts would be experienced in certain areas because of a change in service provider, i.e., the proposed East Palo Alto City Government, and/or changes in the level of services currently provided. These impacts would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection

- o Police Services\*
- o Streets (possibly)

#### Mitigation Measures - Alternative A

- A. Incorporation should occur as soon after July 1 as possible to allow the maximum transition period (1 year maximum) between the County and new city.
- B. The new city staff, especially General Government staff, should be experienced and paid at a competitive level to ensure the recruitment of highly qualified and competent individuals.
- C. Planning functions should be performed using the East Palo Alto Community Plan as a guide.
- D. Police services should be performed by qualified and experienced officers. Training of recruits should be extensive. Officers should be paid at competitive levels to those in surrounding and comparable communities.
- E. The County Public Works CIP for the East Palo Alto Community should be completed for those projects underway and planned for the future. Street upgrading and widening should be completed and all streets should be brought up to minimum county standards.

The impacts of the incorporation alternative on the provision of public services would be greater under Alternative B than under Alternative A. This is because the proposed new city would be responsible for a broader range of services. No change in

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\* Indicates that a district would be dissolved, but effect on level of service would be minimal.

service providers and therefore no significant environmental impact would be experienced under Alternative B in the following areas:

- o Fire Protection
- o Library
- o Animal Control
- o Civil Defense
- o Emergency Medical Service

The impact of Alternative B on the level of municipal service currently enjoyed by East Palo Alto residents would be minimal in the following areas:

- o Streets
- o Sanitary Sewers
- o Water Supply
- o Drainage
- o Fire Protection
- o Library
- o Animal Control
- o Garbage Collection
- o Street Lighting
- o Civil Defense
- o Emergency Medical Service

Under the proposed incorporation Alternative B, significant environmental impacts would be experienced in certain areas because of a change in service provided, i.e., the proposed East



Palo Alto City Government, and/or changes in the level of services currently provided. These impacts would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection
- o Police Services
- o Sanitary Sewers\*
- o Water Supply\*
- o Drainage\*
- o Local Parks and Recreation\*
- o Garbage Collection\*
- o Street Lighting\*

Mitigation Measures - Alternative B

- A. Mitigation measure A through E, page 108, for incorporation Alternative A also apply to Alternative B.
- B. All services except engineering services, attorney services, animal control, civil defense, garbage collection, park maintenance and street lighting should be provided by the new city.
- C. Existing district staff, if qualified, should be encouraged to accept positions in comparable areas with the new city.
- D. The proposed level of service should initially be set at existing levels.

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\* Indicates that one or more districts would be dissolved, but effect on level of service would be minimal.

A variation on boundaries is described in Section 4.2 as boundary alternative number (2), detachment of South of Willow Road from Menlo Park and subsequence inclusion in the new city of East Palo Alto. A further variation as described in Section 4.2 would be (3) annexation of West of Bayshore Freeway to Menlo Park and incorporation of East of Bayshore. LAFCo staff is currently in receipt of a petition to annex the West of Bayshore region to Menlo Park. The outcome of this application will depend on the sphere of influence recommended by staff and adopted by the Commission.

The municipal services provided in East Palo Alto with the above two alternative boundaries could vary between the legally required services only to a full service city. Regardless of the boundaries chosen, incorporation would necessarily include decisions similar to those already explored. The decisions that must be made relate to which municipal services would remain with existing special districts and which would be assumed by the new city. This is true whether a new City of East Palo Alto is formed or East Palo Alto becomes a part of Menlo Park. The minimum services that could be provided by a city government would be similar to the alternative A city -- providing only the legally required services (see Table 12, page 98 ). During the incorporation/annexation process the new city could also choose to dissolve major special districts presently providing municipal services, similar to the Alternative B city (see Table 13, page 103).

#### 5.2.5 FISCAL IMPACT

The financing of public services will present a significant environmental impact should staff recommend and the Formation Commission approve the incorporation alternative presented in the sphere of influence study. The primary purpose of the Fiscal Analysis was to determine the fiscal feasibility of incorporation of East Palo Alto. The two Alternatives service level cities were described in this EIR in Section 5.2.4. A summary of the analysis and findings of the consultant are presented in this Section.

Perhaps the most important aspect of any fiscal analysis is an accurate projection of revenues. The Fiscal Analysis was prepared at a time of particular fiscal uncertainty in California. The Proposition 13 implementation legislation, Assembly Bill 8, was passed by the Legislature and signed by the Governor during this period. Further, during this time, Proposition 4 was approved by the electorate by an overwhelming majority.

Section 3a of the Initiative reads:

In the event that the financial responsibility of providing services is transferred, in whole or in part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which such transfer becomes effective the appropriations limit of the transferee entity shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriations limit of the transferor entity shall be decreased by the same amount.

Under this section it may be assumed that if the new cities are approved by the voters, a representative of the new city would negotiate with the county to "transfer" an appropriations limit.

The comparison of the municipal alternatives summarizes the key findings of the Fiscal Analysis. The first comparison of the municipal alternatives, including the base case, contrasts the projected costs of municipal services. This comparison is shown in Table 14, page 114. Two key municipal services are not included: fire protection and library service. These services are assumed to continue being provided by the existing agencies, and hence do not directly bear on this analysis.

The conclusion that may be reached from reviewing this data is that no substantial cost savings can be achieved through incorporation. In fact, Alternative A might be somewhat more costly than the present situation.

The availability of revenue to East Palo Alto is overshadowed by the fiscal limitations imposed by Proposition 13. The key impact of the property tax revenue limitation is that a new city must finance its new operation with revenues taken from other agencies. No new tax rate is permitted, and the agencies no longer providing services must estimate the share of revenue the new city receives from their funds. In addition to the limitation on property taxes, special taxes such as franchise fees, and business license taxes, which are major potential revenue sources, must pass an election supported by two-thirds

TABLE 14

## COMPARISON OF MUNICIPAL ALTERNATIVE COSTS

MUNICIPAL SERVICE	ESTIMATED ANNUAL OPERATING COSTS 1980-85 (1979 Dollars)		
	City "A"	City "B"	Base Case***
GENERAL GOVERNMENT	\$ 328,000*	\$ 333,000*	\$ 213,000
COMMUNITY DEVELOPMENT	364,600* (Including street maintenance costs)	162,000*	38,000
POLICE PROTECTION	\$1,222,300*	\$1,222,300*	\$1,500,000
PUBLIC WORKS	1,010,800**	1,120,000*	1,110,800
PARKS AND RECREATION	180,000**	189,500*	180,000
ANIMAL CONTROL	9,400*	9,400*	9,400
CIVIL DEFENSE	3,500*	3,500*	3,500
GARBAGE COLLECTION	220,000*	220,000*	220,000
TOTAL	\$3,338,600	\$3,259,700	\$3,274,700

\* These services would be provided by East Palo Alto.

\*\* These services would continue being delivered by the existing service providers.

\*\*\* The Base Case is the existing situation projected into the future.

Source: East Palo Alto Fiscal Analysis



of the qualified electorate. Detailed projections of available revenue were prepared for the municipal alternatives.

The key conclusion of the revenue projections was that East Palo Alto under either of the municipal alternatives can expect an increasing revenue base over the five years projected, 1980 through 1985. The projection for Alternative B included the increased revenues divided from user fees, property taxes, and interest. Key variables affecting the tax base are: the growth (in assessed value) of local property; sales taxes, which are presently extremely low per capita; and the availability of federal grants.

Presently, and for the base case alternative, East Palo Alto enjoys a revenue subsidy from the remainder of San Mateo County. The largest example of this subsidy is police services, where at least 50 per cent of the current budget of over \$1,200,000 is supported by the San Mateo County general fund. This subsidy also exists in public works where a large portion, nearly 50 per cent of the county's road capital improvement program, funded primarily by gasoline taxes is related to East Palo Alto projects. If East Palo Alto incorporated, it would negotiate with current providers on how these revenues would be divided and what services would continue. A key assumption made during the analysis was that the county public works department would remain responsible for the completion of the current capital improvement program. In any event, the ultimate impact of incorporation would be a shift of municipal service costs, either in terms of higher taxes and fees or reduced services, from the balance of San Mateo County

Table 15

COMPARISON OF COSTS AND REVENUES  
FOR THE MUNICIPAL ALTERNATIVES

ALTERNATIVE A - Minimum Service City

Costs and Revenue Categories	Cost-Revenue Projection (Thousands of 1979 Dollars)				
	1980-81	1981-82	1982-83	1983-84	1984-85
<u>GENERAL REVENUE</u>					
LOCAL	\$1,141.7	1,220.8	1,295.5	1,441.1	1,547.0
STATE SHARED	283.7	287.6	289.3	291.3	293.4
FEDERAL REVENUE SHARING	233.0	247.0	261.0	288.0	308.0
<b>TOTAL</b>	<b>\$1,658.4</b>	<b>1,755.4</b>	<b>1,845.8</b>	<b>2,020.4</b>	<b>2,148.4</b>
<u>DEDICATED REVENUE</u>					
STATE SHARED	\$ 158.5	130.9	98.4	67.2	41.7
LOCAL	\$ 41.1	41.1	41.1	41.1	41.1
<b>TOTAL</b>	<b>\$ 199.6</b>	<b>172.0</b>	<b>139.5</b>	<b>108.3</b>	<b>82.8</b>
<u>EXPENSES (OPERATING ONLY)</u>					
GENERAL	\$1,897.8	1,897.8	1,897.8	1,897.8	1,897.8
ELIGIBLE FOR DEDICATED REVENUE <sup>1</sup>	250.0	250.0	250.0	250.0	250.0
<b>TOTAL</b>	<b>\$2,147.8</b>	<b>2,147.8</b>	<b>2,147.8</b>	<b>2,147.8</b>	<b>2,147.8</b>
<u>SURPLUS (DEFICIT)<sup>2</sup></u>					
GENERAL	\$ (239.4)	(142.4)	(52.0)	122.6	250.6
DEDICATED	(50.4)	(78.0)	(110.5)	(141.7)	(167.2)
<b>TOTAL</b>	<b>\$ (289.8)</b>	<b>(220.4)</b>	<b>(162.5)</b>	<b>(19.1)</b>	<b>83.4</b>

1. This includes both direct costs and applied administrative costs, etc.

2. Assumes that voter approval is received for new special taxes which will equal \$311,600 during the first year of municipal operation. Without this revenue the initial fiscal feasibility of the alternative "A" City is substantially worsened.

Source: East Palo Alto Fiscal Analysis

Table 15, continued

## ALTERNATIVE B - Expanded Service City

Costs and Revenue Categories	Cost-Revenue Projection (Thousands of 1979 Dollars)				
	1980-81	1981-82	1982-83	1983-84	1984-85
<u>GENERAL REVENUE</u>					
LOCAL	\$2,206.3	2,280.7	2,358.5	2,505.1	2,614.1
STATE SHARED	283.7	287.6	289.3	291.3	293.4
FEDERAL REVENUE SHARING	233.0	247.0	261.0	288.0	308.0
TOTAL	\$2,723.0	2,815.3	2,908.8	3,084.4	3,215.5
<u>DEDICATED REVENUE</u>					
STATED SHARED	\$ 158.5	130.9	98.4	67.2	41.7
LOCAL	41.1	41.1	41.1	41.1	41.1
TOTAL	\$ 199.6	172.0	139.5	108.3	82.8
<u>EXPENSES</u>					
GENERAL	\$2,969.7	2,969.7	2,969.7	2,969.7	2,969.7
ELIGIBLE FOR DEDICATED REVENUE <sup>1</sup>	290.0	290.0	290.0	290.0	290.0
TOTAL	\$3,259.7	3,259.7	3,259.7	3,259.7	3,259.7
<u>SURPLUS (DEFICIT)<sup>2</sup></u>					
GENERAL	\$(246.7)	(154.4)	(60.9)	114.7	245.8
DEDICATED	(90.4)	(118.0)	(150.5)	(181.7)	(207.2)
TOTAL	\$(337.1)	(272.4)	(211.4)	(67.0)	38.6

1. This includes both direct costs and applied administrative costs, etc.

2. Assumes that voter approval is received for new special taxes which will equal \$311,600 during the first year of municipal operation. Without this revenue, the initial fiscal feasibility of the Alternative B city is substantially worsened.

Source: East Palo Alto Fiscal Analysis

to the property owners and residents of East Palo Alto.

The key to the feasibility of a new city is the comparison of costs and projected revenues. This comparison is summarized in Table 15, page 116. Review of this data indicates a substantial revenue short-fall for East Palo Alto under either alternative. The short-fall is shown to improve over the five-year projection period because costs are assumed (in constant dollars,) not to increase, while most revenues should increase in real dollar terms. The projected deficits for the incorporation alternatives are conservative, that is, they include new special tax revenues which would require voter approval. Without these new taxes the deficits would generally double.

The fiscal analysis of East Palo Alto indicates that incorporation at the present time, given the assumptions made concerning municipal service costs and revenues, is infeasible.

#### Mitigation Measures

- A. A lower level of service or cost estimates below those presented in the Fiscal Analysis could improve the fiscal balance and make incorporation more feasible.
- B. An improved revenue picture would require an improvement of property values and recovery of sales tax revenue presently used to finance services in nearby communities.

The fiscal impact of boundary alternative number (2) detachment of South of Willow Road from Menlo Park to be added to the current

boundaries of CSA #5, is significant. The industrial development, because of its low demand on public services, would provide immediate revenue net of costs as shown in Table 16 , page 121. The positive revenue condition could be expected to continue.

The proposed residential subdivision would have produced deficits for its first four years of existence and then begin to "pay its own way", and eventually produce revenues in excess of costs. The plans to develop the residential subdivision have recently been abandoned by the developer.

The marina site is presently undeveloped. The proposed marina would be a commercial facility and as such could be expected to produce additional sales and property tax revenues. Although no specific project has been proposed, the general scale of the site and the development that could occur indicates combined sales and property tax revenue between \$25,000 and \$50,000.

The small amount of projected revenues from this boundary alternative would not offset the projected deficits in East Palo Alto. In the long-term, the lands south of Willow Road could be expected to be a fiscal advantage for East Palo Alto. This fact also applies to Menlo Park, which would tend to encourage Menlo Park not to approve detachment of these lands. Detachment would require the approval of both the City of Menlo Park and the affected property owners. Over a period of several years, the property owner has indicated to LAFCo staff, his strong opposition to any such move.



Table 16

FISCAL IMPACT OF THE MENLO INDUSTRIAL CENTER  
ON THE CITY OF MENLO PARK

Key Revenue Sources	Projected Annual Amount in 1978 Dollars	
Property Tax	\$20,870	
Franchise Taxes	2,389	
Business Licenses	18,425	
Sales Taxes	2,000	
TOTAL	\$43,684	

Annual Costs Attributed to the Industrial Development	Average Cost Basis	Marginal Cost Basis
Police	\$16,766	\$ 0
Public Works	8,915	8,915
General Government	2,627	0
TOTAL	\$28,308	\$8,915

Net Annual Revenue (Cost)	Average Cost Basis	Marginal Cost Basis
	\$15,376	\$34,769

Source: Urban Economics Corporation

The fiscal impact of boundary alternative number (3) the current boundaries of CSA #5, excluding the West of Bayshore Freeway area are also significant. It is estimated that thirty per cent of the assessed value in East Palo Alto is to the West of the Bayshore Freeway. Also, the commercial activity West of the Bayshore Freeway accounts for a large portion of East Palo Alto's sales tax revenue and other state-shared revenue. Table 17 shows a comparison of sales tax and other state-shared revenue between East and West of the Bayshore Freeway areas of East Palo Alto.

Other revenues, such as service charges, should be relatively equivalent on a per capita basis between the two areas. This means that for these revenues the amounts attributed to the West of the Bayshore area should be proportional to the population.

The net affect of not including the West of the Bayshore area with East Palo Alto is estimated to be a twenty-two per cent reduction of potential revenue. The breakdown of this analysis is shown by Table 18 .

On the expenditure side the elimination of the West of the Bayshore area would reduce municipal expenditures to some extent although many of the costs associated with the larger city would remain.

The conclusion of the consultant in the Fiscal Analysis of the impact of not including the area West of the Bayshore Freeway is that it would make incorporation considerably less feasible.

Table 17

COMPARISON OF SALES TAX AND STATE-SHARED REVENUE  
BETWEEN THE PORTIONS OF EAST PALO ALTO  
EAST AND WEST OF THE BAYSHORE FREEWAY

Revenue Source	Projected Revenue Available in 1979			
	East of Bayshore Freeway		West of Bayshore Freeway	
	Amount	Percent of Total	Amount	Percent of Total
Sales Tax	\$91,198	60%	\$52,755	40%
Alcoholic Beverage Taxes	1,901	52%	1,753	48%
Cigarette Taxes	35,162	78%	9,569	22%
Vehicle and Trailer in Lieu Fees	196,548	83%	39,614	17%
Gasoline Taxes	143,077	83%	28,837	17%

Source: California State Board of Equalization

Table 18

COMPARISON OF REVENUE FROM THE EAST AND WEST  
OF BAYSHORE FREEWAY PORTIONS OF EAST PALO ALTO -- 1980-81

(Thousands of 1979 Dollars)

	East	West	Total
<u>Local Revenue</u>			
Property Tax	\$ 251.3	\$ 107.2	\$ 359.0
Sales Tax	103.3	69.8	172.2
Business License Tax	18.2	12.1	30.3
Utility Franchise Tax	209.7	40.0	249.7
Licenses and Permits	33.6	6.4	40.0
Fines and Penalties	34.5	6.6	41.1
Services Charges and Fees	189.0	36.0	225.0
Use of Money and Property	37.5	12.5	50.0
Property Transfer Tax	26.6	5.0	31.6
Subtotal of Local Revenue	\$ 903.7	\$ 294.7	\$1198.9
Percentage	75.4	24.6	100.0
<u>State Shared Revenue</u>			
Cigarette Tax	33.6	9.5	43.1
Alcoholic Beverage Fees	2.3	2.1	4.4
Vehicle and Trailer Fees	196.0	40.2	236.2
Gas Tax	131.6	26.9	158.5
Subtotal of State-Shared Revenue	\$363.5	\$78.7	\$442.2
Percentage	82.2	17.8	100.0
Federal Revenue Sharing	\$193.4	\$ 39.6	\$233.0
Percentage	83.0	17.0	100.0
Total General Revenue	\$1294.5	\$413.0	\$1674.5
Total Restricted Revenue	166.1	33.5	199.6
Percentage of Total Revenue	78.0	22.0	100.0

Source: McDonald & Associates

The significant loss of revenue could not be completely recovered by reduced municipal service costs.

#### 5.2.6 IMPACT ON UTILITIES

The impact on public utilities should incorporation be recommended by staff and adopted by the Commission has for the most part been discussed in the Impact on Public Services, Section 5.2.4. Other utilities not discussed in that section, such as power or natural gas, and communications systems, will not be impacted by incorporation.

#### 5.2.7 IMPACT ON AESTHETICS

The impact on the aesthetics of the East Palo Alto Community, should incorporation be recommended by staff and adopted by the Commission, would be significant. If incorporation is approved, the local East Palo Alto government and citizenry would have greater control over planning and development. However, because of a significant reduction in revenue, if incorporation occurred within the next five years, community maintenance and service programs would be greatly reduced. The aesthetics of the community would, therefore, be impacted.

#### Mitigation Measures

- A. Select a reorganization alternative that will provide adequate public services to enhance the aesthetics of the community.



#### 5.2.8 IMPACT ON RECREATION

The impact on recreation should incorporation be recommended by staff and adopted by the Commission will be significant. Local park and recreation services are presently provided to the East Palo Alto Community by the Ravenswood Recreation and Park District.

By national standards, the local parks provided by the district are only marginally adequate. East Palo Alto, with a total of ten and one-half acres of neighborhood parks and a population of approximately 18,000 people, has one acre of park for every 1,714 people. The district sponsors a minimal amount of active community-oriented recreation programs. In comparison with other cities, these programs are extremely limited.

Under the incorporation Alternative A the Ravenswood Recreation and Park District would continue to exist and provide the same inadequate level of recreation service. The impact on the environment would be a continued substandard level of recreation and park services to East Palo Alto. Under Alternative B the new city would assume this service and the district would be dissolved. The impact on the environment, should this occur, could be a beneficial one inasmuch as an improved level of recreation and park maintenance programs should result.

#### Mitigation Measures

- A. Select a reorganization alternative that will ensure a viable recreation and park program for the East Palo Alto Community.

#### 5.2.9 IMPACT ON MANDATORY FINDINGS OF SIGNIFICANCE

The impact of incorporation on this area of environmental significance would be great. Incorporation has the potential to achieve limited short-term advantages to the disadvantage of long-term environmental goals including human needs. East Palo Alto currently is provided with a few exceptions, an adequate level of municipal services. While certain capital improvements have deficiencies, current programs address most of the problems.

The revenue short-fall shows incorporation to be infeasible at present. Although incorporation addresses limited short-term goals of the community, i.e., greater community control through self-governance, it would make the community more dependent on outside agencies to offset the revenue deficit. Incorporation Alternative A would in fact be subsidized more than the existing situation. The Alternative B City would also require a substantial revenue subsidy. Incorporation, therefore, has the potential to cause substantial adverse effects on human beings even if existing service levels are maintained.

#### Mitigation Measures

- A. Select an alternative form of organization that will not result in the achievement of short-term environmental goals, to the disadvantage of long-term environmental goals.
- B. Select an alternative form of organization that will not have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly.

### 5.3 ANNEXATION OF ALL OR PART TO MENLO PARK

The third alternative form of organization to be considered in the sphere of influence study is annexation of all or part of East Palo Alto to Menlo Park. The framework for this alternative is defined in Section 4.3. In this section of the EIR, the impacts of the staff recommending and the Commission adopting this alternative on areas of environmental significance will be reviewed. Whenever possible, mitigation measures will be presented. It should be noted that the impact of incorporation of East Palo Alto without the West of Bayshore Freeway area is described in Section 5.2.

#### 5.3.1 IMPACT ON POPULATION

The U.S. Census of 1970 reported that a total population of 26,734 persons resided within the corporate limits of Menlo Park. A complete population breakdown of the City is provided in Section 3 of this EIR, which sets forth the Base Conditions for the study.

Adding 17,837 for all of East Palo Alto or 2,992 for West of Bayshore in population to Menlo Park by annexing all or part of East Palo Alto could add economies of scale to the new larger city. By annexing all of East Palo Alto and areas within the City's sphere of influence to Menlo Park, the new city's population would be close to 50,000. This would allow the City to apply on its own for HCDA block grant funding, in addition to other Federal categorical grants, independent of San Mateo County.

From a demographic standpoint, an outstanding feature of population when comparing Menlo Park and East Palo Alto is the percentage of white and non-white residents. Menlo Park has a 19.9 per cent non-white population, whereas East Palo Alto has a 61 per cent black and a 66.3 per cent total non-white population. This percentage would be widened further if the West of Bayshore region of East Palo Alto, which equals 16.8 per cent of the total, were annexed to Menlo Park separately. Menlo Park does, however, contain a higher proportion of racial minorities than any of the neighboring communities in the Mid-Peninsula.

The Base Conditions, Section 3.2.3, establishes various other demographic comparisons between East Palo Alto. Menlo Park has an older population, 33.2 per cent over 50 years, as compared to East Palo Alto with 14.5 per cent in this range. However, East Palo Alto has a larger percentage of school age young people, 39.3 per cent under 19 years, than Menlo Park with 28.6 per cent in this range.

East Palo Alto has a larger percentage of persons of modest means than does Menlo Park. The median family income in East Palo Alto in 1970 was \$9,401, compared to \$13,538 in Menlo Park and a \$13,222 media for San Mateo County. The area has a higher unemployment rate and higher crime rate than Menlo Park.

Annexation of only the West of Bayshore region to Menlo Park would mean the inclusion of an area with more homogenous population characteristics. However, a significant environmental

impact would result if the East of Bayshore area incorporated because it would demographically become even more atypical of surrounding communities in San Mateo and Santa Clara County.

#### Mitigation Measures

- A. Select an annexation boundary alternative that will not further isolate the population of East Palo Alto.

#### 5.3.2 IMPACT ON HOUSING

As set forth in the Base Conditions Section 3.1, page 25, the predominant land use in Menlo Park is residential with approximately 1,550 acres, which is about 40 per cent of the urbanized city. East Palo Alto is also predominantly residential in nature with 837 acres of 50.3 per cent of the area developed as residential dwelling units. Approximately 15 per cent of the land in East Palo Alto has future development potential mainly, however, as commercial or industrial development.

It has been determined that the average household size in East Palo Alto in 1970 was relatively high, with 6.5 per cent of housing units considered to be overcrowded.

Single-family housing predominates in the East of Bayshore, where 81 per cent of the 6,400 units are thus classified. The West of Bayshore area, by contrast, is predominantly multi-family units. Since 1970 about 200 units have been added in



East Palo Alto, slightly over half of them multi-family.

Annexation of the entire East Palo Alto community to Menlo Park would have a significant impact on the city's rehabilitation and redevelopment programs. A sizable proportion of East Palo Alto's housing stock is in serious need of maintenance or rehabilitation. This impact would be greatly diminished were annexation of the West of Bayshore alone to be recommended by staff in the sphere of influence study and approved by the Commission.

The Mid-Peninsula is an area of many jobs and a limited amount of housing. Because of the recognized jobs/housing imbalance in the area, it is entirely possible that Menlo Park could perceive East Palo Alto as a location for much needed housing for the employees of local companies. If this is the case, plans for development in East Palo Alto could change if annexation to Menlo Park is recommended by staff and adopted by the Formation Commission.

#### Mitigation Measures

- A. Menlo Park, with assistance from the County Housing and Community Development Division, should take steps to improve the quality of existing housing in East Palo Alto.
- B. Housing rehabilitation programs should be developed or modified by Menlo Park to meet the needs of the East Palo Alto Community.

- C. Menlo Park's property rehabilitation standards should be reviewed to insure that housing rehabilitation activities can be applied to East Palo Alto.
- D. Menlo Park should discourage condominium conversions in the East Palo Alto area so that persons of low and moderate incomes will not be displaced.
- E. Menlo Park should develop policies to encourage the construction of higher income housing in East Palo Alto.

#### 5.3.3 IMPACT ON TRANSPORTATION/CIRCULATION

Many of the same environmental impacts relating to transportation/circulation would apply to the annexation of all or part to Menlo Park alternative as well as to the other three alternatives, for instance, approaches to the Dumbarton Bridge. These impacts were discussed in depth and mitigation measures suggested in the Incorporation Alternative Section 5.2.3. These impacts are incorporated by reference here.

One additional impact would be that the City of Menlo Park could offer a more coordinated solution to the potential and existing problems relating to transportation/circulation. Menlo Park, surrounding as it is by East Palo Alto on three sides, is the recipient of many traffic and circulation problems generated by East Palo Alto. Annexation of the areas to Menlo Park would give the City the jurisdictional authority to control such adverse transportation/circulation related impacts.

### Mitigation Measures

- A. Ensure transportation/circulation policies that after annexation adequately serve the diverse needs of the area.
- B. Provide sufficient access to city facilities and services.
- C. Ensure adequate access to regional transit and other local systems.
- D. Improve streets to provide adequate transportation routes for cars, bicycles, buses, and pedestrians.
- E. Assuming that Menlo Park would want to develop the Industrial Park and Marina, develop and approve a Dumbarton Bridge connection that will adequately provide access to the park and proposed marina, but not inflict heavy vehicular traffic on residential streets.

#### 5.3.4 IMPACT ON PUBLIC SERVICES

As outlined in Section 4.3 of this EIR, Menlo Park has a wide variety of public services and facilities available to city residents. Many of the services and facilities are under the jurisdiction of the City, but some are governed by special single-purpose districts. If annexation of all or part of East Palo Alto to Menlo Park is recommended by staff and adopted by the Formation Commission, no change in service providers and, therefore, no significant environmental impact would be experienced in the following areas:

- o Drainage
- o Fire Protection
- o Animal Control
- o Civil Defense
- o Emergency Medical Service

The impact of annexation of all or part of East Palo Alto to Menlo Park on the level of municipal currently provided to the East Palo Alto community would be minimal in the following areas:

- o Streets
- o Sanitary Sewers
- o Water Supply
- o Drainage
- o Fire Protection
- o Library
- o Animal Control
- o Garbage Collection
- o Street Lighting
- o Civil Defense
- o Emergency Medical Service

Under the annexation of all or part of East Palo Alto to Menlo Park alternative, significant environmental impacts would be experienced in certain areas because of a change in service provider and/or changes in the level of services currently provided. These impacts would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection
- o Police Services\*
- o Sanitary Sewers\*

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\* Indicates that one or more districts would be dissolved and the functions of the district assumed by either Menlo Park or another district.

- o Water Supply\*
- o Local Parks and Recreation\*
- o Garbage Collection\*
- o Street Lighting\*

#### Mitigation Measures

- A. Consideration should be given to expanding the number of city council members in Menlo Park from five to seven to ensure adequate representation of the East Palo Alto Community. Menlo Park's council is presently elected at large. If East Palo Alto were annexed, district elections would be another means of ensuring representation from the East Palo Alto Community.
- B. The East Palo Alto Community Plan presently being prepared by the San Mateo County Planning Division, should, after approval by the East Palo Alto Community, the Planning Commission, and the Board of Supervisors, be used as a basis for future planning decisions after annexation by Menlo Park.
- C. Menlo Park should consider a review of the combined General Plans giving special attention to housing, commercial and industrial development, traffic circulation and the balance of jobs and housing.
- D. The high level of police services currently provided by the Sheriff's Department to East Palo Alto should be continued by Menlo Park after annexation to control and prevent the high rate of crime in the community.



- E. Community supported crime prevention programs should be continued by Menlo Park after annexation.
- F. Special emphasis should be given to police community relations so that the existing problems in this area will be eliminated and the community will feel secure with its relationship with law enforcement.
- G. The County Public Works CIP for the East Palo Alto community should be completed for those projects underway and planned for the future. Street upgrading and widening should also be completed and all streets should be brought up to the minimum county standards before annexation to Menlo Park.
- H. Existing district staff, if competent, should be encouraged to accept positions in comparable areas after dissolution of their district and annexation to Menlo Park.

#### 5.3.5 FISCAL IMPACT

The fiscal feasibility of Menlo Park annexing East Palo Alto, to be analyzed in the sphere of influence study, depends entirely upon economies of scale that the new, larger City of Menlo Park might achieve. The situation is unlike a typical annexation, where a city attempts to capture new revenue by annexing undeveloped land.

Municipal services in Menlo Park are currently financed by a relatively healthy and adequate tax base, supported by high property values and a high level of retail sales. On a per

capita basis, there are dramatic differences in the revenue available to Menlo Park as compared to East Palo Alto. For two components of municipal revenue property taxes and sales taxes, Menlo Park receives per capita \$36 and \$65 respectively. In East Palo Alto per capita property taxes available to the new city would equal \$19, while sales taxes per capita would equal only \$8. Table 19 compares the per capita revenues presently available to Menlo Park and East Palo Alto. By annexing East Palo Alto, Menlo Park's per capita revenue would be substantially diluted.

On the expenditure side, current per capita expenditures in East Palo Alto differ substantially from Menlo Park. A comparison of expenditures for key municipal services is shown in Table 20. The substantial differences lie in expenditures for general government and police. Menlo Park spends per capita \$31 and \$47 respectively. General government and police in East Palo Alto currently cost per capita \$13 and \$82, respectively.

The low cost of general government in East Palo Alto reflects costs not accounted for in the initial analysis (non-sparable costs for services provided by San Mateo County), but even if these were included, it is unlikely that these costs would be as high in East Palo Alto. The difference in police costs reflects the fact that the demand for police services in East Palo Alto is generally higher than in Menlo Park.

Table 19

ANNEXATION OF EAST PALO ALTO TO MENLO PARK,  
TOTAL AND PER CAPITA REVENUES

Revenue Source	City of Menlo Park Revenue 1978-79		Estimated East Palo Alto Revenue 1978-79	
	Total	Per Capita	Total	Per Capita
<u>LOCAL REVENUE SOURCES</u>				
Property Tax	\$1,000,000	\$36	\$350,000	\$19
Sales Tax	1,790,000	65	151,000	8
Business License Tax	206,000	8	23,500	1
Utility Franchise Tax	206,000	8	9,800	1
Licenses and Permits	146,000	5	40,000	2
Fines and Penalties	160,000	6	41,000	2
Service Charges and Fees	170,000	6	50,000	3
Use of Money and Property	154,000	6	50,000	3
Property Transfer Tax	60,000	2	31,000	2
<u>STATE-SHARED REVENUE SOURCES</u>				
Cigarette Tax	115,000	4	45,000	3
Alcoholic Beverage Taxes and Fees	16,000	1	3,700	-
Vehicle and Trailer in Lieu Fees	381,000	14	191,000	11
Gas Tax	296,000	11	160,000	9
<u>STATE AND FEDERAL GRANTS</u>				
General Revenue Sharing	126,000	5	233,000	13

Source: East Palo Alto Fiscal Analysis

The estimated marginal costs of extending key municipal services to East Palo Alto are shown in Table 21. Discussion with the City of Menlo Park officials indicated that police services could be provided to East Palo Alto by Menlo Park without increasing per capita costs. Economies of size are potentially available for other municipal services, including general government and community development. It is estimated that the per capita costs of extending these services could be as much as fifty per cent below the current per capita average costs in Menlo Park. If this is true, a significant expenditure saving could be realized. Table 21 indicates a potential \$500,000 saving under the Menlo Park annexation alternative as compared with the East Palo Alto incorporation alternatives.

Although the new City of Menlo Park's average per capita revenue would decline, because of economies of scale East Palo Alto should produce adequate revenue to cover additional costs to Menlo Park. Hence, East Palo Alto should not be a drain on the revenue base of the existing city.

Table 20

ANNEXATION OF EAST PALO ALTO TO MENLO PARK  
PER CAPITA EXPENDITURES

General Expenditures for Key Municipal Services	City of Menlo Park 1978-79		East Palo Alto "Base Case" 1978-79	
	Total	Per Capita	Total	Per Capita
General Government	\$ 848,909	\$31	\$ 231,200	\$13
Police	1,278,024	47	1,472,076	82
Community Development	253,417	9	36,150	2
Public Works (Not Including Sanitation)	1,220,840	45	814,464	45
Parks and Recreation	313,461	11	169,678	9
Library	283,170	10	158,276	9

TABLE 21

MARGINAL COSTS FOR EXTENDING  
MENLO PARK MUNICIPAL SERVICES TO  
EAST PALO ALTO

Municipal Service	Estimated Cost Under East Palo Alto Incorporation Alternatives A & B	Estimated Cost of Menlo Park Extending Services to East Palo Alto
General Government	\$ 330,000	\$ 280,000 <sup>1</sup>
Police	1,222,300	850,000 <sup>2</sup>
Community Development	162,000	80,000 <sup>3</sup>
TOTAL	<u>\$1,714,300</u>	<u>\$1,210,000</u>

1. Assumes that the marginal cost of extending general government services to East Palo Alto would be fifty percent of the existing average per capita cost.
2. Assumes that the marginal cost of extending police services to East Palo Alto would equal the current average per capita cost of police service in Menlo Park, applied to East Palo Alto's estimated population (18,000).
3. Assumes that the marginal cost of extending planning and building inspection services to East Palo Alto would equal fifty percent of the current average per capita cost of community development service in Menlo Park, applied to East Palo Alto's estimated population.

Source: East Palo  
Alto Fiscal  
Analysis



The capital improvements required in East Palo Alto to streets, drainage projects and the water system, could cause a problem for Menlo Park, unless county responsibility were continued. The fiscal analysis estimates over \$22,000,000 worth of required improvements. It is assumed that similar to the incorporation alternatives, the County of San Mateo would complete most of these planned projects.

#### Mitigation Measures

- A. A realistic amount of property tax revenue should be negotiated and exchanged between the County of San Mateo, the affected special districts, and the City of Menlo Park under the provisions of AB 8.
- B. A sufficient Proposition 4 "appropriations limit transfer" should be exchanged between the County of San Mateo, the affected special districts, and the City of Menlo Park.
- C. Programs to encourage the enhancement of East Palo Alto tax base should be given high priority to attempt to offset the revenue/expenditure imbalance.
- D. Federal and State grants should be actively pursued by Menlo Park in light of the city's increased eligibility because of an increase in population.

- E. Any initial reduced level of service by Menlo Park to East Palo Alto brought about by any revenue/expenditure imbalance should be minimized.

#### 5.3.6 IMPACT ON UTILITIES

The impact on utilities should the annexation of all or part of East Palo Alto to Menlo Park alternative be recommended by staff and adopted by the Commission has, for the most part, been discussed in Section 5.3.4, Impact on Public Services. Other utilities not discussed in that section, such as power or natural gas, and communications systems, will not be impacted by annexation.

#### 5.3.7 IMPACT ON AESTHETICS

The impact on aesthetics as it relates to the form of organization recommended in the sphere of influence study and adopted by the Commission would be significant. From a community standpoint, aesthetics are very important to the character of both Menlo Park and East Palo Alto. The fact is that many parts of East Palo Alto have been in a continuous state of deterioration for many years. Annexation to Menlo Park could be viewed as a means of allowing a mature and experienced city to extend service and maintenance programs to an area desperately in need of help. The aesthetics of the community would, therefore, be impacted.

#### Mitigation Measures

- A. Select a reorganization alternative that will allow for the enhancement of the aesthetics of the East Palo Alto community.

#### 5.3.8 IMPACT ON RECREATION

Annexation of all or part of East Palo Alto to Menlo Park will impact recreation facilities in the area. As previously established in Section 4.3, the city runs and maintains an active recreation program and approximately 60 acres of recreational open space.

Annexation of all or part of East Palo Alto to Menlo Park would necessarily entail the dissolution of the Ravenswood Recreation and Park District. Menlo Park's Department of Community Resources would then be required to extend services to East Palo Alto.

#### Mitigation Measures

- A. Ensure that Menlo Park provide active recreation programs in East Palo Alto that adequately serve community needs.

#### 5.3.9 IMPACT ON MANDATORY FINDINGS OF SIGNIFICANCE

The short-term impact of annexation of all or part of East Palo Alto by Menlo Park would be a significant decrease in per capita revenues and a significant decrease in per capita expenditures. The short-term advantages would be the extension of services by an established city with a relatively healthy and adequate tax base, supported by high property values and a high level of retail sales.

The long-term impact would hopefully be an East Palo Alto community that would benefit from being part of an affluent and

progressive city that has historically provided a high level of municipal service to its residents. Additionally, by enhancing the tax base in East Palo Alto by a mix of residential, commercial and industrial development the long-term impact could be that the community would produce adequate revenue to cover the added costs to Menlo Park, and hence not be a drain on the revenue base of the existing city.

#### 5.4 ANNEXATION OF ALL OR PART TO PALO ALTO

Annexation of all or part of East Palo Alto to Palo Alto is the last of the four alternative forms of organization to be considered in the sphere of influence study. As previously mentioned, implementation of this alternative would require a change in the County boundary line as Palo Alto is located in Santa Clara County. The framework for this alternative is set forth in Section 4.4 of this EIR.

In this section of the EIR, the impacts of the staff recommending and the Commission adopting this alternative will be reviewed. Whenever possible, mitigation measures will be presented.

##### 5.4.1 IMPACT ON POPULATION

There are approximately 56,000 people in Palo Alto and about 11,000 living on the Stanford University Campus. By the year 1990 there are expected to be 57,700 residing in the City. The planning area does not include East Palo Alto. A complete population breakdown of Palo Alto is included in the City's

Comprehensive Plan and summarized in the Base Condition beginning on page 47, of this Draft Environmental Impact Report.

Palo Alto has a population that is approximately twice the size of Menlo Park. When considering economies of scale a new city of Palo Alto with a potential larger population approaching 75,000 (including East Palo Alto) would be in an excellent position as far as eligibility for Federal grants.

From a demographic standpoint however, Palo Alto and East Palo Alto differ greatly. Palo Alto's Planning Director points out that "While consensus on solving these (planning) problems can possibly be found in the relatively homogenous community of East Palo Alto, there would be major problems in integrating these solutions into overall plans for Palo Alto.

East Palo Alto has a 66.3 per cent non-white population. Palo Alto has a 13.0 per cent non-white population. Compared with other communities East Palo Alto has a relatively "young" population, with 21.9 per cent of its population in the 5 - 14 year range. Palo Alto in this age range has 13.4 per cent of total population. At the other end of the age range, East Palo Alto has 14.5 per cent of its population over 50 years of age, whereas Palo Alto has 28.2 per cent of its population in this older age bracket. The age distribution of the population has important implications for school planning, recreational and cultural programs and facilities, employment, the crime rate and policing needs, and many other aspects of community life.



The 1970 Census shows that Palo Alto had the second highest average family income of any city of 25,000 or more in the Bay area. Average household income ranked somewhat lower because of the large number of lower income services and student households in Palo Alto. East Palo Alto, particularly the East-of-Bayshore area, has many households with extremely modest means. The 1969 median family income, as measured in the 1970 Census, was \$9,401, compared with a median of \$13,222 for San Mateo County, and higher levels in neighboring cities. Some 14 per cent of the families were classified as below the federally-defined "poverty level." Currently, about half the families of the community are in the "low-moderate" income range, by HUD standards. The contrast between East Palo Alto and Palo Alto is dramatic.

#### Mitigation Measures

- A. Select an annexation boundary alternative that will not further isolate the population of East Palo Alto.

#### 5.4.2 IMPACT ON HOUSING

As set forth in the Base Conditions, Section 3.3, page 47 , the predominant land use in Palo Alto is residential. Fully two-thirds of Palo Alto's units are single-family homes, but about 20 per cent of those are rental units. The media market value in 1970 of owner-occupied housing in Palo Alto was almost \$33,900. Of course with the wild inflation of the 1970's the media market value today is approximately \$150,000.

East Palo Alto's housing inventory has increased only modestly since the 1970 Census count of 6,400 units. Single-family housing predominates, notably in the East-of-Bayshore areas, where it is 81 per cent of the total 1970 inventory of 4,435 units. In contrast, the West-of-Bayshore area is predominantly multi-family units. Since 1970, about 200 units have been added in East Palo Alto, slightly over half of them in multi-family structures. In 1975 Palo Alto had 23,000 housing units. In addition, 7,100 students were housed at Stanford University, with 1450 apartments for married students.

In East Palo Alto the average household size (persons per occupied housing unit) was relatively high in 1970; 4.2 persons per unit for owner-occupied units; 3.2 for renter-occupied units. Considering the relatively small size of most units in East Palo Alto, this indicates a very intensive utilization of many units. If an "overcrowding" standard of 1.01 persons per room is applied, 6.5 per cent of East Palo Alto's units were overcrowded in 1970.

In 1960, Palo Alto had 3.1 persons per household. In 1970, 2.7 persons per household and an estimated 2.3 persons per household in 1980. Palo Alto has more households of older persons and young adults without children. The average household size in Palo Alto will continue to decrease as families mature and older children leave home, as young married couples have fewer children, and as the proportion of one- and two-person households increases along with the increase in multi-family units.

As mentioned in previous sections of this EIR, the Mid-Peninsula is suffering from a severe jobs/housing imbalance. The problem is extremely acute in the Menlo Park/Palo Alto region. It is entirely probable that Palo Alto could perceive the East Palo Alto area as a place with the potential for substantial residential development. Annexation of East Palo Alto to Palo Alto would facilitate such a development program.

#### Mitigation Measures

- A. Palo Alto should take steps to improve the quality of existing housing in East Palo Alto.
- B. Housing rehabilitation programs should be developed or modified by Palo Alto to meet the needs of the East Palo Alto community.
- C. Palo Alto's property rehabilitation standards should be reviewed to insure that housing rehabilitation activities can be applied to East Palo Alto.
- D. Palo Alto should discourage condominium conversions in the East Palo Alto area so that persons of low and moderate incomes will not be displaced.
- E. Palo Alto should develop policies to encourage the construction of higher income housing in East Palo Alto.

#### 5.4.3 IMPACT ON TRANSPORTATION/CIRCULATION

Many of the same environmental impacts relating to transportation/circulation would apply to the annexation of all or part to Palo Alto alternative as well as to the other three alternatives,

for instance approaches to the Dumbarton Bridge. These impacts were discussed in depth and mitigation measures suggested in the Incorporation Alternative Section 5.2.3. These impacts are incorporated by reference here.

Palo Alto's Comprehensive Plan transportation policies have been formulated to improve mass transit, and transit ridership, avoid increases in auto traffic, discourage travel at peak hours, increase the number of persons carried per vehicle, discourage auto use, and promote bicycle use.

Because of economic reasons, and because East Palo Alto residents are dependent on outside communities for goods and services, adequate public transportation is essential. The public transit system in East Palo Alto, therefore, should provide access to facilities and services within the community as well as access to facilities and services outside.

Public transportation is provided to the East Palo Alto community by the San Mateo County Transit District (SamTrans). There are two major bus routes serving the community, and with a third route provide access and connections to major shopping areas, health care facilities, employment centers, educational institutions and regional transit lines. If the East Palo Alto area were annexed to Palo Alto the Santa Clara County Transit system would become responsible for providing bus service to East Palo Alto.

The Palo Alto Municipal Airport is under the jurisdiction of Santa Clara County. At present a revision of the County Airport Master Plan is being developed by county consultant Hodges and Shutt in Santa Rosa. The completion data for the plan is December, 1980. When the plan is completed information will be available on future plans of the airport and existing and future impacts on the East Palo Alto community.

The street system in East Palo Alto consists of 38.07 miles of roads and streets. Of these, 8.35 miles are of the select system and 29.72 are on the minor street system. The Public Works Department of San Mateo County is responsible for a Road Improvement Program (CIP). The CIP includes capital improvement projects that are programmed over a five-year period. If the area were annexed to Palo Alto the city would become responsible for street maintenance improvements.

Streets in the Palo Alto Park area lack curbs and gutters and are in poor condition. These 5.37 miles of streets are considered in need of repair by the County Public Works Department. However, if these streets are brought up to minimum county standards, right of ways will reduce property boundaries and reduce parking on already narrow streets and will change the rural character of the area.

The Dumbarton Bridge connection alternatives include a Southern Connection through East Palo Alto to Palo Alto. The city is



opposed to this connection; however, if the area were annexed to Palo Alto such a route would serve to join the two areas more closely. Annexation to Palo Alto would also aid in finding a coordinated solution to East Palo Alto's generated transportation/circulation problems.

#### Mitigation Measures

- A. Ensure transportation/circulation policies that after annexation adequately serve the diverse needs of the area.
- B. Provide sufficient access to city facilities and services.
- C. Ensure adequate access to regional transit and other local systems.
- D. Improve streets to provide adequate transportation routes for cars, bicycles, buses, and pedestrians.
- E. Approve a "Southern Connection" to the Dumbarton Bridge through East Palo Alto to Palo Alto.

#### 5.4.4 IMPACT ON PUBLIC SERVICES

As outlined in Section 4.4 of this EIR, Palo Alto provides a full range of public services and facilities to city residents. Unlike Menlo Park, that is provided some services by a variety of special districts, Palo Alto's services are extended by means of City Departments. In the "annexation of all or part of East Palo Alto to Menlo Park alternative", certain services would continue to be provided by special districts. However, in the "annexation of all or part of East Palo Alto to Palo Alto alternative", all municipal services, regardless of the

original service provider, would be assumed by the City of Palo Alto.

Under the "annexation of all or part of East Palo Alto to Palo Alto alternative", county services, instead of being provided by San Mateo County, would become the responsibility of Santa Clara County. County services in the following areas would, therefore, be impacted:

- o Health
- o Welfare
- o Transportation
- o Social Services
- o Criminal Justice
- o Consumer Affairs
- o Land Development

Under this alternative, significant environmental impacts would be experienced because of a change in service provider and/or changes in the level of services currently provided to the East Palo Alto community. These impacts would be experienced in the following areas:

- o General Government
- o Planning and Building Inspection
- o Police Services
- o Streets
- o Sanitary Sewers
- o Water Supply

- o Drainage
- o Fire Protection
- o Local Parks and Recreation
- o Library
- o Animal Control
- o Garbage Collection
- o Street Lighting
- o Civil Defense
- o Emergency Medical Services
- o Public Utilities

It is apparent that the environmental impacts of this alternative would be significant.

#### Mitigation Measures

- A. A means of insuring East Palo Alto representation on the Palo Alto City Council should be explored. For the "annexation of all or part of East Palo Alto to Menlo Park alternative", it was suggested that the council's membership be expanded or candidate qualification requirements be changed. A similar measure could be implemented under this alternative.
- B. The East Palo Alto Community Plan presently being prepared by the San Mateo County Planning Division, should after approval by the Board of Supervisors, the Planning Commission and East Palo Alto community, be used as a basis for future

decisions after annexation by Palo Alto.

- C. The high level of police services currently provided by the Sheriff's Department to East Palo Alto should be continued by Palo Alto after annexation to control and prevent the high rate of crime in the community.
- D. Community supported crime prevention programs should be continued by Palo Alto after annexation.
- E. The San Mateo County Public Works CIP for East Palo Alto should either be completed or financed in whole or in part by San Mateo County. Street upgrading and widening should also be completed and all streets should be brought up to the minimum standards before annexation to Palo Alto.
- F. Existing district staff, if competent, should be encouraged to accept positions in comparable areas with the city after dissolution of their district and annexation to Palo Alto.

#### 5.4.5 FISCAL IMPACT

The fiscal impact of Palo Alto annexing East Palo Alto, to be analyzed in the sphere of influence study, depends entirely upon economies of size that the new, larger City of Palo Alto might achieve. The situation is unlike a typical annexation where a city attempts to capture new revenue by annexing undeveloped land. East Palo Alto is almost fully developed and would require a high level of municipal service from the City of Palo Alto.

The fiscal impact is made even more uncertain by problems relating to "property tax exchanges" under the provisions of Assembly

Bill 8, and "appropriations limit transfers" under the provisions of Proposition 4, the Gann Initiative. The language in either one does not apply to a situation in which a county boundary line is adjusted.

In any event, a format similar to the one utilized in the Fiscal Analysis for "Annexation to Menlo Park Alternative" will be followed for "Annexation to Palo Alto Alternative" presented in this section of the EIR. Utilizing a similar format will allow an initial comparison to be made between the two city annexation alternatives to be analyzed in depth in the sphere of influence study.

Municipal services in Palo Alto are currently financed by a very healthy and adequate tax base, supported by high property values and a high level of retail sales. On a per capita basis, there are dramatic differences in the revenue available to Palo Alto as compared to East Palo Alto. For two components of municipal revenue, property taxes and sales taxes, Palo Alto receives per capita \$48 and \$95 respectively. In East Palo Alto per capita property taxes available to the new city would equal \$19, while sales taxes per capita would equal only \$8. Table 22 compares the per capita revenues presently available to Palo Alto and East Palo Alto. By annexing East Palo Alto, Palo Alto's per capita revenue would be substantially diluted.



TABLE 22

ANNEXATION OF EAST PALO ALTO TO PALO ALTO  
TOTAL AND PER CAPITA REVENUES

Revenue Source	City of Palo Alto Revenue 1978-79		Estimated East Palo Alto Revenue 1978-79	
	Total	Per Capita	Total	Per Capita
<u>LOCAL REVENUE SOURCES</u>				
Property Tax	\$2,702,553	\$48	\$350,000	\$19
Sales Tax	5,334,247	95	151,000	8
Business License Tax	-0-	-0-	23,500	1
Utility Franchise Tax	-0-	-0-	9,800	1
Licenses and Permits <sup>1</sup>	1,118,586	20	40,000	2
Fines and Penalties	461,877	8	41,000	2
Service Charges and Fees			50,000	3
Use of Money and Property	1,742,037	31	50,000	3
Property Transfer Tax	99,898	2	31,000	2
<u>STATE-SHARED REVENUE SOURCES</u>				
Cigarette Tax	\$278,901	\$ 5	\$ 45,000	\$ 3
Alcoholic Beverage Taxes and Fees	42,244	.75	3,700	-0-
Vehicle and Trailer in Lieu Fees	898,262	16	191,000	11
Gas Tax	690,263	12	160,000	9
<u>STATE AND FEDERAL GRANTS</u>				
General Revenue Sharing	\$214,628	\$4	\$233,000	\$13

<sup>1</sup> includes service charges and fees

Source: East Palo Alto Fiscal Analysis

On the expenditure side, current per capita expenditures in East Palo Alto differ substantially from Palo Alto. A comparison of expenditures for key municipal services is shown in Table 23. The substantial differences lie in expenditures in several areas. In general government, for example, Palo Alto per capita spends \$89. Only \$13 per capita is spent in East Palo Alto. Included in Palo Alto's general government expenditure, however, are building and equipment maintenance costs which accounts for about 34 percent of this expense. In the area of police protection, however, Palo Alto per capita spends \$65, whereas \$82 per capita is expended in East Palo Alto. The higher police cost in East Palo Alto shows that the demand for police service is higher in East Palo Alto than in Palo Alto.

Economies of scale are potentially available in other municipal services such as water, sewer, and other public utilities such as gas and electric. However, Table 24, shows that for the key municipal services listed this is the case only for police service where a \$52,000 cost savings could be realized. For all three key services an additional \$430,000 expenditure would be necessary if annexation to Palo Alto were the alternative selected and not incorporation.

TABLE 23

ANNEXATION TO PALO ALTO  
PER CAPITA EXPENDITURES

Expenditures for Key Municipal Services	City of Palo Alto 1978-79		East Palo Alto "Base Case" 1978-79	
	Total	Per Capita (56,000 pop.)	Total	Per Capita
General Government <sup>1</sup>	\$4,973,332	\$89	\$ 231,200	\$13
Police	3,635,852	65	1,472,076	82
Fire	3,883,112	69	462,300 <sup>2</sup>	26
Community Environment	1,055,601	19	36,150	2
Public Works	2,988,815	53	814,464	45
Parks and Recreation	2,322,422	41	169,678	9
Library	1,073,243	19	158,276	9
Water	746,786	13	642,305 <sup>3</sup>	36
Sanitary Sewer	1,559,159	28	280,801 <sup>3</sup>	16

<sup>1</sup>\*includes Building and Equipment Maintenance

<sup>2</sup> fire service provided by Menlo Park Fire Department

<sup>3</sup>\*\*includes only East Palo Alto Sanitary District

TABLE 24

MARGINAL COSTS FOR EXTENDING  
PALO ALTO MUNICIPAL SERVICES TO  
EAST PALO ALTO

Municipal Service	Estimated Cost Under East Palo Alto Incorporation Alternatives A & B	Estimated Cost of Palo Alto Extending Services to East Palo Alto
General Government	\$ 330,000	\$ 801,000 <sup>1</sup>
Police	1,222,300	1,170,000 <sup>2</sup>
Community Environment	162,000	171,000 <sup>3</sup>
TOTAL	\$1,714,300	\$2,142,000

1. Assumes that the marginal cost of extending general government services to East Palo Alto would be fifty percent of the existing average per capita cost.

2. Assumes that the marginal cost of extending police services to East Palo Alto would equal the current average per capita cost of police service in Palo Alto, applied to East Palo Alto's estimated population (18,000).

3. Assumes that the marginal cost of extending planning and building inspection services to East Palo Alto would equal fifty per cent of the current average per capita cost of community development service in Palo Alto, applied to East Palo Alto's estimated population.

Source: East Palo Alto Fiscal Analysis

In the incorporation alternative it was assumed that fire and sanitary sewer service would continue to be provided by special districts. It is, therefore, not possible to compare the cost of these services with the marginal costs to Palo Alto if annexation were approved. A more fiscal complete analysis of this alternative will be presented in the sphere of influence study.

The capital improvements required in East Palo Alto to streets, drainage projects and the water system, could cause a problem for Palo Alto unless county responsibility were continued. The Fiscal Analysis estimates over \$22,000,000 worth of required improvements. It is assumed that similar to the incorporation alternatives, the County of San Mateo would complete most of these planned projects.

#### Mitigation Measures

- A. A realistic amount of property tax revenue should be negotiated and exchanged between the County of San Mateo, the affected special districts, and the City of Palo Alto under the provisions of AB 8.

- B. A sufficient Proposition 4 "appropriations limit transfer" should be exchanged between the County of San Mateo, the affected special districts, and the City of Palo Alto.
- C. Programs to encourage the enhancement of East Palo Alto tax base should be given high priority to attempt to offset the revenue/expenditure imbalance.
- D. Federal and State grants should be actively pursued by Palo Alto in light of the city's increased eligibility because of an increase in population.
- E. Any initial reduced level of service by Palo Alto to East Palo Alto brought about by any revenue/expenditure imbalance should be minimized.

#### 5.4.6 IMPACT ON UTILITIES

Public utilities provided to Palo Alto include sewer, water, and gas and electric. The impact on these public utilities if annexation of all or part of East Palo Alto is the recommendation of LAFCo staff and if adopted by the Formation Commission, will be significant. Sewer and water service impacts have already been discussed in previous sections.

The City of Palo Alto operates its own municipal electric power utility. Since 1964 the city has bought all of its electricity from the Western Area Power Administration (WAPA) of the Department of Energy (DOE), under a contract which ends in the year 2004. Palo Alto used about 788 million kilowatt hours in 1978. WAPA's electricity is primarily hydroelectric and is cheaper



than if it were purchased from Pacific Gas & Electric Company (PG&E). Electric rates charged to residents of Palo Alto by the city are therefore cheaper than those charged to residents of neighboring cities by PG&E.

According to Palo Alto the impact of annexing East Palo Alto would be as follows:

"If East Palo Alto were annexed, Palo Alto would expect to purchase the gas and electric systems to incorporate them into Palo Alto's municipal systems. Palo Alto purchased the Barron Park systems for \$1 million. Since East Palo Alto's population is almost five times as large, the current cost would approach \$4 million, and the installation of feeder lines would add another \$1 million. Unanticipated repairs and improvements could add another \$1 million. Also, there is a need for additional street lighting in East Palo Alto (12 locations identified). The cost of installing lighting would be borne by the utility, which would be the City of Palo Alto, if annexed."

"In addition to the issue of capital costs, Palo Alto would have to seek new power sources since East Palo Alto would use nearly one-half of Palo Alto's future growth potential."

Palo Alto buys all of its gas on contract from PG&E. In recent years Palo Alto gas consumption has been about 30 to 40 million therms. Natural gas shortages in the mid-1970's foretold even greater shortages for the mid-1980's. East Palo Alto also is provided gas by PG&E. This situation should not change if annexation of East Palo Alto to Palo Alto occurs.

Palo Alto owns and operates a landfill for disposal of solid waste, commonly called refuse or garbage. Around 250 tons of solid waste are produced each day in Palo Alto. Most of this waste is collected by the Palo Alto Sanitation Company, with a large portion of the remainder delivered by city employees or

residents. Palo Alto's landfill is scheduled to close as soon as possible, but no later than 1998. It would be expected that Palo Alto would collect the refuse in East Palo Alto after annexation and dispose of it in the same manner.

Drainage service is provided to Palo Alto residents by the city's Public Works Department. The Department is responsible for maintaining all storm drain facilities, responding to flood complaints, investigating and cleaning clogged inlets or conduits and general clean-up and repair after storm damage. East Palo Alto is provided this service by the Palo Alto Gardens Drainage Maintenance District (PAGDMD) and the East Palo Alto Drainage Maintenance District (EPADMD). After annexation it would be expected that Palo Alto would provide this service to East Palo Alto.

Highway lighting is provided to Palo Alto residents by the city's Public Works Department. The Department is responsible for street lights and traffic control signals. All work, however, is performed by the Utilities Department. The Streets Division reimburses the Utilities Department for electrical energy and for maintenance and repair services.

Street lights to East Palo Alto are provided by the Ravenswood Highway Lighting District. This service would be assumed by Palo Alto if annexation of all or part of East Palo Alto were approved. Financing would be by benefit assessment charged to property owners.

### Mitigation Measures

- A. New power purchase contracts should be negotiated with PG&E based on the increased territory and users.
- B. Utility services such as Drainage and Highway Lighting should be financed by benefit assessments.

#### 5.4.7 IMPACT ON AESTHETICS

Again, the impact on aesthetics as they relate to the form of organization recommended in the sphere of influence study and adopted by the Commission, would be significant. From a community standpoint, aesthetics are very important to the character of both Palo Alto and East Palo Alto. East Palo Alto could definitely benefit from the attention of a mature and experienced city, such as Palo Alto. Therefore, the aesthetics of the community would be impacted.

#### 5.4.8 IMPACT ON RECREATION

As previously explained in Section 4.4, city-owned park and recreational land totals approximately 3400 acres. Properties include mini-parks, neighborhood parks, district parks, and city-wide parks. East Palo Alto is deficient in neighborhood and community park; however, this deficiency is offset to some degree by many large convenient school sites and expansive baylands. However, both park area and range of recreational programs are not adequate in relation to national standards.

Annexation of all or part of East Palo Alto to Palo Alto would necessarily require the dissolution of the Ravenswood Recreation and Park District. Acquisition of additional park land in

East Palo Alto by Palo Alto would be problematic because of numerous competing demands for city purchase of vacant school sites for park land already in Palo Alto. Lack of available funds for such purchases has resulted in serious consideration of a ballot issue on adding a utility user tax to pay for parks and recreation in Palo Alto.

#### Mitigation Measures

- A. Ensure an active recreation and park acquisition program in East Palo Alto that serves community needs, yet compliments current programs and priorities in the rest of the city.

#### 5.4.9 MANDATORY FINDINGS OF SIGNIFICANCE

The impact of annexation of all or part of East Palo Alto to Palo Alto on the achievement of short-term goals to the disadvantage of long-term goals is apparent. Per capita revenues will decrease and per capita expenditures will increase. The short-term advantages would be the extension of services by an established city with a very healthy and adequate tax base, supported by high property values and a high level of retail sales.

The long-term impact would hopefully be an East Palo Alto community that would benefit from being part of an affluent and progressive city that has historically provided a high level of municipal service to its residents. Additionally, by enhancing the tax base in East Palo Alto the long-term impact

could be that the community would produce adequate revenue to cover the added costs to Palo Alto, and hence not be a drain on the revenue base of the existing city.



## 6. UNAVOIDABLE ADVERSE IMPACTS

Unavoidable adverse impacts are defined as those adverse environmental impacts which cannot be totally eliminated by available mitigation measures. The key issues in identifying unavoidable adverse impacts is the application of proposed mitigation measures. Unavoidable adverse impacts for each of the four organizational alternatives for the East Palo Alto community, to be considered in the sphere of influence study, are presented below. It should be noted that the Formation Commission, at public hearing, may select one of these four alternatives. The ultimate selection of only one of these alternatives will eliminate the unavoidable adverse impacts of the other three alternatives.

### 6.1 STATUS QUO

- A. The continued isolation of the East Palo Alto community from neighboring communities.
- B. The continued need for housing stock maintenance and rehabilitation in East Palo Alto.
- C. A probable University Avenue access to the Dumbarton Bridge would divide the East Palo Alto community.
- D. A need for road construction and reconstruction, in addition to the County's CIP.
- E. A probable continued high crime rate, relatively high rate of fires and medical emergencies.
- F. Further deterioration of the water distribution system.
- G. Further deterioration of the sanitary sewer lines.
- H. An increasing revenue subsidy for municipal services provided to East Palo Alto.

- I. A short-term advantage by ignoring the complex problem associated with East Palo Alto to the disadvantage of long-term environmental goals.

## 6.2 INCORPORATION

- A. The further isolation of the East Palo Alto community from neighboring communities.
- B. Decrease in quantity and quality of housing stock in favor of commercial/industrial development to enhance the tax base.
- C. A probable University Avenue and partial Industrial Park Dumbarton Bridge access would divide the community and infuse heavy vehicular traffic into residential neighborhoods.
- D. A need for road construction and reconstruction in addition to the completed County CIP.
- E. A probable decrease in the level of police service and a continued high crime rate, and a high level of fires and medical emergencies.
- F. Further deterioration of the water distribution system.
- G. Further deterioration of the sanitary sewer lines.
- H. A substantial revenue shortfall over the five year projection period. Exclusion of the West of Bayshore area would result in an even greater revenue shortfall.
- I. A probable decrease in the level of overall municipal service to offset the estimated revenue/expenditure deficit.
- J. The achievement of a short-term advantage, i.e., self-governance, to the disadvantage of long-term environmental goals, i.e., continued revenue subsidies.

6.3 ANNEXATION OF ALL OR PART OF EAST PALO ALTO TO MENLO PARK

- A. A dilution of Menlo Park's per capita revenues.
- b. A substantial increase in the demand for certain municipal services provided by Menlo Park.

6.4 ANNEXATION OF ALL OR PART OF EAST PALO ALTO TO PALO ALTO

- A. A substantial dilution of Palo Alto's per capita revenues.
- B. A substantial increase in the demand for certain municipal services provided by Palo Alto.
- C. A substantial increase in the demand for certain services, now provided by San Mateo County, that after annexation to Palo Alto would be assumed by Santa Clara County.

## 7. GROWTH INDUCING IMPACTS OF THE PROJECT

When discussing ways in which the project could foster economic or population growth, either directly or indirectly, again it is important to note that the Formation Commission will select only one of the four proposed alternatives. The ultimate selection of only one alternative will obviously eliminate any of the potential growth inducing impacts of the other three alternatives.

### 7.1 STATUS QUO

Under this alternative the policies adopted by the County Planning Commission and the East Palo Alto community in the East Palo Alto Community Plan would prevail. Status quo is not regarded by LAFCo staff as being significantly growth inducing.

### 7.2 INCORPORATION

Under this alternative again, the policies adopted in the East Palo Alto Community Plan would be used as a basis for present and future development. The incorporated City of East Palo Alto would initially attempt to develop its tax base by means of commercial and industrial development. This type of development is not considered by LAFCo staff to be significant growth inducing with regards to population; however, it could foster economic growth. The degree of economic growth would largely depend on specific development plans.

It is also entirely possible, under this alternative, that because of the serious jobs/housing imbalance in the Mid-Peninsula,

demands from property owners, and pressures from neighboring communities, that residential development may receive high priority. This would lead to significant growth inducing impacts with regards to population.

### 7.3 ANNEXATION OF ALL OR PART OF EAST PALO ALTO TO MENLO PARK

Under this alternative, the policies adopted in the East Palo Alto Community Plan would also be used as a basis for present and future development, either directly or by amendments to Menlo Park's Comprehensive Plan. The significant difference in this alternative with regards to growth is the recognized jobs/housing imbalance in the Mid-Peninsula. It is highly probable that Menlo Park could perceive the East Palo Alto community as a place to provide much needed housing for the employees of local companies. Therefore, adoption of this alternative by the Formation Commission could contribute significantly to area population growth, and also serve to significantly alleviate the jobs/housing imbalance in Menlo Park.

### 7.4 ANNEXATION OF ALL OR PART OF EAST PALO ALTO TO PALO ALTO

LAFCo staff perceives the growth inducing impact of this alternative by the Formation Commission as very similar to the adoption of 7.3. Annexation of All or Part of East Palo Alto to Menlo Park. Similarly to Menlo Park, Palo Alto for the past several years has experienced a severe jobs/housing imbalance. Annexation of all or part of East Palo Alto could be viewed by Palo Alto as an excellent opportunity to provide needed housing for the employees of local companies. Therefore, adoption of this alternative by the Formation Commission could contribute

significantly to area population growth, and also serve to significantly alleviate the jobs/housing imbalance in Palo Alto.



## 8. ORGANIZATIONS AND PERSONS CONTACTED

### San Mateo County

#### County Manager's Office

Jay Gellert, Deputy County Manager

#### County Clerk's Office

Marvin Church, County Clerk

#### District Attorney's Office

Dan Daly, Assistant District Attorney

#### Environmental Management

Paul Koenig, Director

#### Planning Division

David Hale, Director

Roman Gankin, Development Review Manager

Marion Boat, Senior Urban Planning Economist

James Sweeney, Planner II

Ernest Vovakis, Planner II

Deborah Nelson, Planner III

Terry Burnes, Senior Planner

#### Housing and Community Development Division

Mark Nelson, Director

Maurice Dawson, Program Administrator

#### Public Works

Sidney Cantwell, Director

#### Sheriff

McDonald Craik, Assistant Sheriff

Santa Clara County

County Executive's Office

William Siegel, County Executive

Santa Clara LAFCo

Paul Sagers, Assistant LAFCo Executive Officer,  
Administrative Manager

Alan LaFleur, Senior Management Analyst

City of Menlo Park

City Manager's Office

Michael Bedwell, City Manager

Community Development

Leon Pirofalo, Director

Al Morales, Senior Planner

Finance

Molly Holsinger, Director

Police

Gerald McNamara, Chief

Recreation

Mary Leydon, Director

City of Palo Alto

City Manager's Office

George Sipel, City Manager

Planning and Community Development

Naphtali Knox, Director

Robert Brown, Planner

East Palo Alto Municipal Advisory Council

Kenneth Goode, Administrative Officer

Gordon Shriver, Management Analyst

Lawrence Tong, Planner

Bradford Stamper, Chairman

Henry Anthony, Councilmember

Berkley Driessel, Councilmember

Barbara Mouton, Councilmember

Gertrude Wilks, Councilmember

East Palo Alto County Waterworks District

Edward Barnes, Senior County Engineer

East Palo Alto Sanitary District

Clarence Hynes, Secretary

Menlo Park Fire Protection District

Vincent Del Pozzo, Chief

Menlo Park Sanitary District

Steven Ford, Manager

Sten Mawson, Engineer

Ravenswood Recreation and Park District

Henry Anthony, Superintendent

Mid-Peninsula Regional Open Space District

Nanette Hanco, Board Member

Harry Turner, Board Member

Other Persons Consulted

Angus McDonald, Angus McDonald and Associates, Inc.

Walter Keiser, Angus McDonald and Associates, Inc.

Howard Van Jepmond, Woodland Area Residential Property  
Owners Association (WARPO)

Louis Smith, Woodland Area Residential Property  
Owners Association (WARPO)

Frances Price, Woodland Area Residential Property  
Owners Association (WARPO)

Omowale Satterwhite, Convenor, East Palo Alto Citizens  
Committee on Incorporation (EPACCI)

Jim Johnson, East Palo Alto Contractors Association

Thomas Kavanaugh, Property Owner

## 9. LIST OF DOCUMENTS CONSULTED

"ABAG Projections 79," Association of Bay Area Governments, January 1980.

"Affordable Housing," Division of Housing and Community Development, and Human Services Coordinating Council, San Mateo County, June 1979.

"An Analysis of the Fiscal Feasibility of Forming a General Law City in East Yolo," East Yolo Local Government Reorganization Committee, February 1979.

"An Analysis of Portions of the San Mateo-Santa Clara County Boundary," San Mateo Local Agency Formation Commission, July 1975.

"Amendments to CEQA," 1978, 1979, 1980.

"Avenal Incorporation Negative Declaration," Kings County Local Agency Formation Commission, February 1980.

"CEQA Guidelines," Adopted by San Mateo Local Agency Formation Commission 1975, Revised Through 1977.

"CEQA Guidelines," Prepared by San Mateo County Department of Environmental Management, Planning Division, April 1978.

"Delivery of Expanded Governmental Services to the Grand Terrace Area San Bernardino County, California," Public Administration Service, December 1977.

"Dumbarton Bridge Technical Report: Draft," Dumbarton Bridge Technical Group, April 1980.

"Environmental Assessment of the Proposed East Yolo Area Incorporation," Williams, Platzek and Mocine, December 1979.

"East Palo Alto Annexation Study," San Mateo Local Agency Formation Commission, January 1967.

"East Palo Alto Community Planning Program Working Papers: Preliminary Draft," San Mateo County Department of Environmental Management, Planning and Development Division, June 1980.

Framework for Planning  
Population and Housing  
Employment and Economic Development  
Land Use  
Transportation  
Parks and Schools  
Public Facilities  
Environmental Quality

"East Palo Alto Fiscal Analysis," Angus-McDonald and Associates, Inc. in Association with John Warren and Associates, Prepared for the Association of Bay Area Governments in Cooperation with the East Palo Alto Municipal Council, October 1979.

"East Palo Alto Fiscal Analysis: Staff Analysis," Kenneth Goode, East Palo Alto Municipal Council Administrative Officer, January 1980.

"Grand Terrace Reorganization Proposal," San Bernardino Local Agency Formation Commission, February 1978.

"Grand Terrace Sewer System EIR," Albert A. Webb Associates, April 1975.

"Menlo Park Budget, 1978-79," City of Menlo Park.

"Menlo Park Comprehensive Plan, Towards 2000," Department of Community Development, Menlo Park, October 1974.

"Palo Alto Budget, 1978-79," City of Palo Alto.

"Palo Alto Comprehensive Plan 1977-1990," City of Palo Alto, November 1976.

"Palo Alto Resource Management Plan," City of Palo Alto, April 1979.

"Poway Governmental Reorganization Proposal," County of San Diego, Department of Planning and Land Use, 1979.

"Preliminary East Palo Alto Community Profile," San Mateo County Department of Environmental Management, Planning and Development Division, August 1980.

"Proposed Incorporation of East Los Angeles Feasibility Study," James F. Hays and Associates, June 1973.

"Reorganization of the Community of Atascadero," San Luis Obispo Local Agency Formation Commission, January 1979.

"Report of the Atascadero Incorporation Study Group," San Luis Obispo Local Agency Formation Commission, August 1978.

"San Mateo County Final 1978-79 Budget," County of San Mateo.

"Santee Incorporation Negative Declaration," County of San Diego, 1979.

"Santee Governmental Reorganization Proposal," County of San Diego, Department of Planning and Land Use, 1979.



"Solvang Incorporation EIR," Office of Environmental Quality, County of Santa Barbara, November 1975.

"Study on Governmental Reorganization in the Community of Paradise," Butte County Local Agency Formation Commission, May 1979.

"Study on Governmental Reorganization in the Community of Paradise: Draft Focused Environmental Impact Report," Butte County Local Agency Formation Commission, May 1979.

"The Fiscal Future of California," John Rehfuss and Anne Cowden, California State University, Sacramento, May 1980.

"United States Census, 1970."

"Zone of Influence Study," City of Menlo Park, December 1967.

# APPENDIX A

## SAN MATEO LOCAL AGENCY FORMATION COMMISSION

### Environmental Evaluation Checklist

#### I. Background

1. Name of Proposal & LAFCo File No. Sphere of Influence Study for Menlo Park/East Palo Alto and Menlo Park Sanitary, Menlo Park Fire Protection, County Service Area #5, Ravenswood Recreation and Park, and East Palo Alto County Waterworks Dist.
2. Name, Address and Phone number of Applicant N/A
3. Indicate applicant's interest in subject territory:
  - A. Registered voter \_\_\_\_\_
  - B. Landowner \_\_\_\_\_
  - C. Other interest (specify) LAFCo

#### II. Environmental Impacts

(Explanations of all "yes" and "maybe" answers are required on attached sheets.)

	<u>YES</u>	<u>MAYBE</u>	<u>NO</u>
1. <u>Earth</u> . Will the proposal result in:			
a. Unstable earth conditions or in changes in geologic substructures?	_____	_____	<u>X</u>
b. Disruptions, displacements, compaction or overcovering of the soil?	_____	_____	<u>X</u>
c. Change in topography or ground surface relief features?	_____	_____	<u>X</u>
d. The destruction, covering or modification of any unique geologic or physical features?	_____	_____	<u>X</u>
e. Any increase in wind or water erosion of soils, either on or off the site?	_____	_____	<u>X</u>
f. Changes in deposition or erosion of beach sands, or changes in siltation, deposition or erosion which may modify the channel of a river or stream or the bed of the ocean or any bay, inlet or lake?	_____	_____	<u>X</u>

	<u>YES</u>	<u>MAYBE</u>	<u>NO</u>
g. Exposure of people or property to geologic hazards such as earthquakes, landslides, mudslides, ground failure, or similar hazards?	_____	_____	<u>X</u>
2. <u>Air</u> . Will the proposal result in:			
a. Substantial air emissions or deterioration of ambient air quality?	_____	_____	<u>X</u>
b. The creation of objectionable odors?	_____	_____	<u>X</u>
c. Alteration of air movement, moisture or temperature, or any change in climate, either locally or regionally?	_____	_____	<u>X</u>
3. <u>Water</u> . Will the proposal result in:			
a. Changes in currents, or the course or direction of water movements, in either marine or fresh waters?	_____	_____	<u>X</u>
b. Changes in absorption rates, drainage patterns, or the rate and amount of surface water runoff?	_____	_____	<u>X</u>
c. Alterations to the course or flow of flood waters?	_____	_____	<u>X</u>
d. Change in the amount of surface water in any water body?	_____	_____	<u>X</u>
e. Discharge into surface waters, or in any alteration of surface water quality, including but not limited to temperature, dissolved oxygen or turbidity?	_____	_____	<u>X</u>
f. Alteration of the direction or rate of flow of ground waters?	_____	_____	<u>X</u>

	<u>YES</u>	<u>MAYBE</u>	<u>NO</u>
g. Change in the quantity of ground waters, either through direct additions or withdrawals, or through interception of an aquifer by cuts or excavations?	_____	_____	<u>X</u>
h. Substantial reduction in the amount of water otherwise available for public water supplies?	_____	_____	<u>X</u>
i. Exposure of people or property to water related hazards such as flooding or tidal waves?	_____	_____	<u>X</u>
4. <u>Plant Life</u> . Will the proposal result in:			
a. Change in the diversity of species, or number of any species of plants (including trees, shrubs, grass, crops, microflora and aquatic plants)	_____	_____	<u>X</u>
b. Reduction of the numbers of any unique, rare or endangered species of plants?	_____	_____	<u>X</u>
c. Introduction of new species of plants into an area, or in a barrier to the normal replenishment of existing species?	_____	_____	<u>X</u>
d. Reduction in acreage of any agricultural crop?	_____	_____	<u>X</u>
5. <u>Animal Life</u> . Will the proposal result in:			
a. Change in the diversity of species, or numbers of any species of animals (birds, land animals including reptiles, fish and shellfish, benthic organisms, insects or microfauna)?	_____	_____	<u>X</u>
b. Reduction of the numbers of any unique, rare or endangered species of animals?	_____	_____	<u>X</u>

	<u>YES</u>	<u>MAYBE</u>	<u>NO</u>
c. Introduction of new species of animals into an area, or result in a barrier to the migration or movement of animals?	_____	_____	<u>X</u>
d. Deterioration to existing fish or wildlife habitat?	_____	_____	<u>X</u>
6. <u>Noise</u> . Will the proposal result in:			
a. Increases in existing noise levels?	_____	_____	<u>X</u>
b. Exposure of people to severe noise levels?	_____	_____	<u>X</u>
7. <u>Light and Glare</u> . Will the proposal produce new light or glare?	_____	_____	<u>X</u>
8. <u>Land Use</u> . Will the proposal result in a substantial alteration of the present or planned land use of an area?	_____	_____	<u>X</u>
9. <u>Natural Resources</u> . Will the proposal result in:			
a. Increase in the rate of use of any natural resources?	_____	_____	<u>X</u>
b. Substantial depletion of any non-renewable natural resource?	_____	_____	<u>X</u>
10. <u>Risk of Upset</u> . Does the proposal involve a risk of an explosion or the release of hazardous substances (including, but not limited to, oil, pesticides, chemicals or radiation) in the event of an accident or upset conditions?	_____	_____	<u>X</u>
11. <u>Population</u> . Will the proposal alter the location, distribution, density or growth rate of the human population of an area?	<u>X</u>	_____	_____

	<u>YES</u>	<u>MAYBE</u>	<u>NO</u>
12. <u>Housing</u> . Will the proposal affect existing housing, or create a demand for additional housing? West of Bayshore	<u>X</u>	<u>      </u>	<u>      </u>
13. <u>Transportation/Circulation</u> . Will the proposal result in:			
a. Generation of substantial additional vehicular movement?	<u>      </u>	<u>X</u>	<u>      </u>
b. Effects on existing parking facilities, or demand for new parking?	<u>      </u>	<u>X</u>	<u>      </u>
c. Substantial impact upon existing transportation systems?	<u>      </u>	<u>      </u>	<u>X</u>
d. Alterations to present patterns of circulation or movement of people and/or goods?	<u>      </u>	<u>X</u>	<u>      </u>
e. Alterations to waterborne, rail or air traffic?	<u>      </u>	<u>      </u>	<u>X</u>
f. Increase in traffic hazards to motor vehicles, bicyclists or pedestrians?	<u>      </u>	<u>      </u>	<u>X</u>
14. <u>Public Services</u> . Will the proposal have an effect upon, or result in a need for new or altered governmental services in any of the following areas:			
a. Fire protection?	<u>      </u>	<u>X</u>	<u>      </u>
b. Police protection?	<u>X</u>	<u>      </u>	<u>      </u>
c. Water?	<u>X</u>	<u>      </u>	<u>      </u>
d. Sewer?	<u>      </u>	<u>X</u>	<u>      </u>
e. Schools?	<u>X</u>	<u>      </u>	<u>      </u>
f. Parks or other recreational facilities?	<u>X</u>	<u>      </u>	<u>      </u>
g. Maintenance of public facilities, including roads?	<u>X</u>	<u>      </u>	<u>      </u>
h. Other governmental services?	<u>X</u>	<u>      </u>	<u>      </u>



	<u>YES</u>	<u>MAYBE</u>	<u>NO</u>
15. <u>Fiscal Effect.</u> Will the proposal effect the financing of public services.	<u>X</u>	_____	_____
16. <u>Energy.</u> Will the proposal result in:			
a. Use of substantial amounts of fuel or energy?	_____	_____	<u>X</u>
b. Substantial increase in demand upon existing sources of energy, or require the development of new sources of energy?	_____	_____	<u>X</u>
17. <u>Utilities.</u> Will the proposal result in a need for new systems, or substantial alterations to the following utilities:			
a. Power or natural gas?	_____	<u>X</u>	_____
b. Communications systems?	_____	<u>X</u>	_____
c. Water?	<u>X</u>	_____	_____
d. Sewer or septic tanks?	_____	<u>X</u>	_____
e. Storm water drainage?	_____	<u>X</u>	_____
f. Solid waste and disposal?	_____	<u>X</u>	_____
18. <u>Human Health.</u> Will the proposal result in:			
a. Creation of any health hazard or potential health hazard (excluding mental health)?	_____	_____	<u>X</u>
b. Exposure of people to potential health hazards?	_____	_____	<u>X</u>
19. <u>Aesthetics.</u> Will the proposal result in the obstruction of any scenic vista or view open to the public, or will the proposal result in the creation of an aesthetically offensive site open to public view?	<u>X</u>	_____	_____
20. <u>Recreation.</u> Will the proposal result in an impact upon the quality or quantity of existing recreational opportunities?	<u>X</u>	_____	_____

- |   | <u>YES</u> | <u>MAYBE</u> | <u>NO</u> |
|---|------------|--------------|-----------|
| 21. <u>Archeological/Historical</u> . Will the proposal result in an alteration of a significant archeological or historical site, structure, object or building?   | _____      | _____        | <u>X</u>  |
| 22. <u>Mandatory Findings of Significance</u> .   |            |              |           |
| a. Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or pre-history? | _____      | _____        | <u>X</u>  |
| b. Does the project have the potential to achieve short-term, to the disadvantage of long-term, environmental goals? (A short-term impact on the environment is one which occurs in a relatively brief, definitive period of time while long-term impacts will endure well into the future.)  | <u>X</u>   | _____        | _____     |
| c. Does the project have impacts which are individually limited, but cumulatively considerable? (A project may impact on two or more separate resources where the impact on each resource is relatively small, but where the effect of the total of those impacts on the environment is significant.)   | _____      | _____        | <u>X</u>  |
| d. Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?   | <u>X</u>   | _____        | _____     |

III. CHECKLIST COMPLETED ON: March 3, 1980 BY: Paul L. Hood  
(LAFCo staff)

### Findings:

           Emergency project - exempt

           Categorically exempt. Class           


\_\_\_\_\_ I find the proposed project could not have a significant effect on the environment and a Negative Declaration will be prepared.

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described (see attached sheet) have been added to the project. A Negative Declaration will be prepared.

XXX I find the proposed project may have a significant effect on the environment, and an Environmental Impact Report is required.

Date \_\_\_\_\_

Date March 10, 1980

  
B. SHERMAN COFFMAN  
Executive Officer, San Mateo  
Local Agency Formation Commission

APPENDIX B

GENERAL POLICIES AND CRITERIA FOR THE  
DEVELOPMENT AND DETERMINATION OF  
SPHERES OF INFLUENCE

ADOPTED

September 18, 1974

REVISED

June 18, 1975

San Mateo Local Agency Formation Commission

I  
AUTHORITY

1. The Knox-Nisbet Act (Government Code, Section 54774) includes the following: "Among the purposes of a local agency formation commission are the discouragement of urban sprawl and the encouragement of the orderly formation and development of local governmental agencies based upon local conditions and circumstances. One of the objects of the local agency formation commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local governmental agencies so as to advantageously provide for the present and future needs of each county and its communities." ...
2. "In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the local agency formation commission shall develop and determine the sphere of influence of each local governmental agency within the county. As used in this section "sphere of influence" means a plan for the probable ultimate physical boundaries and service area of a local governmental agency. Among the factors considered in determining the sphere of influence of each local governmental agency, the commission shall consider:
  - a. The maximum possible service area of the agency based upon present and possible service capabilities of the agency.
  - b. The range of services the agency is providing or could provide.
  - c. The projected future population growth of the area.
  - d. The type of development occurring or planned for the area, including, but not limited to, residential, commercial, and industrial development.

- e. The present and probable future service needs of the area.
  - f. Local governmental agencies presently providing services to such area and the present level, range and adequacy of services provided by such existing local governmental agencies.
  - g. The existence of social and economic interdependence and interaction between the area within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency's sphere of influence.
  - h. The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency."
3. "The Commission shall periodically review and update the spheres of influence developed and determined by them."
  4. "The spheres of influence, after adoption, shall be used by the commission as a factor in making regular decisions on proposals over which it has jurisdiction. The commission may recommend governmental reorganizations to particular agencies in the county, using the spheres of influence as the basis for such recommendations...."

## II

### DEFINITIONS

1. County: San Mateo County.
2. Essential Services: Those basic services necessary to protect the health, safety, and general well-being of a community, including but not limited to police, fire, water, sanitation, etc.
3. General Purpose Government: A city or county government.
4. LAFCo: San Mateo Local Agency Formation Commission.
5. Local Agency: A city or a special district.
6. Regional Agencies: Association of Bay Area Governments, Central Coast Regional Coastal Zone Conservation Commission, etc.
7. Sphere of Influence: A plan for the probable ultimate physical boundaries and service area of a local agency.
8. Urban Services: Those services which are provided to an urban area including, but not limited to, essential services.



9. Urbanization: The individual or cumulative development causing a rural, less populated area, to change into a more densely populated urban area: See Urbanized Areas.
10. Urbanized Areas:
- a. Incorporated areas of 2,500 inhabitants or more as enumerated in the most recent census.
  - b. Incorporated areas of less than 2,500 inhabitants which form a contiguous boundary with incorporated areas of at least 25,000 inhabitants or which share a boundary with other incorporated areas which do have a contiguous boundary with municipalities of at least 25,000 inhabitants.
  - c. An unincorporated area of 400 or more inhabitants, or a chain of unincorporated areas in a closely settled area, which are adjacent to an incorporated place of at least 4,000 inhabitants shall be considered urban.
  - d. Unincorporated enclaves within an area defined as urban shall also be classified as urban.
11. Agricultural Preserve: An area as defined in subdivision [d] of Section 51201 of the Government Code.

### III

#### GENERAL

- 1. It is the intent of LAFCo to support the viability of local governmental agencies providing essential services. Local agencies should be so constituted and organized as to best provide for the economic and social needs of the county and its communities, efficient governmental services for orderly land use development, and controls required to conserve environmental resources. The public interest will be served by considering "resources" in a broad sense to include ecological factors, such as open space, wild life and agricultural productivity, in addition to the commonly accepted elements of land, water and air. LAFCo intends for its sphere of influence plans to serve as a master plan for the future organization of local government within this metropolitan county.
- 2. It is an intention of LAFCo to use spheres of influence as a tool to discourage urban sprawl as well as to encourage the orderly changes of organization of local government agencies.

Adopted 9/18/74  
Revised 6/18/75

including annexations, consolidations, formations and reorganizations. LAFCo recognizes the inter-relationship of spheres of influence, annexations and other changes of organization, market values for land, and pressures for the premature development of undeveloped land. For example, annexation to a local agency of territory outside that agency's sphere of influence will inevitably increase property values and assessments of similarly-situated territory, thus artificially creating pressures for premature development.

3. LAFCo recognizes the limited usefulness of long-term projections. The accuracy of projections decreases with an increasing number of years from the date of the projection. Consequently, the spheres of influence adopted by LAFCo delineate limits for probable future growth within the next twenty years as reflected in the general plans of the various cities and the county.
4. Once established, a sphere of influence shall be a declaration of policy which shall be a primary guide to LAFCo in the determination of any proposal concerning incorporated cities or special districts and territory adjacent thereto. Any such sphere of influence may be amended from time to time and its application in any particular case shall depend upon its applicability under the precise facts of that particular case. If LAFCo approves a change of organization inconsistent with the adopted sphere of influence of a local agency, LAFCo shall amend the sphere of influence of that local agency at the time of approval.
5. LAFCo discourages the proliferation of local governmental agencies and the existence of overlapping public service responsibilities. The formation of new special districts within existing city or special district spheres of influence is to be discouraged.
6. It is the intent of LAFCo to encourage the rationalization of local government through the elimination or consolidation of small, single-purpose districts. Wherever the full range of urban services is required, general-purpose governments are preferred to special districts for the provision of services.
7. LAFCo recognizes that some political boundaries may be artificial, dividing what may, in fact, be a single community or communities. Existing local government agencies are encouraged to investigate the feasibility of political and functional consolidation in implementation of LAFCo spheres of influence determinations.

8. An existing local agency may be allocated a zero sphere of influence which encompasses no territory. Such may be the case where LAFCo determines after due consideration of all factors that the public service responsibilities and functions of one local agency should be re-allocated to some other unit of government and that, ultimately, the local agency which has been assigned a "zero sphere of influence" should cease to exist.
9. LAFCo recognizes that there may be significant inter-dependency among service decisions and other aspects of policy determination. In urban areas requiring the full range of urban services, services should be provided and decisions made by a single, general purpose government rather than by overlapping local agencies. All lands for new subdivision or industrial development having a limited geographic impact and which are within a designated city sphere of influence should be annexed to the city prior to development.
10. Existing, highly urbanized, unincorporated areas with special financial and social problems may be the subject for a special designation of "lands under study" until such time as a final decision may be reached as to how the area should be provided urban services.
11. All areas within the county not included within a city sphere of influence should not be subject to urbanization until such time as a complete study can be made by the appropriate planning and administrative departments of the county, adjacent cities and LAFCo.
12. Areas designated for open space, recreation, or the preservation of the natural or land resources (i.e., agricultural preserves) within the county by regional agencies, the county or local agencies and not assigned to the sphere of influence of a local agency shall not be considered eligible for an extension of an urban level of services.
13. The San Mateo Local Agency Formation Commission shall adopt, amend, or revise spheres of influence after a public hearing called and held for that purpose. At least 15 days prior to the date of any such hearing, the Executive Officer shall give mailed notice of hearing to each affected local agency and the County, and to any interested party who has filed a written request for such notice with the Executive Officer. In addition, at least 15 days prior to the date of any such hearing,

the Executive Officer shall cause notice of the hearing to be published in a newspaper of general circulation which is circulated within the territory affected by the sphere of influence proposed to be adopted.

LAFCo may continue from time to time any sphere of influence hearing. At any sphere of influence hearing, LAFCo shall hear and consider oral or written testimony presented by any affected local agency, the County, or any interested person who wishes to appear.

14. All previously adopted standards for evaluation of spheres of influence are hereby repealed.

#### IV

##### ALLOCATION OF TERRITORY TO CITY SPHERES OF INFLUENCE

1. Among the factors to be considered by LAFCo in determining spheres of influence are those more fully enumerated in Section 54774 of the Knox-Nisbet Act.
2. Before assignment of an unincorporated urbanized area to a city is made, the city should be able to demonstrate that they have the financial capabilities to adequately provide the necessary urban services (i.e., police, fire, water, sanitary, recreation, and storm drainage, etc.); or that the required services are already being provided by private companies or larger multi-purpose special districts.
3. LAFCo will consider which city will naturally or most likely inherit and can best cope with the problems resulting from urbanization. Among those problems LAFCo may consider the following factors:
  - a. The source of automobile, bus and truck traffic causing congestion.
  - b. Impacts of residential, commercial, and industrial noise and artificial lighting.
  - c. Methods available for the preservation and development of a stable economic, social and ethnic balance.
  - d. Methods available to the local agency which can provide a broad base for citizen participation.
  - e. Policies and practices of the local agency which can provide for the preservation and development of a balance between residential, commercial, industrial, agricultural and open space land uses.
  - f. Topographic factors.



4. Consideration should be given to the effect of the growth of the city and the extension of urban services on the county government structure as well as adjacent single and multiple purpose districts, and the adjacent cities.
5. Consideration should be given to the existence of agricultural preserves and open space lands in the area and the effect of the growth of the city and the extension of urban services on or adjacent to existing open space lands, agricultural lands and agricultural preserves. Such consideration shall include but not be limited to the physical and economic impacts on such lands and the ability of maintaining the viability and economic integrity of lands in an agricultural preserve.
6. Ultimate city boundaries should not create islands or corridors unless these areas are designated or reserved for open space or regional facilities which are best left unincorporated.
7. An analysis should be made of the need for the established community, city and special district services; the present cost and adequacy of governmental services; probable future needs for such services; probable effect of the immediate and long range development within the proposed sphere of influence.
8. Consideration should be given to alternate courses of action for providing urban governmental services, and to their fiscal and economic consequences.
9. Studies should be made of population, population density and proximity to other populated areas; land use and land area; per capita assessed valuation; and per capita income.
10. Publicly owned properties, other than city facilities, which require urban services such as police and fire protection (convention centers, airports, race tracks, regional parks) should be analyzed on an individual basis before they are included or excluded from the corporate limits of a city. If the facility is to be included, consideration should be given to alternatives in which the public agency owning the property can pay the subject city an equitable sum in lieu of taxes to offset the cost of the urban services.
11. The intent of each city's rezoning policies and plans should be reviewed as to how they relate to the areas designated as open space by a regional agency or the County General Plan. LAFCo should call attention to inconsistencies among city, county, and regional general plans and strive to get the affected jurisdictions to reconcile the differences.

V

ALLOCATION OF TERRITORY TO  
SPECIAL DISTRICT SPHERES OF INFLUENCE

1. Among the factors to be considered by LAFCo in determining spheres of influence are those more fully enumerated in Section 54774 of the Knox-Nisbet Act.
2. Before assignment is made, the district should be able to demonstrate that they have the financial capabilities to adequately provide its specific service.
3. LAFCo will consider which district will naturally or most likely inherit and can best cope with the problems resulting from present and projected land uses. Among those problems LAFCo may consider the following factors:
  - a. The source of automobile, bus and truck traffic causing congestion.
  - b. Impacts of residential, commercial, and industrial noise and artificial lighting.
  - c. Methods available for the preservation and development of a stable economic, social and ethnic balance.
  - d. Methods available to the local agency which can provide a broad base for citizen participation.
  - e. Policies and practices of the local agency which can provide for the preservation and development of a balance between residential, commercial, industrial and open space land uses.
  - f. Topographic factors.
4. Consideration should be given to the effect of the growth of the district and the extension of services on the County government structure as well as adjacent single and multiple purpose districts and the adjacent overlapping cities.
5. Ultimate district boundaries should not create islands or corridors unless these areas are designated or reserved for



open space or regional facilities which are best left without the provision of services.

6. An analysis should be made of the need for the established community, city, and special district services; the present cost and adequacy of governmental services; probable future needs for such services; probable effect of the immediate and long range development within the proposed sphere of influence.
7. Consideration should be given to alternate courses of action for providing urban governmental services, and to their fiscal and economic consequences.
8. Studies should be made of population, population density and proximity to other populated areas; land use and land area; per capita assessed valuation; and per capita income.
9. Publicly owned properties, other than city facilities, which require urban services such as police and fire protection (convention centers, airports, race tracks, urban parks) should be analyzed on an individual basis before they are included or excluded from the corporate limits of a special district. If the facility is to be included, consideration should be given to alternatives in which the public agency owning the property can pay the subject district an equitable sum in lieu of taxes to offset the cost of the urban services.
10. The intent of each special district's plans for extending services should be reviewed as to how they relate to each city's rezoning policies and plans and the areas designated as open space by a regional agency or the County General Plan, and each city's General Plan. LAFCo should call attention to inconsistencies between city, county, regional General Plans and special district plans and strive to get the affected jurisdictions to reconcile the differences.
11. Special districts are the appropriate agencies to provide essential services in areas in which only a limited range of services is required or, if a full range of urban services is required and where it is not feasible for those services to be provided by a single city.

12. Where a special district is coterminous with, or lies substantially within, the boundary or sphere of influence of a general purpose government which is capable of assuming the public service responsibilities and functions of that special district, the special district may be allocated a designation of a zero influence which encompasses no territory.
13. Where it is feasible, cities should be encouraged to expand the types of services which they can provide if no multi-city single-purpose or multi-purpose special district is available.
14. Where two or more single-purpose special districts providing the same service are contiguous, those districts may be allocated a consolidated sphere of influence to include the areas served by both districts. This would be the case where LAFCo believes that the particular service should be provided to the entire area by a single local agency.
15. The provision of essential services to multi-city areas may be a role for special districts within urban areas if the affected cities are unable to make contractual arrangements for the similar provision of services by a single, service-vending city or the county. Where such services are or could be available from a single, service-vending city or the county, a special district may be allocated a zero sphere of influence encompassing no territory.
16. Where two or more single-purpose special districts provide services to substantially the same area, they may be allocated zero spheres of influence encompassing no territory. This would indicate the belief of LAFCo that the existing districts should merge with an existing city or cities, or that they consolidate into a single, multi-purpose special district. The provision of services by multi-purpose local agencies is to be preferred over the provision of those services by overlapping, single-purpose special districts.
17. Non-essential services should not be provided by special districts unless there is no other mechanism for the provision of those services. Rather, the responsibility for the provision of those services should belong solely to a general-purpose government which has a mandate to weigh priorities of competing uses for tax revenues.

## VI

### URBAN SERVICE AREAS

1. Urban Service Areas. Spheres of influence adopted by LAFCo delineate limits for probable future growth within the next twenty years as reflected in the general plans of the various cities and the county. In order to avoid urban sprawl within a sphere of influence, urban growth within a sphere of influence should be compact, thereby preserving future land use options. Within each city sphere of influence, an urban service area boundary shall be designated by LAFCo. Urban service areas consist of territory now served by urban facilities, utilities and service agencies, or capable of receiving such services within the next five years, and include the following:
  - a. Urbanized Areas. This includes all existing areas, either incorporated or unincorporated, developed to urban densities.
  - b. Urban Expansion Areas. This consists of vacant land, either incorporated or unincorporated, which is capable of holding urban growth expected within the next five years.

The territory included within urban service areas will be considered by LAFCo to be eligible for annexation to receive urban services within five years. Consideration will be given to city and special district willingness to provide needed services with related time schedules for planned expansion of services within specified time increments. Consideration will be given evidence that a city or special district has or will have the resource capability beyond its own internal needs to provide service within an urban expansion area. Cities and special districts are encouraged to develop Capital Improvement Programs and other plans for the phased extension of services to assist LAFCo in determining logical urban service area boundaries.

2. Urban Transition Areas. Transition areas consist of the residual lands between designated urban service areas and the ultimate sphere of influence boundary. This land will most likely be used for urban expansion within approximately five to fifteen years. LAFCo disfavors and seeks to discourage pressures for the premature, sprawling development of land within urban transition areas. Therefore, territory included within urban transition areas, but not within urban service areas generally, will not be considered eligible for annexation to receive urban services within five years.

## APPENDIX C

### PROCEDURES FOR ALTERATION OF COUNTY BOUNDARIES

Two procedures for the alteration of county boundaries presently exist. The most recent procedure is set forth in Section 23230 - 23296 of the Government Code. It is a rather involved procedure which includes, after the circulation of a petition requiring the signatures of at least 25 percent of the registered voters within the county, the creation of a county boundary review commission with its membership appointed by the Governor. Although this alternative is cumbersome, it would most likely be used in cases where significant county boundary alterations were proposed. LAFCo staff is of the opinion that changing the county boundary to include East Palo Alto in Santa Clara County would be a significant alteration. This procedure would therefore be applicable.

The other procedure for altering a county boundary is outlined in Sections 23200 - 23225 of the Government Code. These procedures apply for effecting a minor county boundary alteration. To initiate proceedings it would be necessary that a petition be prepared, presented and filed with both the Boards of Supervisors of San Mateo County and Santa Clara County. Each petition must be signed by at least 25 qualified electors of the respective county. The limitations on the alteration of county boundaries are specified in Section 23201 and are as follows:



"Any existing boundary line between counties shall not be changed, altered or re-formed so as to cause:

"(a) the line to pass within 5 miles of the county seat of the county from which territory is taken except with the consent of 4/5 majority of the Board of Supervisors of each county affected by such change.

"(b) the line to be moved a distance in excess of 5 miles from its original location.

"(c) a reduction by more than 5% in the area of the county from which territory is taken.

"(d) a reduction by more than 3% in the population of the county affected."

In addition to the above limitations and requirements, the petitions requesting an alteration of county boundary lines must contain the written consent of at least 50 percent of all the owners of land within the territory proposed to be transferred. Upon meeting these requirements, each Board of Supervisors has the authority and discretion to grant or deny the request of the petition proposing the transfer of territory. To be successful, both counties must approve the alterations of boundaries. If the petition is granted by each of the two Boards, they would so indicate by ordinance and so certify and file with the Secretary of State.

## APPENDIX D

### ENVIRONMENTAL CHARACTERISTICS OF THE PROJECT AREA

East Palo Alto is located in the southeast corner of San Mateo County and encompasses an area of approximately 1,665 acres. The majority of the area under study is predominantly urbanized and surrounded by other urbanized areas and the San Francisco Bay to the east.

#### THE NATURAL ENVIRONMENT

Although East Palo Alto is almost fully developed, the community contains several areas of significant natural resource value. They include the bayfront, the San Francisquito Creek which forms part of East Palo Alto's southern border, and the floricultural lands in the southeastern portion. Several potential natural hazards are also present, including earthquakes, tsunamis, and flooding. Each of these will be discussed, focusing on resource value, existing management policies, and future policy options.

#### Bayfront Lands

A significant environmental resource in East Palo Alto are the bayfront lands, lying to the east of the developed area, between Cooley's landing and the mouth of the San Francisquito Creek. Known as the Faber and Laumiester Tracts, these lands comprise some 233 acres and are owned by the City of Palo Alto. According to a recent study by the U.S. Fish and Wildlife Service and the California Department of Fish and Game, these lands are classified



as low salt marsh, which generally contain cordgrass and pickleweed with a substrate of silt, clay and possibly sand. This habitat is considered, according to the same report, as the most productive habitat type in California, producing an estimated five tons of organic matter per acre per year. This material flows into adjacent waters and provides a food base for estuarine organisms. In addition, this habitat supports the endangered species, salt marsh harvest mouse and California clapper rail. Much of the salt marsh area once found around San Francisco Bay has been converted to other uses such as salt ponds, so protection of remaining salt marshes is a high priority among environmental organizations.

Public policies regarding these bayfront lands are found in a number of organizations. The Bay Conservation and Development Commission exercises permit authority over any proposed development. Zoning control rests with the County, and the present classification, Resource Management, contains stringent criteria for protecting such areas. One provision of the RM ordinance prohibits filling or dredging of tidal marshes or any significant reduction of primary habitat areas. Moreover, the City of Palo Alto, the landowner, has designated the area as "marshland preserve" and limits public access. Both the County, in its Parks and Recreation element, and the Regional Planning Committee (RPC), consisting of representatives of the city and county governments in San Mateo County, have proposed a linked system of bayfront trails and recreational facilities along the bayfront.

In August, 1979, the RPC proposed a bayfront planning program, which would integrate present plans and form a composite guide for use of the bayfront lands. However, this program has not been funded to date. East Palo Alto's bayfront represents a valuable natural resource, both in terms of its ecological benefit and as a scenic asset.

#### Stream Corridor

The San Francisquito Creek forms the southern border of East Palo Alto from Euclid Avenue, west of University Avenue, to the bay. With its surrounding growth of vegetation, the stream provides a green belt, providing visual relief from the surrounding urbanization.

#### Agricultural Lands

Approximately 46 acres of land in the former Weeks Poultry Colony are now designated as agricultural preserve under the Williamson Act (California Land Conservation Act of 1965). These lands, converted to flower-growing after World War II, have been exempted from a major portion of their property taxes in return for being maintained in agricultural use. These lands are shown in Appendix Exhibit 1. Other portions of East Palo Alto are also used for flower-growing, but are not under Williamson Act land conservation contracts. Some flower-growing areas have already been converted to residential uses. Because these areas are generally located in the interior of large blocks, special design problems arise in their development. The goals of the Williamson Act included protection of prime agricultural soils, definition of urban growth boundaries, and preservation of open space areas. There is some question about the continuing economic viability of these floricultural operations.

Appendix Exhibit 1

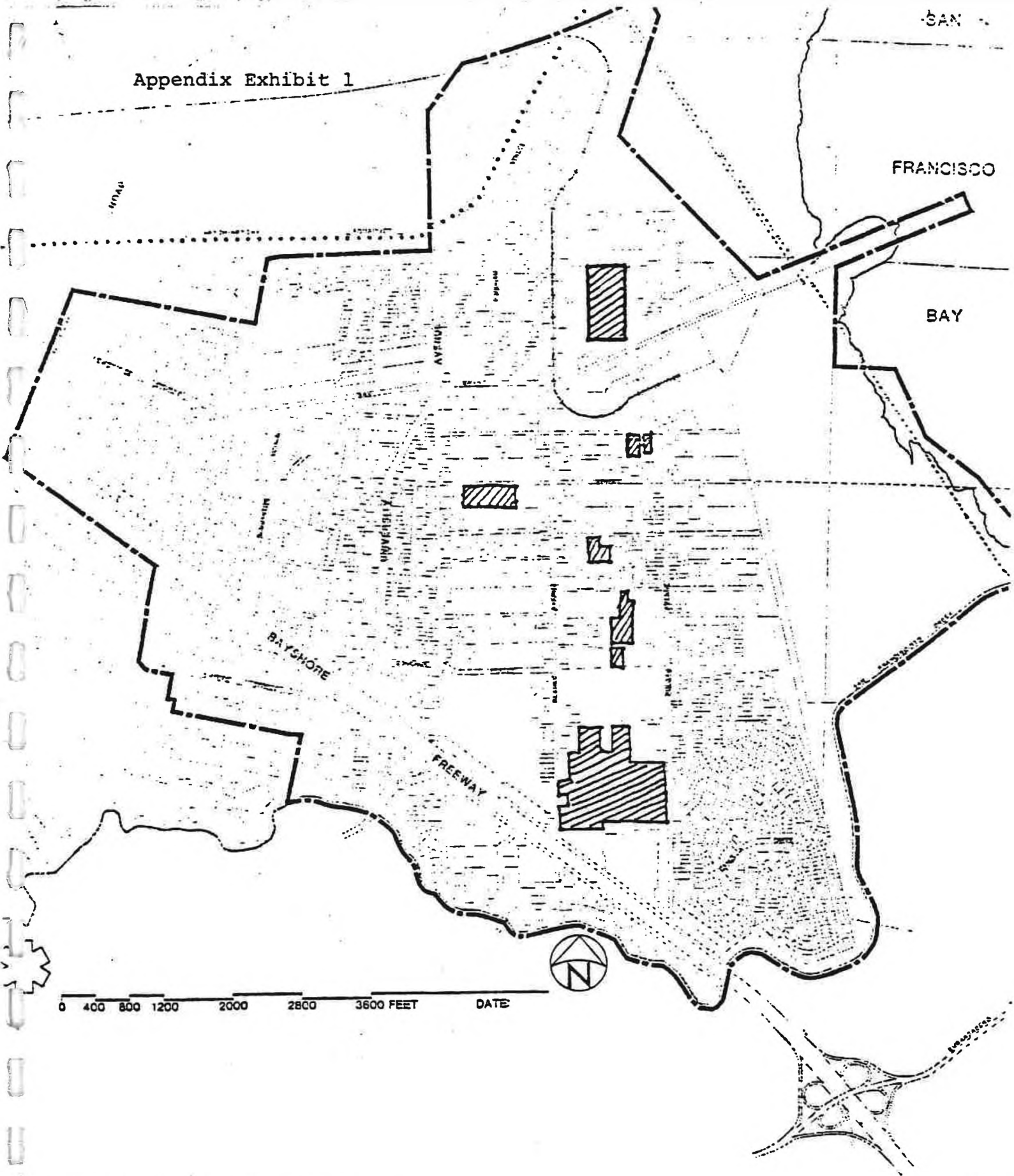


Figure 1. Williamson Act Preserves

5



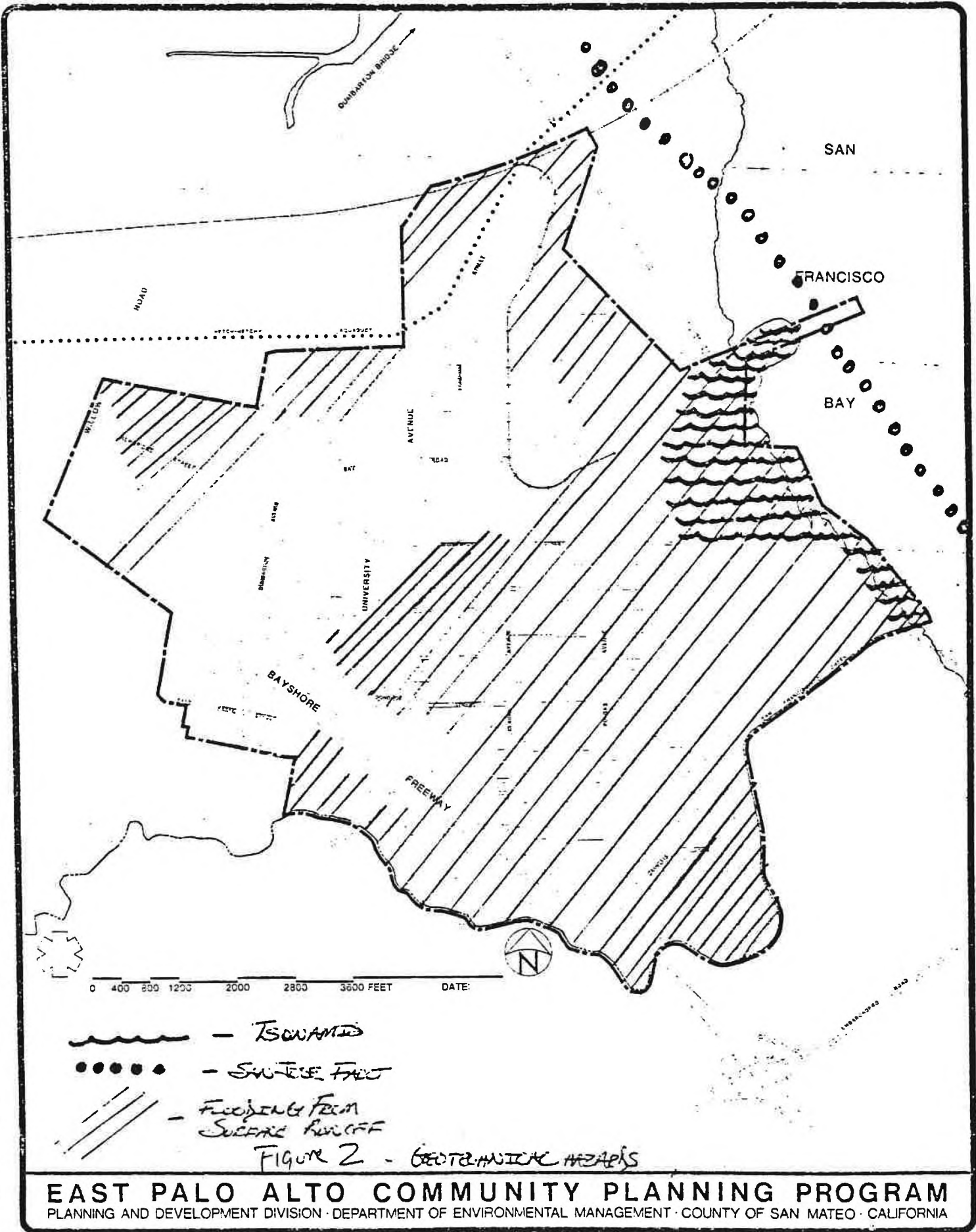
## Natural Hazards

Major geotechnical issues within East Palo Alto are ground shaking, liquifaction potential, and inundation from tsunamis and dam failure. Flooding is also a hazard East Palo Alto can expect in the event of a 100-year storm. (See Appendix Exhibit 2).

In the event of strong ground shaking, shear wave amplification may be intensified, due to the nature of underlying sediments, with resulting damage to chimneys, masonry and brickwork, foundations, and retaining walls. Lurching of buildings may occur where weak foundations are present. East Palo Alto is underlain by saturated alluvial sediments, which may contain clean, saturated sand lenses. Where this occurs, the liquefaction potential may be moderate to high. It is most likely to occur in the easterly portion of the Palo Alto Gardens subdivision and the Faber Tract. Additionally, the dikes surrounding East Palo Alto may fail if underlain by liquefiable sand lenses.

The potential for tsunami (tidal wave) inundation is limited to the Faber Tract and Cooley Landing. The dikes which separate these areas from the developed portions of East Palo Alto are not expected to be overtopped, in any event. Inundation may also occur from rupture of the Searsville Lake dam.

The potential for severe flooding is significant. The high tides, combined with heavy surficial run-off (affecting both San Francisquito Creek and the baylands) create the potential for inundation in both the eastern and western portions of the community.



Safety issues in East Palo Alto relate to access to the community. In the event of an earthquake, the freeway structures which provide access could be damaged or destroyed, necessitating the creation of emergency access. Until such crossings are installed, provision of emergency medical care and/or rescue units would be possible only by helicopter. Fire and police protection would be unaffected, since there is both a fire station and a sheriff's substation within the community. Access across the Dumbarton Bridge would, in all probability, also be damaged or destroyed.

Structural hazards are chiefly associated with buildings constructed prior to 1948, especially those few buildings which are not woodframe construction. The commercial greenhouses in East Palo Alto can also be expected to suffer heavy damage in the event of an earthquake.

Urban fire hazards and the potential for the release of noxious fumes is associated with the industrial portions of East Palo Alto, where chemicals are both manufactured and utilized in various processes.

#### THE MAN-MADE ENVIRONMENT

The history of an area, its visual appearance, the use of landscaping and other design elements are all important attributes of environmental quality. This section will review significant man-made resources in East Palo Alto and suggest appropriate policy options.



### Cultural Resources

Although Ravenswood, in the vicinity of Cooley's Landing, was the first area platted in San Mateo County, no structures have survived from that era. The only historic item identified in East Palo Alto in a recent survey by the county planning department is a marker from the 1853 Geodetic Survey near Jack Farrell Park.

Extensive evidence of prehistoric activity has been uncovered during earlier excavation or trenching activities in East Palo Alto. Human burial sites and various types of implements have been found at several locations, suggesting the presence of Native American settlements in the area.

### Community Appearance

The visual quality of an area is related to such natural features as vegetation, topography, water bodies and to the size, style, and positioning of buildings and structures. East Palo Alto may be characterized as a post-war suburban community with one and two-story homes amid ample mature vegetation on a flat terrain. Many of the residential streets lack curbs and sidewalks and are short in length or curvilinear, as in University Village and Palo Alto Gardens. Long, straight avenues, such as Pulgas, Clarke, and Cooley, are found in the Weeks Poultry Colony area. Commercial development exists along Bayshore Avenue, University Avenue, and Willow Road. The intersection of Bay Road and University Avenue is a major focal point, or node, of the community, being the site of the municipal center and other government buildings and the now-vacant shopping center. Another node is the commercial area West of Bayshore Freeway on University Avenue. Industrial buildings

and auto wrecking yards are found along Bay Road, East of Clarke Avenue approaching Cooley's Landing. A prominent visual feature is the openness of the bayfront lands and water lying beyond, although the levee obstructs this view at close range. Visual problem areas, in addition to the auto wrecking yards, include poorly maintained property, such as the shopping center and some vacant homes, litter, and junked cars.

The overall visual appearance of the community has been improving in recent years with the increase in property values, the construction of buildings such as Runnymede Gardens apartments and the municipal center, and the improvement of Bay Road, currently underway. A beautification program has been implemented by the Economic Development Council, including planting of street trees and placement of waste receptacles along University Avenue (West of Bayshore Freeway). The Board of Supervisors established a Design Review district for East Palo Alto in March, 1979 and the municipal council planner serves as design review administrator. These measures recognize that community appearance is more than a luxury; it is vital to future economic development. Continued emphasis is needed in beautification programs, litter control, removal of abandoned automobiles, and screening of the salvage yards. In combination with design review over new development, these measures would substantially enhance the visual appearance of East Palo Alto.

#### Noise

Noise is defined as "loud, discordant or disagreeable sound", or simply as "unwanted sound". Whether a particular sound is considered "noise" depends upon the judgment of the listener. A

loud phonograph may be pleasant to the listener, but an intolerable nuisance to a neighbor trying to sleep.

Noise levels to which most people are exposed have increased substantially in recent years. Noise, along with other forms of pollution, is a by-product of our society. It is also a highly underestimated form of pollution, tolerated by many as the "price of progress". Many of the products of modern technology, particularly various transportation modes, contribute significantly to noise pollution.

Excessive noise levels can be annoying and actually dangerous to health. Even at relatively low levels, noise can interfere with speech, sleep, and mental concentration. At higher levels, noise can cause ringing in the ears, psychological stress, headaches, and other effects. Persons exposed to high levels of noise for prolonged periods can suffer physical damage or permanent loss of hearing.

Recognizing this problem, the California legislature has established the following policy: "All Californians are entitled to a peaceful and quiet environment without the intrusion of noise, which may be hazardous to their health and welfare ... It is the policy of the State to provide an environment for all Californians free from noise that jeopardizes their health or welfare." As part of its effort to implement this policy, the legislature passed a law requiring a noise element as part of every city and county general plan.

The major source of noise in East Palo Alto is the Bayshore Freeway. Major thoroughfares, such as University Avenue, Bay Road, and Willow are also noise generators, but of a lesser

magnitude. Noise is measured in CNEL\*. Other noise generators are the auto wrecking yards, trains on the Southern Pacific Dumbarton line, and occasional general aviation aircraft flyovers. Construction noise related to such projects as the Bay Road improvement, industrial development in adjacent Menlo Park, and the upcoming improvement of Willow Road is a temporary but annoying source of noise. Noise levels along University Avenue may be expected to increase with increased traffic volumes when it becomes an approach to the new Dumbarton Bridge.

The Noise Element of the San Mateo County General Plan establishes a review procedure to ensure that proposed development is compatible with projected noise levels. Generally, a CNEL of 60 or less is considered normally acceptable for residential uses. An acoustical report is required for any new residential development in areas with a CNEL greater than 60. Interior noise should not exceed 45 CNEL. Similar ranges of acceptable and unacceptable noise levels are set forth for other land use categories. The environmental review process offers a procedure for addressing noise impacts of projects not subject to local development permits.

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\*CNEL - Community Noise Equivalent Level - a measure of noise levels at a particular location, that averages intermittent sources of noise, such as overflying airplanes, and counts evening and nighttime events at a greater weight.



Section C. COMMENTS TO ENVIRONMENTAL IMPACT REPORT FOR THE  
MENLO PARK/EAST PALO ALTO AND DISTRICTS SPHERE OF  
INFLUENCE STUDY

**UNITED MENLO PARK HOME OWNERS ASSOCIATION**  
**MENLO PARK, CALIFORNIA**

P.O. Box 622

Sept 30, 1980

RECEIVED

OCT 2 1980

Local Agency Formation Commission  
County Government Center  
Redwood City, CA

LAFCO

Subject: Comments, Draft EIR for Menlo Park/  
East Palo Alto and District  
Sphere of Influence Study

1. We have had the opportunity to study the Draft EIR and submit the following detailed comments on deficiencies (42 items) in compliance with LAFCO letter of Aug 26, 1980. Some questions are raised and misrepresentations explained. The sphere of influence as proposed with possible annexation is not favorable for Menlo Park.
2. In general, we find the Draft EIR in conflict with established concepts for Menlo Park's sphere of influence and annexation policies. It is believed that geographic location, employment patterns, shopping patterns and traffic exchange for East Palo Alto are not oriented toward Menlo Park. Daily traffic indicates that work patterns and travel from East Palo Alto orients toward Palo Alto with its extensive job market. Successful spheres of influence include more closely associated geographical areas with similar characteristics throughout. The conditions don't exist that would bring Menlo Park and East Palo Alto into the same sphere of influence.
3. The major deficiency noted throughout the report is the inadequate recognition of unavoidable adverse impacts of annexation to Menlo Park. Page 168 para 6.3 does recognize:  
The dilution of Menlo Park's percapita revenues,  
Substantial increase in demand for certain municipal services.  
Not included are:  
Adverse impact of reorganization of Menlo Park City government with major duplication in East Palo Alto under a County Plan for East Palo Alto.  
Financial impact on Menlo Park forcing dependence of the new community on generosity of County, State and Federal grants.  
Concentration of County problems under the Menlo Park government.



4. If Menlo Park becomes a part of a widely geographically separated local government, it will lose its present identity. That local government and services would, in all probability, be divided in parts with different purposes for different areas, making local control difficult or impossible.
5. Planning sequences that place this study in advance of the completion of an East Palo Alto Community Plan is not the logical sequence since the sequence is made to involve other communities before the East Palo Alto Community Plan is approved by the Supervisors. This study commits a future governmental structure to a plan not yet prepared or accepted.
6. The clear intent of this report appears to be that of passing to local agencies and cities the serious problems of housing, financing of services and social problems developed under three decades of County control without adequate developmental standards.
7. Authority for this study is questioned. It is noted that the LAFCO Commission does not include a local representative. We believe this to be unfair in that Menlo Park does not have representation.

We do not find where the funding for the EIR and study came from or what public body authorized the study. This is important in that public funds may have been spent without authorization by a public body at a public meeting.

In the overview of the report page 1, it is stated that "An environmental assessment meeting was conducted on March 3, 1980 for purpose of initial study." We believe it important that the names and positions of those in attendance representing a public agency should be a part of the report.

If the report was not authorized in a public meeting by the LAFCO Commission, we believe this study should be discontinued.

UMPHA Committee

*Ira E. Bonde* *W.D. Wagstaffe*

Ira E. Bonde  
Former Mayor

Wm D. Wagstaffe

*Colin C. Eldridge*

Colin C. Eldridge

*Ransom K. Davis*

Ransom K. Davis

*Paul F. Wilson*

Paul F. Wilson

Copy for M.P. City Council

Attached to Comments:

- A. Welfare Cases and Crime Levels in the Bayshore Freeway Area of Menlo Park and East Palo Alto.
- B. Menlo Park Comprehensive Plan, towards 2000, pages 36-38, Undeveloped Lands.

Note: More recent data for enclosures to Attachment A have been requested and will be forwarded to LAFCO.

COMMENTS, DRAFT EIR FOR MENLO PARK/EAST PALO ALTO AND DISTRICTS  
SPHERE OF INFLUENCE STUDY

I em

Pages 1-5 1.2 OVERVIEW OF THE REPORT

Page 4 - 2nd para

LAFCo staff, in preparing the EIR, recognizes that the County of San Mateo Planning Division is in the process of preparing an East Palo Alto Community Plan and related Environmental Impact Report. Both are scheduled for completion in late 1980, although recent delays make this deadline seem tentative. Nonetheless, whenever possible, so as to eliminate duplication, LAFCo staff will utilize data generated for the East Palo Alto Community Plan and EIR.

Note: The San Mateo County Planning Division is in the process of preparing an East Palo Alto Community Plan and related E I R.

We question why this E I R relating to Menlo Park was started before the completion of the master plan because the E I R leads to conclusions not justified.

Comment: This E I R for sphere of influence study should not have been conceived until after the County Supervisors had reviewed and adopted the proposed Community Plan for East Palo Alto by the County Planning Division.

2 Page 4 - 5, 1.2 OVERVIEW OF REPORT

3rd para

"Staff further recognizes that the East Palo Alto Community Plan, when complete, will provide the basis for future planning decisions for the area under any of the alternatives considered in the

Sphere of Influence Study. The East Palo Alto area is mostly urbanized and, as such, equivalent levels of service would be required under each alternative. Land use policies will vary little from those set forth in the Community Plan, whichever sphere of influence is adopted by LAFCO. The Plan, after review and acceptance by the local community, should guide the physical development of East Palo Alto, regardless of the governmental structure that is eventually decided upon by LAFCO and the community."

Comment: The Land use policies in East Palo Alto under County control have been entirely different from those of Menlo Park. The physical development of East Palo Alto is established and not subject to change by annexation to Menlo Park which is geographically removed from East Palo Alto. The East Palo Alto standards of housing and related social problems go back three to four decades in failure to establish plans and standards. This annexation proposal is out of context of a logical plan for annexation study but is a proposal for merger. The two communities are totally different in policies, land use development, ordinances and regulations.

The environment of Menlo Park would be adversely affected by merger with East Palo Alto. Menlo Park does not have the resources to provide improved standards for East Palo Alto. Menlo Park standards would suffer by stretching services which are now being restricted and limited because of reduced current revenues. Menlo Park has not been successful in significant reduction of substandard housing in Belle Haven which was started under County control four decades ago.

Comment (cont)

It appears that the paragraph quoted above would require Menlo Park to provide services under a Community Plan not of Menlo Park origin.

3 Page 9 & 10, 1) Status Quo

"Under this organizational alternative the population of East Palo Alto will continue to be isolated from neighboring communities. The already "tight" new, used and rental housing market will continue, unless housing rehabilitation and new housing are encouraged. Transportation and circulation problems will also continue and probable Dumbarton Bridge connections may further divide the community."

Comment: a. Housing

New housing should not be encouraged in East Palo Alto. It is already predominantly a housing community without jobs and industry base. The problem is to improve the quality of the housing. The County should discontinue programs for more housing.

Comment: b. Transportation

More traffic will occur from the Dumbarton Bridge. However, the southern connection to the Dumbarton Bridge would help improve circulation and access for industry. and must be pushed by the County.

4 Page 9, 1) Status Quo (cont)

"Under this alternative from a public service standpoint the eight special districts and the County of San Mateo would continue to provide services. In most cases an adequate level of service would be provided; however, a continued high crime rate and high

rate of fires and medical emergencies would serve to offset higher service levels. A possible mitigation measure is the possibility of contracting with neighboring jurisdictions for certain specific services. Capital improvements would still be needed in the areas of roads, water lines and sewer lines."

Comment: Police

Contracting with neighboring communities for police services is not a logical step in improving the high crime status of East Palo Alto. The police policies and budget are a most important part of each community. The policing job of the County in this area could not be undertaken by an adjacent community without interference with the community objective.

5 Page 9, 1) Status Quo (cont)

"A review of existing costs and revenues for public services to East Palo Alto reveals a deficit of approximately \$886,000 per year. This deficit can be expected to increase. The clearest case of a revenue subsidy was for police services. Again, possible economies might be found by contracting with neighboring jurisdictions."

Comment: The public services cost-revenue deficit of \$886,000 and growing is a financial subsidy problem which could not be undertaken by a community of near the size of East Palo Alto (EPA 18,000 - MP 27,000) without major disruption to the management of Menlo Park.

The magnitude of the management and police problems in the census tracts along the Freeway (EPA and Menlo Park) is not covered in this EIR. The fraction of the housing that is substandard and



undesirable to the extent that maintenance is deferred impacts the community by causing a transient nature of occupancy and concentration of welfare recipients. County welfare cases in the four census tracts

East of Freeway (3.5% of County population) add up to 40% of the total County cases. The crime rate in those census tracts indicated by burglaries has been about 4 times that of the community west of the impacted area. The EIR should include the details of the police and management problems with data from police and welfare records.

Attachment: Welfare Cases and Crime Levels in the Bayshore Freeway  
A Area of Menlo Park and East Palo Alto.

6 Page 10, 2nd para, 1) Status Quo (cont)

" The aesthetics of East Palo Alto would be changed under this alternative and recreation service would probably continue to be substandard, unless an alternative service provider can be found."

Comment: Until a local government has its own authority to provide the planning and funding with their own ability to influence its future, the aesthetics of East Palo Alto cannot be expected to improve. The possibility of local government as a solution should be added.

7 Page 10, 2) Incorporation

" Under this organizational alternative, incorporation of East Palo Alto will be considered assuming three boundary alternatives: 1) County Service Area #5; 2) Detachment of south of Willow Road and subsequent annexation to the new city of East Palo Alto; and 3) Incorporation of East Palo Alto without the West of Bayshore Freeway area."



Comment: Add 4th item: - Changing County boundary line back to the old boundary along the original creek which would place the Palo Alto Airport and golf course in East Palo Alto territory. This would greatly improve the tax base. Financial and legal implications should be explored. The report should consider the boundary line change as possible and include in the report the expected revenues from this area.

8 Page 10, 2) Incorporation (cont)

"The impact on demographic characteristics of East Palo Alto's population would be severe if incorporation were to occur under any of the three boundary alternatives. To enhance its tax base the incorporated community would probably favor commercial and industrial development over residential, thereby doing little to relieve the "tight" housing market and the serious jobs/housing imbalance in the Mid-Peninsula. Transportation and circulation problems would continue and probable Dumbarton Bridge connections could cause serious traffic related problems in East Palo Alto."

Comment: More housing density should not be added to communities already substandard in the housing market such as East Palo Alto and Belle Haven (Menlo Park). Menlo Park and East Palo Alto are predominantly housing areas. The excess jobs imbalance is in the industrial areas to the west and south. Other areas influencing the job market are better able to provide the housing with space available.

The manpower of the East Palo Alto area now flows to the jobs mostly toward Palo Alto and areas to the south. (Bus schedules are evidence.)

9 Page 11, Alternative A city or B city

Comment: Either A or B service is beyond that which Menlo Park can afford. It would be impossible for Menlo Park to undertake these services for the proposed south county area. Menlo Park does not provide sanitary service or fire protection service.

10 Page 12, 2) Incorporation (cont)

"The fiscal impact of incorporation without the West of Bay shore Freeway area is significant. Fully 22 percent of total revenue, 40 percent of sales tax revenue and 30 percent of property tax revenue from East Palo Alto is generated from this area. Incorporation without these revenues would be considerably less feasible."

Comment: It should be recognized that the West of Bayshore area must be a part of East Palo Alto.

11 Page 13, 3) Annexation of All or Part to Menlo Park

" The revenue short-fall shows incorporation to be infeasible at present. Therefore, although incorporation has limited short term benefits, it has the potential to cause substantial adverse effects on human beings."

Comment: The writer of this document has left out the human element of benefit of self government with county help. The Palo Alto scale of services and improvements may not be necessary. But on a lesser scale self government is possible.

The statement - "it has the potential to cause substantial adverse effects on human beings" should be eliminated.

12 Page 13, 3) Annexation of All or Part to Menlo Park (cont)

" Menlo Park, on the other hand, could achieve greater economies of scale by adding population."

Comment: This statement is challenged. Population expansion does not pay off in the balance of income and cost of services. On the other hand, sales tax and balanced jobs-industry provides a tax base.

13 Page 13 2nd para of 3) Annexation of All or Part to Menlo Park (cont)

"Annexation of East Palo Alto to Menlo Park could serve to help relieve the job/housing imbalance in the Mid-Peninsula. Transportation and circulation problems could benefit from a more coordinated approach by Menlo Park."

Comment: Annexation to Menlo Park would serve no purpose in respect to jobs/housing imbalance. East Palo Alto housing including that which is now planned and Menlo Park housing areas are nearly built up so little additional housing could be provided. East Palo Alto needs a tax base not more housing. East Palo Alto jobs and retail trade are connected to Palo Alto rather than Menlo Park.

"Transportation and circulation problems could benefit from a more coordinated approach by Menlo Park."

Comment: Circulation problems of East Palo Alto are more closely associated with Palo Alto. Present cooperation in transportation planning would not be improved with annexation. East Palo Alto is geographically too remote from Menlo Park for relating transportation.

14 Page 14, 3) Annexation of All or Part to Menlo Park (cont)

"The fiscal feasibility of Menlo Park annexing East Palo Alto depends entirely on the economies of scale that the larger city might achieve."

Comment: East Palo Alto cannot provide the economies of revenue to off set their costs. They would only drag Menlo Park down. Menlo Park income is now inadequate to support its own services. A greater burden would substantially reduce Menlo Park standards of service. Menlo Park's retail sale tax income is falling. There is no economy in size. Communities are separate. Two distinct elements of government and services would be required just as it is now.

15 Page 14, 3) Annexation of All or Part to Menlo Park (cont)

"The aesthetics of the East Palo Alto community could benefit from the attention of a mature and experienced city. In addition, Menlo Park's recreation program is a good one and could be extended to East Palo Alto to adequately serve community needs."

Comment: Menlo Park's aesthetics are now on the decline and in no way could the laws that help Menlo's aesthetics be applied to East Palo Alto.- cars off streets, building standards, development standards, etc. Menlo Park is not able to reduce its own substandard housing. The substandard housing problems of East Palo Alto are beyond Menlo Park's capability to control. Menlo Park's recreation program is now in financial trouble. The program is being forced to charge for facilities used. Expansion into other areas would be impossible without revenues to cover costs (not possible from East Palo Alto).

16 Page 15, 4) Annexation of All or Part to Palo Alto

"As is the case with annexation to Menlo Park, annexation to Palo Alto could serve to help relieve the severe jobs/housing imbalance in the Mid-Peninsula."

Comment: This is a repetition of an incorrect statement relative to Menlo Park. Annexation to either city does nothing to change the jobs/housing balance.

Palo Alto has a better tax base than Menlo Park, but it would hurt Palo Alto's budget to take them in. The only justification for Palo Alto to annex East Palo Alto is one of righting a wrong. Palo Alto is responsible for creating East Palo Alto as it now exists. Palo Alto has benefitted from change in County boundry to take the Airport into Palo Alto. Palo Alto now is denying East Palo Alto the Dumbarton bridge southern approach route to connect with the freeway and Palo Alto. This route is essential to industry for the area involved. The boundry change and bridge approach route should be reviewed in the E I R.

17 Page 17 DESCRIPTION OF THE PROJECT

1st para

"The sphere of influence report will recommend a form of government for the East Palo Alto area selected from four primary alternatives identified in Section I."

Comment: In 1968 the Menlo Park City Council concluded that Menlo Park had no justification for including East Palo Alto in Menlo Park sphere of influence. The writers of this document are trying to involve Menlo Park to solve County



problems. East Palo Alto holding sphere to Menlo Park should not be considered.

18 Page 17 2nd para DESCRIPTION OF THE PROJECT (cont)

"LAFCO staff recognizes that there are other unincorporated areas within the community of interest of the project."

Comment: Menlo Park has expressed interest in extending its boundaries to the west. The Hill is part of Menlo Park.

19 Page 21 2.3 OBJECTIVES OF THE PROJECT

"It is the intent of San Mateo LAFCO that its sphere of influence studies serve as a master plan for the future organization of local government within this metropolitan county."

Comment: Menlo Park has expressed its desire in the 1974 Master Plan for organization of the local government.

Incorporation status for East Palo Alto has been the long time consideration rather than inclusion in Menlo Park sphere of influence. Special attention to East Palo Alto by the County is needed. The County should show great leadership in zoning for industrial development, improvement in housing and changing the County boundary back to the natural line of the Creek.

20 Page 22 2.5 ENVIRONMENTAL CHARACTERISTICS OF THE PROJECT AREA

"San Francisquito Creek provides the southern most boundary between San Mateo County and Santa Clara County."

Comment: It should be stated here that the Creek boundary was changed to an unnatural Creek line years ago to the benefit of Palo Alto. San Mateo County should make every effort to relocate the line to its natural location.



21

Page 24 2.8 AREAS OF ENVIRONMENTAL INSIGNIFICANCE

"Furthermore, as shown in the Initial Study in Apendix A, the following environmental elements are not the focus of this EIR.

- o Earth
- o Air
- o Water
- o Plant Life
- o Animal Life
- o Noise
- o Light and Glare
- o Land Use
- o Natural Resources
- o Risk of Upset
- o Energy
- o Human Health
- o Archeological/Historical "

Comment: This exclusion of important elements of environmental significance ignores the problems of East Palo Alto.

Land Use - is most important to the future of East Palo Alto.

Natural Resources - are closely related to land use.

Human Health - is related to drugs use which are a major problem even involving schools.

These areas must be included in the focus of a realistic EIR.

2 Page 25 & 26, 3.1.1 MENLO PARK EXISTING LAND USE

Page 26 2nd para

"The predominant land use in Menlo Park is residential with approximately 1,550 acres designated for this use. This amounts to about 40 percent of the urbanized city. Approximately 85 percent of the residential land is occupied by single-family homes."

Comment: Page 26 verifies that Menlo Park is a residential community and does not need more housing in its sphere.

23 Page 27, 3.1.1 continued

"The housing problem is further compounded by a severe jobs/housing imbalance in Menlo Park and the entire Mid-Peninsula."

Comment: This is not a correct statement for Menlo Park verified by facts. Menlo Park now provides more housing than jobs. Menlo Park's Belle Haven district has an unemployment problem similar to East Palo Alto. Menlo Park housing provides employees to other parts of the Peninsula from a broad range of household incomes. Additional population in the low income level will only compound the problem in Belle Haven (approx 1/6th of Menlo Park population). Menlo Park should not be included in the category of responsibility of compounding severe job/housing imbalance.

4 Page 28, 3.1.2 MENLO PARK PLANNED LAND USE AND PLANNING PROGRAMS

Page 29 " The Plan further indicates that "the City should petition LAFCO to change Menlo Park's Sphere of Influence boundaries to form a more rational ultimate boundary pattern." This city policy will be taken into consideration by LAFCO staff in the current sphere of influence."

Comment: Concerning change of sphere of influence boundaries, the Menlo Park Comprehensive Plan Year 2000 makes no reference to East Palo Alto. The quotation above applies to Stanford lands to the west. By inference it is concluded the East Palo Alto was requested in Menlo Park sphere of influence.

The EIR should correctly quote the Menlo Park Comprehensive Plan 2000 (page 37) to show that the above statement applied to the land west of Menlo Park.

Attachment: Menlo Park, Comprehensive Plan, toward 2000,  
B Oct 1, 1974, pages 36-38

25 Page 30, 3.1.2 (cont)

"The major differences between the 1966 Plan and the 1974 Plan are that the East Palo Alto community is not considered by Menlo Park for future annexation. This is because of the formation of the Municipal Council in 1967."

Comment: The above quotation is an outright misstatement of the 1974 plan, page 38. The formation of the Municipal Council had nothing to do with future annexation. Annexation was considered and deleted because East Palo Alto would lower the standards of Menlo Park and the question arose as to who was wagging the tail of the dog - East Palo Alto or Menlo Park. (Population Menlo Park 27,000, EPA 18,000) The Menlo Park Comprehensive Plan, toward 2000, page 38, (attachment) does not support the statement above, therefore, it should be eliminated from the EIR.

Menlo Park's 1974 Comprehensive Plan supersedes the 1966 Plan and all references to the 1966 Plan should be deleted from this study.

6 Page 32, 3.1.3 MENLO PARK POPULATION

" The Comprehensive Plan notes however, that "if the areas within the official Sphere of Influence could be annexed it would offer the City the alternative to curb this increase by reducing the holding capacity from the existing County zoning." Furthermore, the Plan notes that "this reduction of holding capacity would lessen the potential negative impact of increased traffic volume and congestion, and the demand for increased municipal services." "

Comment: The Menlo Park Comprehensive Plan did not consider annexation of East Palo Alto. (Menlo Park Comprehensive Plan, toward 2000, Oct 1, 1974, page 38) (Attachment)

27 Page 34, 3.2.1 EAST PALO ALTO EXISTING LAND USE  
to 39

Page 38-39 "As in parts of the Bay Area, prices of single-family dwellings in East Palo Alto have increased dramatically."

Comment: It is good that the value of houses in East Palo Alto go up. The increase in value will help a future incorporation tax base and it will also mean that fewer welfare cases will be in the area. Menlo Park has its full share of substandard housing with the related social problems.

28 Page 41

"County Planning believes that housing programs for the community must be integrated into a larger countywide program designed to (1) improve existing deteriorated housing and (2) provide new housing opportunities for low income persons throughout the county."

Comment: Housing programs are a responsibility of individual cities not County planning. The County has demonstrated a lack of capability over three decades to establish standards for new housing additions or standards for building; thus is responsible for both housing and related social conditions.

29 Page 43

"Construction of the

Freeway appears to have marked the beginning of the present pattern of a high-density, largely white apartment community west of Bayshore; and a predominantly single-family largely black population east of Bayshore. 11

Comment: For the writer to blame the Freeway for deterioration east of the Freeway is to ignore County concurrence in promotion of low standard housing development in the east section.



30 Page 61, 4.3 ANNEXATION OF ALL OR PART TO MENLO PARK

" 4) Annexation of all of East Palo Alto to Menlo Park.

Under this alternative, the City of Menlo Park would extend its present services to all or part of East Palo Alto. Menlo Park has a public service infrastructure that might be expanded more economically than creating a new city government. This would be accomplished by dissolving most of the special districts providing public services to East Palo Alto and expanding the existing Menlo Park departments."

Comment: The expansion of a public service infrastructure is erroneously explained as an economy. Menlo Park would necessarily have to absorb additional costs for sustaining most of the service structure as now exists in East Palo Alto.

31 Page 77, 5.1.5 FISCAL IMPACT

"Agencies responsible for municipal services in East Palo Alto expended an estimated \$3,793,800 during 1978-79 for services in East Palo Alto. Total revenue generated in East Palo Alto during the same period is estimated at \$2,908,100, not all of which was allocated to these municipal services. (See Table 11, page 78 ). This indicates a present revenue shortfall. Some of the shortfall was offset by the state bailout funds in 1978-79, and some was offset by federal grants, both general revenue sharing and Housing and Community Development Act block grants. The balance of costs not covered by local revenue represents a subsidy to East Palo Alto by other areas of San Mateo County.

Page 77, 5.1.5 FISCAL IMPACT (cont)

'The clearest case of a revenue subsidy was for police services, where the combined expenditures of the San Mateo County Sheriff's Department and the California Highway Patrol in East Palo Alto exceeded the local contribution for these services by nearly four times.'

Comment: In Item 5 the high cost of policing East Palo Alto is explained in terms of burglary rates and welfare concentration. Menlo Park cannot undertake to relieve the County of this costly social problem. Menlo Park has more problems now than it is able to correct.

Page 128-144, 5.3 ANNEXATION OF ALL OR PART TO MENLO PARK

32 Page 128, 5.3.1 IMPACT ON POPULATION

'Adding 17,837 for all of East Palo Alto or 2,992 for West of Bayshore in population to Menlo Park by annexing all or part of East Palo Alto could add economies of scale to the new larger city. By annexing all of East Palo Alto and areas within the City's sphere of influence to Menlo Park, the new city's population would be close to 50,000. This would allow the City to apply on its own for HCDA block grant funding, in addition to other Federal categorical grants, independent of San Mateo County.'

Comment: The writer again promises economies of scale to a new larger city. It has been explained in previous comments that major duplications of control and services would continue at a great cost

to Menlo Park. To place Menlo Park in a position of operating from subsidies (County, State and Federal) will change the character of Menlo Park to a dependent community of deficit cost tax basis.

Menlo Park City government does not include responsibility for all local government services (sanitation, fire, etc) and therefore, is not considered for certain grants. Further, the size of the combined Menlo Park-East Palo Alto community would be below the 50,000 population level, the criteria for favorable consideration to administer grants.

33 Page 129, 1st para

Comment: Demographic comparison omits the similarity of Belle Haven (1/6th of Menlo Park) to East Palo Alto. If East Palo Alto were joined to Menlo Park the resulting unit east of Bayshore Freeway would nearly balance the present west of Bayshore Menlo Park. Such addition would critically modify Menlo Park's problems from a political standpoint as well as providing services.

34 Page 130, 5.3.2 IMPACT ON HOUSING

Comment: Again the Belle Haven housing problems similar to East Palo Alto are not considered to add to the problem of annexation.

35 Page 131, 5.3.2 (cont)

"Annexation of the entire East Palo Alto community to Menlo Park would have a significant impact on the city's rehabilitation and redevelopment programs. A sizable proportion of East Palo Alto's housing stock is in serious need of maintenance or rehabilitation. This impact would be greatly diminished were annexation

of the West of Bayshore alone to be recommended by staff in the sphere of influence study and approved by the Commission. '1

Comment: The magnitude of the impact of East Palo Alto housing stock in serious need of maintenance and rehabilitation together with Menlo Park's own problems are not adequately covered here or in any other section of the EIR

36 Page 131, 5.3.2 (cont)

Mitigation Measures

- 68 A. Menlo Park, with assistance from the County Housing and Community Development Division, should take steps to improve the quality of existing housing in East Palo Alto.
- B. Housing rehabilitation programs should be developed or modified by Menlo Park to meet the needs of the East Palo Alto Community.
- C. Menlo Park's property rehabilitation standards should be reviewed to insure that housing rehabilitation activities can be applied to East Palo Alto.
- D. Menlo Park should discourage condominium conversions in the East Palo Alto area so that persons of low and moderate incomes will not be displaced.
- E. Menlo Park should develop policies to encourage the construction of higher income housing in East Palo Alto. '1

Comment: The writer here proposes Menlo Park's purpose is to take over problems created by the County. East Palo Alto badly needs direct County assistance to make possible an East Palo Alto incorporation.

Page 135

" Mitigation Measures

- A. Consideration should be given to expanding the number of city council members in Menlo Park from five to seven to ensure adequate representation of the East Palo Alto Community. Menlo Park's council is presently elected at large. If East Palo Alto were annexed, district elections would be another means of ensuring representation from the East Palo Alto Community.
- B. The East Palo Alto Community Plan presently being prepared by the San Mateo County Planning Division, should, after approval by the East Palo Alto Community, the Planning Commission, and the Board of Supervisors, be used as a basis for future planning decisions after annexation by Menlo Park.
- C. Menlo Park should consider a review of the combined General Plans giving special attention to housing, commercial and industrial development, traffic circulation and the balance of jobs and housing.
- D. The high level of police services currently provided by the Sheriff's Department to East Palo Alto should be continued by Menlo Park after annexation to control and prevent the high rate of crime in the community. ")

Comment: The problems of managing East Palo Alto public services in addition to providing general government, planning, building inspection and police are minimized. For the writer to consider



that Menlo Park's form of government would be changed (5-7 councilmen) and its manner of representation (district elections) is preposterous. Menlo Park's government established under California General Law is no business of the agencies of the County government. Reference to Menlo Park government organization should be stricken from the report.

For LAFCO to consider annexation of East Palo Alto to Menlo Park under conditions of an East Palo Alto Community Plan, not yet in existence, to dictate to a future Menlo Park Government cannot be accepted.

Menlo Park cannot afford to divide (financially or organizationally) its responsibility by taking over the County Sheriff department responsibility in East Palo Alto.

38 Page 136, 5.3.5 FISCAL IMPACT

"The fiscal feasibility of Menlo Park annexing East Palo Alto, to be analyzed in the sphere of influence study, depends entirely upon economies of scale that the new, larger City of Menlo Park might achieve. The situation is unlike a typical annexation, where a city attempts to capture new revenue by annexing undeveloped land."

Comment: Under this section the writer again justifies annexation to Menlo Park by economies of scale of a larger city. Such annexation only means that Menlo Park would take over the County responsibilities for a community not able to pay its way,

39 Page 139, 5.3.5 (cont)

"The estimated marginal costs of extending key municipal services to East Palo Alto are shown in Table 21. Discussion with the City of Menlo Park officials indicated that police services could be provided to East Palo Alto by Menlo Park without increasing per capita costs. Economies of size are potentially available for other municipal services, including general government and community development. It is estimated that the per capita costs of extending these services could be as much as fifty per cent below the current per capita average costs in Menlo Park. If this is true, a significant expenditure saving could be realized. Table 21 indicates a potential \$500,000 saving under the Menlo Park annexation alternative as compared with the East Palo Alto incorporation alternatives."

Comment: Again the economy of size is used as justification for Menlo Park to take over a community not able to pay for its own services. The County and its agencies would reap the benefit of turning over the cost of management problems to Menlo Park.

40 Page 143, 5.3.9 IMPACT ON MANDATORY FINDINGS OF SIGNIFICANCE

"The short-term impact of annexation of all or part of East Palo Alto by Menlo Park would be a significant decrease in per capita revenues and a significant decrease in per capita expenditures. The short-term advantages would be the extension of services by an established city with a relatively healthy and adequate tax base, supported by high property values and a high level of retail sales."

Comment: For the County to press Menlo Park for annexation which will significantly decrease per capita revenues and significantly decrease per capita expenditures is not a reasonable treatment of an independent city. These conditions of reduced services would be a blow which the Menlo Park community will not accept.

Page 166-168, 6 UNAVOIDABLE ADVERSE IMPACTS

41 Page 168, 6.3 ANNEXATION OF ALL OR PART OF EAST PALO ALTO TO MENLO PARK.

- " A. A dilution of Menlo Park's per capita revenues.
- b. A substantial increase in the demand for certain municipal services provided by Menlo Park. "

Comment: Add

- C. A reorganization of City government to direct divided efforts including both the present Menlo Park community and the County problem of East Palo Alto as it exists and under future conditions of a County Plan for East Palo Alto (not yet provided). New problems and major duplication can be expected for Menlo Park.
- D. A change in the nature of the Menlo Park community toward one of poor housing, social problems and high crime. (Over 40% of County welfare cases are in the census tracts involved.)
- E. Financial dependence of the new community on the generosity of County, State and Federal government.
- F. The East Palo Alto part of the community would operate under a County Plan (County Planning Dept preparation).

Page 169-170, 7 GROWTH INDUCING IMPACTS OF THE PROJECT

1/2 Page 170, 7.3 ANNEXATION OF ALL OR PART OF EAST PALO ALTO TO  
MENLO PARK.

"Under this alternative, the policies adopted in the East Palo Alto Community Plan would also be used as a basis for present and future development, either directly or by amendments to Menlo Park's Comprehensive Plan. The significant difference in this alternative with regards to growth is the recognized jobs/housing imbalance in the Mid-Peninsula. It is highly probable that Menlo Park could perceive the East Palo Alto community as a place to provide much needed housing for the employees of local companies. Therefore, adoption of this alternative by the Formation Commission could contribute significantly to area population growth, and also serve to significantly alleviate the jobs/housing imbalance in Menlo Park."

Comment: Policies adopted in the East Palo Alto Community Plan (County Plan not yet formed) as a basis for present and future development of East Palo Alto can not be accepted by Menlo Park at the direction of the County in an annexation.

**UNITED MENLO PARK HOME OWNERS ASSOCIATION**  
**MENLO PARK, CALIFORNIA**



P.O. Box 622

Nov 9, 1980

RECEIVED

NOV 10 1980

Local Agency Formation Commission  
County Government Center  
Redwood City, CA

LAFCO

Subject: Supplement to Sept 30, 1980 Attach A  
to Comments to Draft EIR for  
Menlo Park/East Palo Alto and  
District Sphere of Influence Study

Attachment A (Welfare Cases and Crime Levels in the Bayshore Freeway Area of Menlo Park and East Palo Alto) called attention to the large proportion of welfare cases in the east of 101 Freeway census tracts of Menlo Park and East Palo Alto with data for the period 1968 to 1978 and to the high crime rates in those census tracts as indicated by burglaries to 1975.

Latest data for welfare cases (Enclosure 1) shows 4 census tracts east of the Freeway, 1117 Menlo Park and 1118, 1119 and 1120 East Palo Alto.

Aid for Dependent Children without Father cases

1027 or 21.75% of County total 4721

The percentage is an extremely high portion of the County total, up slightly from 21.6% from 1978. (Population 3.5% of County.)

Burglaries reported by the San Mateo County Sheriff's Office, East Palo Alto Division (Enclosure 2) shows that there has been some drop in burglaries since the highest number in 1976.

Comment:

It has been observed that the tight housing market has recently improved the occupancy of housing in both East Menlo Park and East Palo Alto.

Fewer units are unoccupied or occupied by transients who do not pay rent.

Some homeowner units are being repaired and a few are being replaced by new houses.

However, the abnormally high crime rate and high proportion of Aid to Dependent Children without Father are still associated with substandard housing which impacts the community.



The EIR should note the improvement in housing in East Palo Alto with the current tight housing market. It should also recognize that substandard housing and the related police and welfare management problems still remain as major difficulties for local government.

UMPHA Committee

Ira E. Bonde  
Former Mayor

Wm D. Wagstaffe

Colin C. Eldridge

Ransom K. Davis

*Paul F. Wilson*  
Paul F. Wilson

Copy for Menlo Park City Council

- Enclosure 1. San Mateo County Welfare Cases Total and for Census Tracts 1116 through 1122, dated Sept 30, 1980
- Enclosure 2. San Mateo County Sheriff's Office, EPA Substation Report on Burglaries and Arrests, to July 1980

Department of Public Health and Welfare  
Social Service Division



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# COUNTY OF SAN MATEO

225 WEST 37TH AVENUE

SAN MATEO

CALIFORNIA 94403

CHARLES E. WINDSOR  
DIRECTOR OF HEALTH & WELFARE  
TELEPHONE (415) 573-2222

September 30, 1980

Mr. Paul Wilson  
45 Willow Road  
Menlo Park, Ca. 94025

Dear Mr. Wilson:

The chart below indicates the number of cases carried by census tracts 116-122. *Without father*  
*AEDC*

Census Tract	Total	OAS	AB	FG	Unemp	BHI	ATD	MI	GA	FS
116	13	0	0	10	0	0	0	0	0	3
117	325	0	0	259	6	14	0	0	12	34
118	271	0	0	210	5	8	0	0	19	29
119	438	0	0	335	13	19	0	0	20	51
120	292	0	0	223	9	7	0	0	18	35
121	95	0	0	65	6	1	0	0	9	14
122	27	0	0	11	1	3	0	0	1	11
TOTAL	1461	0	0	1113	40	52	0	0	79	177

County Totals 7141 0 3 4721 229 520 0 492 1176

Total number of cases in San Mateo County are 7,141. The caseload carried in the Census Tracts listed above is 20%.

All future requests for statistical information must be in writing, addressed to the Director and stating why and for what purposes you are making the request.

Sincerely yours,

Georganna Butts  
Social Service Division

GB:jo

\* Note: Medical Cards issued are not included in this report

Please direct reply to:

Enc / 1

**TOTAL ARRESTS 1971 THROUGH 1984**

1971----- 732  
 1972----- 662  
 1973----- 842  
 1974----- 1,302  
 1975----- 1,505  
 1976----- 1,599  
 1977----- 2,018  
 1978----- 1,250  
 1979----- 992  
 1980-----  
 1981-----  
 1982-----  
 1983-----  
 1984-----

**MONTHLY BREAKDOWN OF BURGLARIES 1968-1984**

<u>BURGLARIES</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>TOTAL</u>
1968	50	54	65	90	69	64	80	78	53	60	75	59	797
1969	61	28	63	45	84	55	56	39	53	69	40	39	632
1970	116	97	99	86	106	71	85	74	67	159	136	108	1,204
1971	158	105	97	73	98	67	85	94	96	114	115	119	1,221
1972	130	94	87	93	112	96	116	125	120	145	124	90	1,332
1973	127	121	103	70	90	91	114	108	101	110	114	77	1,226
1974	50	68	80	80	106	66	75	63	88	84	74	80	914
1975	77	70	86	82	82	74	121	120	105	102	97	114	1,135
1976	115	90	135	121	103	126	131	139	137	161	99	119	1,471
1977	143	85	134	119	128	111	144	127	128	104	85	108	1,416
1978	106	74	75	78	108	94	99	82	96	66	67	57	1,002
1979	109	138	121	106	82	66	109	81	68	75	68	72	1,095
1980	106	78	78	87	78	101	111	110					
1981													
1982													
1983													
1984													

Encl 2

Attachment: Welfare Cases and Crime Levels in the Bayshore Freeway  
A Area of Menlo Park and East Palo Alto.

A chart of welfare cases in census tracts along the Bayshore Freeway in Menlo Park and East Palo Alto with data from 1968 to 1973 is enclosed to show the large part of the County cases in those census tracts east of the Freeway. (Enclosure 1)

A report of the same data from records dated 12/31/78 (Enclosure 2) shows the following welfare cases :

	<u>Menlo Park</u>			<u>East Palo Alto</u>				Total County
	East of Freeway Belle Haven	West of Freeway Bay Willows Rd		East of Freeway			West of Freeway	
<u>Census tract</u>	1117	1116	1122	1118	1119	1120	1121	
<u>1970 Population East of Freeway)</u>	4603 (4603)		5178	3609 (3609)	6100 (6100)	5136 (5136)	3567	556234
<u>FDC w/out Father East of Freeway)</u>	293 (293)	14	18	235 (235)	324 (324)	230 (230)	89	4989
<u>Total cases</u>	598	32		494	677	478	223	6314

When the welfare case data for census tracts east of Freeway, 1117 (Menlo Park) and 1118, 1119 and 1120 (EPA) are added together the following is disclosed:

Population 4 tracts	19,448 or 3.5% of total County (556,234)
Aid to Dependent children without father cases	1082 or 21.6% of County total (4989)
Total cases	2546 or 40.3% of County total (6314)

Atch-A

The concentration of Aid to Dependent Children (without fathers) is closely correlated with the poor housing and delayed maintenance. The result is lack of family control bringing a high rate of burglary and other crimes of vandalism and violence. Problems are reflected in the schools.

For several years the burglary rates (crime rate indicator) in the 4 census tracts east of the Freeway have been about 4 times the general rate of the community to the west not impacted by these social problems. Data is submitted:

- a. For Menlo Park the burglary rates in the 1117 census tract has been about 40% of that of the City (approx 16% of the City population). See Menlo Park records by police beat and by census tract for 1973, 1974, 1975. (Enclosure 3)
- b. East Palo Alto burglary rates (not available by census tract) have been near 4 times the County average since 1970. The San Mateo County Sheriff's office substation report for East Palo Alto burglaries and arrests with summary 1968 to 1975 is provided (Enclosure 4).

Enclosure 1. Chart of Welfare Cases, San Mateo County and Census Tracts 1116 through 1122, 1968-1973.

Enclosure 2. San Mateo County Welfare Cases Total and for Census Tracts 1116 through 1122, dated 12/31/78.

Enclosure 3. Menlo Park Burglaries by Police Beat and Census Tract, 1974-1975.

Enclosure 4. San Mateo County Sheriff's Office, EPA Substation Report on Burglaries and Arrests, 1968-1975.



## Welfare Cases - San Mateo County

Mr. Rispelo  
573-2222

Dates of Record -- April 1960, June 1968, March 1969, March 1971, March 1972, Dec 1972, Jun 1973

Census Tract 1970	E Palo Alto Tracts				E P A Totals	E Menlo Park	Willows	Bay Rd 6116	San Mateo County Totals	(1960)
	6118-	-6119-	-6120-	-6121						
Old age assistance										
1968	32				299	89		15	3899	(362)
1971	32				280	105		9	4420	
Mar 1972	38				262	110	35	12	4190	
Dec 1972					278	106	53		4104	
1973	25	106	95	30	256	112	25	18	3951	
Blind										
1968	2				15	3		0	176	
1971	6				23	2		1	200	
Mar 1972	5				22	3	2	3	201	
Dec 1972					19	4	1		205	
1973	2	7	6	4	19	3	0	1	201	
APDC-Family										
(Aid for dependent children)										
1960						140				(112)
1968	24				452	263		37	2746	
1969						314		55		
1971										
w/o father	231				975	353		49		
empl father	30				113	38		30		
1972	261				1088	391		59	6882	
Mar 1972										
w/o father	283				990	323	16	20	5828	
empl father	22				63	22	6	3	723	
Dec 1972	303				1073	345	22	23	6501	
1973										
w/o father	314				1120	392	22		6028	
empl father	18				94	28	2		662	
1973	332				1214	420	24		6690	
1973	280	430	279	62	1071	355	24	15	5937	
	12	28	24	6	70	19	6	2	497	
	292	458	303	68	1141	374	30	17	6434	
APDC										
Boarding houses & Institutions										
1960					17	7		14	513	(204)
1968	1				64	12		26	559	
1971	8				61	28	0	4	615	
Dec 1972	16				77	32	1		614	
1973	18	32	27	0	77	19	1	0	617	
General assistance										
1968	4				14	13		0	356	(514)
1971	11				74	21		0	683	
Mar 1972	35				278	74	17	8	722	
Dec 1972					219	82	16		1674	
1973	21	49	49	25	144	48	10	2	1090	
Totally disabled										
1968	25				181	83		17	1934	(140)
1971	46				329	140		33	3062	
Mar 1972	63				366	102	21	12	3395	
Dec 1972					424	163	24		3495	
1973	71	166	157	43	437	165	17	7	3751	
Total cases										
1968	148				978	458		83	9624	(575)
1971	364				1858	671		128	15,806	
Mar 1972	462				2062	722	97	62	16,724	
Dec 1972					2231	807	113		16,782	
1973	429	816	637	190	2074	721	83	45	16044	



# County of San Mateo

Department of Public Health and Welfare

Office of the Director

225 WEST 37TH AVENUE • SAN MATEO, CALIFORNIA 94403  
(415) 573-2222

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DIRECTOR OF HEALTH AND WELFARE

February 1, 1979

Paul Wilson  
45 Willow Road  
Menlo Park, Ca. 94025

Dear Mr. Wilson:

The following information is being provided as you requested. The compilation of data, dated 12/31/78, is for Census Tracts 1116 through 1122 inclusive.

Sincerely yours,

*Georganna Butts*

GEORGANNA BUTTS  
Social Service Division

GB:td

*without father*  
*unemployed father*  
*Boarding Houses*

A F D C  
Aid for dependent children

*General Assistance*  
*Food Stamps*

CENSUS	TOTAL	OAS	AB	FG	UNEMP.	BHI	ATD	MI	GA	F/S
1116	32	0	0	14	0	0	0	0	3	15
1117	598	0	0	293	12	20	0	0	16	257
1118	494	0	0	235	7	8	0	0	35	209
1119	677	0	0	324	12	16	0	0	31	294
1120	478	0	1	230	9	11	0	0	23	204
1121	223	0	0	89	8	1	0	0	13	112
1122	44	0	0	18	1	4	0	0	1	20
TOTAL	2,546	0	1	1,203	49	60	0	0	122	1,111
OVER-ALL COUNTY TOTALS	6,314	0	3	4,989	260	493	0	0	569	554

Encl-2

247

1974	Month Tot	Beach	Shoreline to Univ Dr Inc	Univ Dr Inc to SPRR	SPRR to Bayshore & Co	Bayshore & Co to Bohannon Commercial	Bohannon Commercial to Belle Haven	Residential	Commercial	Census Tract	16	17	18	22	23	24	25	26	27	28	29	30
Jan	50	3	8	1	17	0	21	34	14													
Feb	44	2	1	4	12	1	24	33	11													
Mar	31	9	2	2	9	1	8	20	11													
Apr	42	1	2	6	11	1	20	28	13													
May	50	2	2	1	12	1	32	38	12													
June	51	3	3	11	10	4	20	29	22													
July	41	3	4	5	16	0	13	29	12													
Aug	40	4	4	4	14	2	12	25	15	2	14	-	11	-	-	2	3	2	3	-	3	
Sept	44	1	6	4	14	0	19	28	16	2	17	1	13	-	-	1	8	-	-	1	1	
Oct	36	4	3	3	13	0	13	23	13	1	10	3	12	-	-	1	4	1	3	-	1	
Nov	35	1	1	1	10	3	19	24	11	2	21	2	5	-	-	2	2	-	-	-	1	
Dec	39	3	3	10	9	0	14	18	21	3	19	2	4	-	-	1	10	1	1	-	3	
Tot 1974	503	36	39	52	147	13	215	331	171													
1975																						
Jan	35	0	1	3	7	0	24	24	11	3	24	-	4	-	-	-	3	1	-	-	-	
Feb	40	2	4	6	18	0	10	28	12	2	10	-	15	1	2	-	8	1	-	-	2	
Mar	32	2	4	1	12	0	13	26	4	4	12	-	5	1	1	2	3	1	3	-	-	
Apr	32	0	3	3	17	3	6	20	8	1	8	-	9	1	-	3	5	1	-	-	-	
May	21	2	3	1	6	2	7	14	7	-	8	1	5	-	1	-	2	2	1	-	1	
June	24	0	3	2	6	0	13	14	10	1	12	1	3	-	1	1	4	1	1	-	-	
July	37	2	6	4	6	3	16	24	13	3	18	-	2	-	2	-	7	1	3	-	1	
Aug	51	4	4	6	16	1	20	37	14	7	20	1	9	-	-	-	7	-	4	-	3	
Sept	34	4	1	4	5	0	20	25	9	2	20	-	2	1	-	-	4	-	1	-	4	
Oct	27	6	5	1	9	1	5	26	1	2	6	-	7	-	-	-	3	2	3	-	4	
Nov	32	6	1	9	7	0	9	22	10	2	9	-	4	1	-	-	10	-	2	-	4	
Dec	41	2	6	4	11	1	17	34	7	3	17	-	7	-	1	-	9	1	2	-	1	
Tot 1975	406	30	41	44	120	11	160	294	108	26	164	3	72	5	8	6	65	11	20	0	20	4
1976																						
Jan	38	10	1	1	12	2	12	32	6	5	13	-	8	-	-	1	1	2	-	-	8	

Note: Belle Haven - Census tract N-17  
 Population 16.4% of Menlo Park  
 Burglaries 1974 - 41.8% of City  
 1975 - 39.7%

Encl - 3  
 Burglaries - Menlo Park, Calif

BURGLARIES	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
1968	50	54	65	90	69	64	80	78	53	60	75	59	797
1969	61	28	63	45	84	55	56	39	53	69	40	39	632
1970	116	97	99	86	106	71	85	74	67	159	136	108	1,204
1971	158	105	97	73	98	67	85	94	96	114	115	119	1,221
1972	130	94	87	93	112	96	116	125	120	145	124	90	1,332
1973	127	121	103	70	90	91	114	108	101	110	114	77	1,226
1974	50	68	80	80	106	66	75	63	88	84	74	80	914
1975	77	70	86	82	82	74	121	120	105	102	97	114	1,135

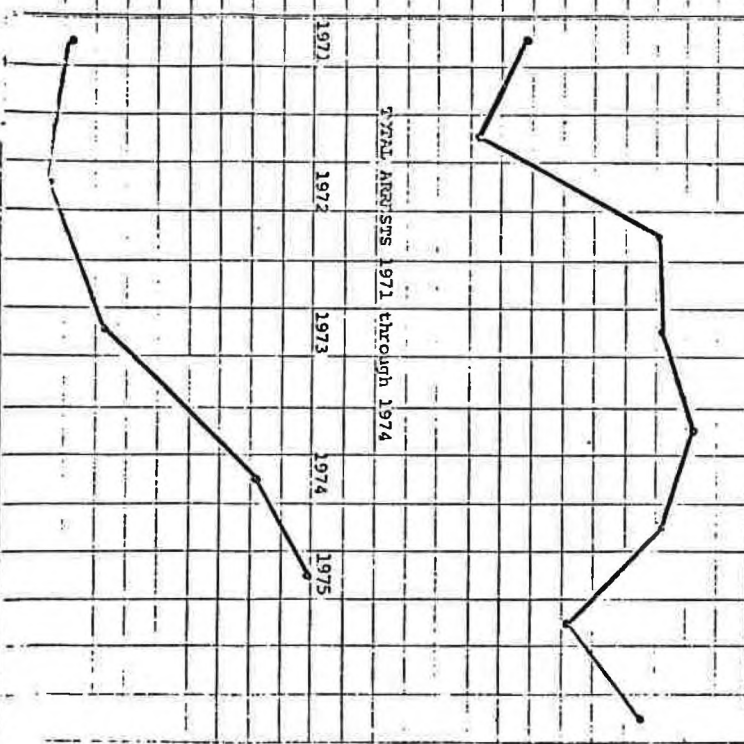
TOTAL ARRESTS	1971	1972	1973	1974	1975
	732	662	842	1,302	1,505

BURGLARIES 1968 through 1974

1968 1969 1970 1971 1972 1973 1974 1975

TOTAL ARRESTS 1971 through 1974

1,400	1,300	1,200	1,100	1,000	900	800	700	600	500
1,500	1,400	1,300	1,200	1,100	1,000	900	800	700	600



Encl - 4

San Mateo Co Sheriff's Office - EPA Sul Station Report



	1972	1973	1974	1975					
<u>FELONY REPORTS</u>									
Homicide	2	8	4	4					
Rape	17	26	13	14					
Assault	105	133	104	91					
Robbery	164	110	72	81					
Burglary	1,331	1,226	914	1,135					
Grand Theft	82	91	74	107					
Auto Theft	212	215	133	132					
Other Felonies	195	139	176	115					
Totals	2,108	1,948	1,490	1,679					

MISDEMEANOR REPORTS

Petty Theft	413	465	421	390					
Assault & Battery	123	80	77	68					
County Ordinance	13	10	6	5					
Malicious Mischief	214	204	192	152					
	11	2	82	114					
Common Drunk	27	15	38	36					
Runaway Juvenile	99	82	56	65					
Missing Person	24	23	21	24					
Disturbing Peace	39	12	14	27					
Resisting Arrest	12	14	15	16					
Death Invest.	18	14	24	17					
Other	289	267	180	330					
				1,244					
Totals	1,282	1,188	1,126						

Rep. Prop. Loss	\$396,330	\$406,660	\$389,774	\$339,615					
Rep. Burg. Loss	\$310,751	\$316,142	\$302,015	\$333,301					
Recovered Prop.	N/A	N/A	N/A	N/A					

BEAT ACTIVITY

Lost/Found Prop.	90	94	97	32					
Disturbance	1,795	1,748	1,482	1,335					
Noise Complaint	1,502	1,339	929	832					
Aided Case	396	389	396	331					
Prov/Susp. Circ.	637	628	552	517					
Traffic Compl.	92	82	56	32					
Civil	191	190	152	98					
Other	770	811	822	1,024					
Totals	5,473	5,281	4,476	4,291					



MENLO PARK  
COMPREHENSIVE PLAN,  
TOWARDS 2000

Adopted By Planning Commission By Resolution No. 1974-7

On August 12, 1974

Adopted By City Council By Resolution No. 2745

On October 1, 1974

PREPARED BY DEPARTMENT OF COMMUNITY DEVELOPMENT

CITY OF MENLO PARK, CALIFORNIA

Pages 36-38  
Undeveloped Lands

capacity would also increase. Under the previous City zoning, and County's existing zoning, the holding capacity would have been 58,500 persons, and as per the City's 1966 General Plan, about 56,000 persons. It is interesting to note that these population figures were so closely interrelated, which is quite unusual in most communities in the Bay Area.<sup>1</sup> These figures indicate an increase of more than 110 percent over the 1970 U.S. Census base figure. However, the areas within the official Sphere of Influence could be annexed which would offer the City the alternative to curb this increase by reducing the holding capacity from the existing County zoning. This reduction of holding capacity would lessen the potential negative impact of increased traffic volume and congestion, and the demand for increased municipal services. If the annexation of all unincorporated areas in the City's environs were effected, including Ladera and East Palo Alto, the population as per the 1970 U.S. Census would be 53,500 persons. The holding capacity under the existing County zoning would be about 105,000 and about 81,000 as per the City's 1966 General Plan.

#### Undeveloped Lands

The potential development of the St. Patrick's Seminary property must be considered. Recently there have been a number of inquiries regarding the development of the property. All these inquiries proposed higher densities than allowed by the existing R-1-S zoning. These inquiries clearly indicate that there is an urgent need to establish guidelines, including a desired population range, for the development of the property. The possible future availability of the Veterans Administration property requires similar considerations.

<sup>1</sup> Issue Paper No. 3, March 1973  
Association of Bay Area Governments  
Zoning and Growth in the San Francisco Bay Area

The current and potential unused school sites may be considered as undeveloped land. Fremont School on Middle Avenue and the administration offices on Oak Grove are being phased-out of the Menlo Park Elementary School system. As the school age population further decreases, more school sites may be vacated. Presently, school sites function as an integral part of the open space and recreational facilities available to Menlo Park residents, and their dispersed locations make them very accessible to many people. If these lands are offered for purchase, their acquisition should first be considered by the City for use as open space, if appropriate. If not appropriate for open space, then a study should be made of all alternative desirable uses. This study will address the environmental impacts of each alternative, as a change from the present use will have an impact on the surrounding area.

The future of the Stanford lands is of great importance and concern to the people of Menlo Park. The City has proposed a policy encouraging Stanford to retain these lands in open space to the greatest possible extent. Lands within the City's Sphere of Influence, which in the 1966 General Plan were indicated for professional offices, should now be considered as an "Urban Reserve", to be used for professional offices only if later considered desirable and necessary, and with alternatives to the automobile explored prior to permitting development. This policy is in accord with Stanford University's land use policies, adopted in March 1974. Land held in open space or limited to professional/administrative uses will maintain the superior scenic quality of the present foothills and benefit both the Stanford and Menlo Park communities. Only a small portion of the Stanford lands adjacent to Menlo Park is within the City's Sphere of Influence boundaries, as determined by the Local Agency Formation Commission in 1968. The LAFCO Sphere of Influence decision does not appear to provide for logical, ultimate municipal boundaries,

as even a cursory examination of these boundaries indicates a lack of cohesiveness to the several communities involved. When appropriate, the City should petition LAFCO to change Menlo Park's Sphere of Influence boundaries to form a more rational ultimate boundary pattern.

Looking back to the City's 1966 Plan, "General Plan 1990", the objectives relative to growth and annexation were to: (1) consolidate the City by including all unincorporated lands to the south and west, and, if feasible, incorporate East Palo Alto; and (2) preserve the essential character of Menlo Park -- generous open space, attractive and varied housing, and the overall orientation toward single-family homes.

The present General Plan Review Committee's goals pertaining to the "growth" issue appear to be basically the same as those in the 1966 Plan. The Committee proposed that: (1) population growth should be at a moderate and determined rate with a better distribution of racial and income characteristics; and (2) geographic expansion should incorporate existing unincorporated pockets and areas within the City's Sphere of Influence. The major differences, however, are that the East Palo Alto community is not now considered by either Menlo Park or East Palo Alto as a future annexation to Menlo Park, and the presently acceptable growth rate and holding capacities as indicated in this Comprehensive Plan are considerably lower than previously provided for in the earlier General Plan.

Thus, it is recommended in this Comprehensive Plan that many of the presently developed single-family areas should be maintained as single-family areas. If and when the dwellings in these areas deteriorate, they

# County of Santa Clara

## California

EMA/GSA  
Environmental Management/  
General Services Agency

October 7, 1980

B. Sherman Coffman  
Executive Officer  
San Mateo LAFCO  
County Government Center  
Redwood City, California 94063

Dear Sherm:

Attached please find a copy of Santa Clara LAFCO's staff analysis on the draft EIR for the Menlo Park/EPA and Districts Sphere of Influence Study. Thank you for providing Santa Clara LAFCO with an opportunity to comment on this draft EIR.

Sincerely,



PAUL SAGERS  
Asst. Executive Officer  
LAFCO

tb

Enc.

cc: Jane Decker



**SANTA CLARA COUNTY LAFCO COMMENTS ON THE DRAFT  
ENVIRONMENTAL IMPACT REPORT FOR THE MENLO PARK/  
EAST PALO ALTO AND DISTRICTS SPHERE OF INFLUENCE STUDY**

**I. ASPECTS OF THE PROJECT WHICH INVOLVE THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CLARA COUNTY**

The Draft EIR addresses a variety of ways in which the jurisdictional status of the area known as East Palo Alto can be improved. Included among the project alternatives are incorporation and annexation of all or part of the area to the City of Menlo Park.

Of particular concern to LAFCO, however, is the project alternative which calls for annexation of all or part of East Palo Alto to the City of Palo Alto and to Santa Clara County. This alternative raises two areas of concern for LAFCO:

1. Is it reasonable and appropriate to alter the Santa Clara County boundary line to include all or part of East Palo Alto?
2. Is the annexation of all or part of East Palo Alto to the City of Palo Alto consistent with adopted LAFCO policy?

**II. ADJUSTMENT OF THE SANTA CLARA COUNTY BOUNDARY LINE**

In reviewing proposals to adjust community boundary lines, LAFCO considers five criteria. It would seem that these are also valid considerations for a proposal to adjust county boundary lines.

1. The proposed boundaries should not create areas that are difficult to serve by a city or special district.

Annexation of East Palo Alto would require expansion of services (transit, social services) which are provided countywide by Santa Clara County government. Whether and how this could be accomplished by Santa Clara County service departments, without seriously reducing the level of services provided to existing County residents, is of serious concern to LAFCO and must be thoroughly studied by affected agencies. For example, the barrier imposed by Bayshore Freeway would seem to be an important consideration in the extension of county transit into the area.

2. Proposals must result in logical boundaries and should follow recognizable natural or man-made physical characteristics (i.e. creeks, major streets, railroad lines, etc.).

In the East Palo Alto area, San Francisquito Creek is the existing boundary line between Santa Clara and San Mateo counties. This is entirely consistent with the LAFCO criteria.

Annexation of the entire project area would result in a clearly less rational county boundary since it would not follow major roadways or natural features. Annexation of the area up to Bayshore Freeway would appear to be a somewhat more defensible County boundary realignment.

3. Proposals should not promote the perpetuation of special districts.

The project as described in the Draft EIR is consistent with this criterion.

4. Boundary adjustments must reflect the fiscal condition in the affected jurisdictions.

The fiscal impact of this proposal on Santa Clara County government must be carefully studied, considering that in recent years the demand for countywide services has increased, while the revenues available to supply them are more limited.

As indicated on page 77 of the Draft EIR, East Palo Alto does not generate enough revenue to pay for the current level of services provided to the area. This suggests that if the area were annexed to Santa Clara County, countywide services provided to the area would require subsidy. How this would be accomplished and the effect it would have on county revenues must be addressed.

Another consideration which should be evaluated would be the impact the transfer of such a large number of people would have on state and federal grants and tax redistribution formulae for both Santa Clara and San Mateo counties.

5. Consideration should be given to community identity, natural neighborhoods, school districts and postal service.

This objective will be addressed in the following section, since the criteria affects the City of Palo Alto more than Santa Clara County.

Summary: The proposed boundary realignment would not create a more regular boundary between Santa Clara County and San Mateo County. The proposed project would require expansion of countywide services which could have serious and substantial countywide impacts

Finally, LAFCO is concerned with the cost of implementing the government code procedures for the alterations of county boundaries. Existing requirements are costly and time-consuming and would be a fiscal drain on both counties.

### III. ANNEXATION OF ALL OR PART OF EAST PALO ALTO TO THE CITY OF PALO ALTO

#### I. Community Identity

Of critical concern to LAFCO is whether and how the community of East Palo Alto will be integrated into the community fabric of Palo Alto.

LAFCO agrees with the many barriers to successful integration which are cited in the Draft EIR such as ethnic differences, income differences, differences in the demand for services and differences in the character of the constructed environment.

If East Palo Alto is annexed to Palo Alto, it will take many years for successful physical and social integration to be accomplished. These problems will be particularly severe in the eastern part of the area which is substantially cut off from the City of Palo Alto by the Bayshore Freeway.

Clearly, annexation will cause substantial fiscal impacts and dilution of services in the City of Palo Alto. Adequate provision of services in this area would require substantial capital improvements and may require the installation of branch facilities for services such as library and fire. For this reason, annexation of East Palo Alto may not be in the best interests of the residents of Palo Alto. This issue, however, is best addressed by the City rather than LAFCO.

2. Jobs/Housing Imbalance

The ratio between jobs and housing within cities is one criteria which LAFCO reviews in considering annexation proposals. This means that annexation of industrial lands in cities which have a shortage of housing is discouraged unless the city makes substantial effort to increase the supply of housing within the community.

At the present time, the City of Palo Alto is a job-rich city with a severe shortage of housing. Annexation of East Palo Alto, with its substantial residential base, would improve the jobs/housing ratio in the City of Palo Alto. Annexation would also give Palo Alto some vacant land as well as land with redevelopment potential which could be slated for higher density housing.

There is some question, however, as to whether the intent of LAFCO's jobs/housing policies is to also amend County lines for better balance.

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County of Santa Clara  
California

EMA/GSA  
Environmental Management/  
General Services Agency

October 7, 1980

RECEIVED  
OCT 8 1980  
LAFCO

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OCT 13 1980  
LAFCO

THE EPACCI RESPONSE TO THE DRAFT ENVIRONMENTAL IMPACT REPORT  
FOR THE  
MENLO PARK/EAST PALO ALTO AND DISTRICTS SPHERE OF INFLUENCE STUDY

OCTOBER 10, 1980

SUBMITTED BY  
THE EAST PALO ALTO CITIZENS' COMMITTEE ON INCORPORATION  
P.O. BOX 50624  
EAST PALO ALTO, CALIFORNIA 94303  
(415/327-5846)

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OVERVIEW OF DISCREPANCIES, MISSTATEMENTS, AND UNDOCUMENTED CONCLUSIONS...	PAGE 2
ANALYSIS AND COMMENTS.....	PAGE 14
CONCLUSION.....	PAGE 19

## INTRODUCTION

On December 4, 1979, the East Palo Alto Municipal Council formally took action leading to the formation of the East Palo Alto Citizens' Committee on Incorporation (EPACCI). The EPACCI was formed in January, 1980, and the Municipal Council appointed its initial membership of twenty-five (25) residents. By mutual agreement, EPACCI now functions independently of the Municipal Council and determines its own goals and activities. Meetings are held on a weekly basis, and membership is open to all persons interested in working for the incorporation of East Palo Alto. EPACCI's active membership now exceeds one hundred twenty-five (125) persons, and there are an additional three hundred fifty (350) contributing supporters. The basic charge of EPACCI is to help effectuate the incorporation of East Palo Alto by November, 1981.

Immediately following EPACCI's formation, the San Mateo Local Agency Formation Commission (LAFCo) was duly notified of our intentions — the incorporation of East Palo Alto. On March 3, 1980, the Formation Commission authorized the LAFCo staff to prepare a Sphere of Influence Study and an Environmental Impact Report. As a result of this action, LAFCo staff prepared a Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study, which was issued in August, 1980.

The EPACCI has determined that the draft EIR is inadequate, incomplete and heavily biased against incorporation and for annexation to Menlo Park. As a result, we find it necessary to respond to the spurious conclusions included therein. This statement is presented as an official response to the draft EIR.

The draft EIR considers four distinct alternatives as they pertain to the unincorporated community of East Palo Alto: (1) Status Quo; (2) Incorporation of East Palo Alto; (3) Annexation of all or part of East Palo Alto to Menlo Park; and (4) Annexation of all or part of East Palo Alto to Palo Alto. This response deals primarily with alternatives 1, 2, and 3, with very little emphasis on alternative 4.

The EPACCI response to the draft EIR is organized into two sections: (1) Overview of Discrepancies, Misstatements and Undocumented Conclusions; and (2) Analysis and Comments. The first section lists and reviews the spurious/biased statements and findings in the draft EIR; the second section presents a summary assessment of the findings.

The EPACCI urges that the Formation Commission and LAFCo staff give objective consideration to this response.



## OVERVIEW OF DISCREPANCIES, MISSTATEMENTS, AND UNDOCUMENTED CONCLUSIONS

This section provides a detailed overview of the significant discrepancies, misstatements, and undocumented conclusions contained in the Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study. The EPACCI comments are *italicized* and sequenced to correspond with the various sections of the draft EIR text.

### SECTION I: EXECUTIVE SUMMARY (PAGES 8 - 16)

#### Status Quo

Page 9: "East Palo Alto will continue to be isolated from neighboring communities."

*The draft EIR does not define the term "isolation" and presents no data documenting this conclusion, which is a central thesis of the report.*

Page 9: "The already 'tight' new, used and rental housing market will continue, unless housing rehabilitation and new housing are encouraged". (*italics added*)

*There is currently a substantial program of housing rehabilitation underway in East Palo Alto, and also much new housing construction. The term "unless" suggests that housing rehabilitation and construction are not being "encouraged" in East Palo Alto, and thus misstates the current emphasis on housing in the San Mateo Housing and Community Development Program.*

Page 9: "... (East Palo Alto has a) deficit of approximately \$866,000 per year."

*The draft EIR presents no data on the income generated by East Palo Alto for San Mateo County (e.g., the Housing and Community Development entitlement) and, therefore, substantially misstates the net amount of actual subsidy provided to East Palo Alto by San Mateo County.*

Page 10: "The alternative (status quo) could have a short-term advantage because problems in East Palo Alto could *continue* to be ignored." (*italics added*)

*The draft EIR does not identify the so-called short-term advantages of ignoring certain unspecified problems. This is an undocumented conclusion, one which is discrepant with the statement on page 127 that East Palo Alto is provided with adequate municipal services under the status quo base condition, and one which disregards the increasingly visible efforts of East Palo Alto residents to implement constructive community development programs.*

## Incorporation

Page 10: "The impact on demographic characteristics of East Palo Alto's population would be *severe* if incorporation were to occur under any of the three boundary alternatives." (*italics added*)

*This conclusion is not supported by data presented in the draft EIR. The term "severe" seems a gross misstatement of the potential impacts on population demography under incorporation alternatives 1 and 3 (i.e., County Service Area #5 and Detachment/Annexation of South of Willow Road). The use of this term is consistent, however, with an obvious LAFCo staff predisposition in favor of the annexation alternatives.*

Page 10: "To enhance the tax base, the incorporated community would probably favor commercial and industrial development over residential, thereby doing little to relieve the 'tight' housing market and the serious jobs/housing imbalance in the Mid-Peninsula."

*There is no documented information in the draft EIR justifying a conclusion about what the incorporated community would "probably favor". The objective evidence, in fact, indicates that there is considerable priority being given to housing needs in the San Mateo Housing and Community Development Program. Further, although there is no proposed plan for addressing the jobs/housing imbalance problem in the draft EIR, it is stated, without justification, that the incorporated community would be unresponsive to this problem, while somehow implying that annexation would necessarily solve it.*

Page 12: "No substantial cost savings can be achieved through incorporation. In fact, Alternative A might be somewhat more costly than the present situation."

*The text of the draft EIR does not state that Alternative B would be somewhat less costly than the present situation (based upon the data provided in the draft EIR). We believe that the incorporation alternative merits more serious and objective consideration.*

Page 12: "A key conclusion of the revenue projections contained in the Fiscal Analysis was that East Palo Alto, under either incorporation alternative, could expect an increase in its revenue base over the projected five year period, 1980 through 1985. However, a substantial revenue short-fall is indicated under either alternative."

*The draft EIR fails to report, in this respect, the findings and conclusions of the "East Palo Alto Fiscal Analysis: Staff Analysis" and fails to state the errors in projected costs contained in the Fiscal Analysis, which are detailed in the cited "Staff Analysis".*

Page 13: "Incorporation has limited short-term benefits."

*This is an undocumented conclusion.*

SECTION II: DESCRIPTION OF THE PROJECT (PAGES 17 - 24)

Page 23: The draft EIR lists the areas of environmental significance under consideration in this report.

*There is failure to cite jobs, education and land use as significant environmental elements, and no justification offered for this striking omission. These elements are fundamental in any consideration of East Palo Alto's future.*

SECTION III: BASE CONDITIONS (PAGES 25 - 52)

Pages 25: The draft EIR presents the "base conditions" for the City of Menlo  
- 34 Park.

*The draft EIR does not distinguish the base condition for Belle Haven or present any separate data on Belle Haven which, by virtually any definition, is an isolated section of the City of Menlo Park. This is a significant shortcoming of the draft EIR, for the stark reality of Belle Haven affords the best example of what East Palo Alto might become if it were annexed to Menlo Park.*

Page 33: "19.9%" of Menlo Park's population is non-white.

*The draft EIR does not indicate that, in 1974, 93% of the Black population in Menlo Park was isolated in the Belle Haven community (source: Menlo Park Comprehensive Plan, "Towards 2,000", 1974)*

Page 38: "The East Palo Alto community's 'tight' housing market presents a problem for moderate and low income families in the area who have a difficult time finding housing which they can afford."

*The draft EIR fails to acknowledge the significant consideration being given to this problem under the Housing and Community Development Program. It also fails to note that, in Menlo Park, Belle Haven is the only area where low and moderate income families can find affordable housing.*

Page 46: "Currently, about half the families of the (EPA) community are in the 'low-moderate' income range, by HUD standards."

*Comparable data is not cited in the draft EIR for the Belle Haven section of the City of Menlo Park.*

Page 46: "6.5% of East Palo Alto's (housing) units were overcrowded in 1970."

*Comparable data is not cited for the Belle Haven section of the City of Menlo Park. Further, there is no detailed analysis of types of housing structures versus the factor of "overcrowding". Nor is there any objective explanation of how this problem might be more effectively alleviated under either annexation proposal.*

The draft EIR does not present data on the changing ethnic character of East Palo Alto over the past five years, nor on the trend toward an increasing non-Black population. Significantly, the draft EIR fails to address the unavoidable adverse impacts of intra-city isolation under both of the annexation alternatives. It also fails to address the isolated character of the Belle Haven community in Menlo Park.

Page 71: "The adoption of a status quo sphere of influence...would probably mean a continuation of the housing situation...."

The draft EIR disregards the significant housing rehabilitation activities under the San Mateo Housing and Community Development Program and, therefore, misstates the impacts on housing under the status quo condition.

Page 72: The cited mitigation measures for housing under the status quo condition are "encourage housing rehabilitation...and...new housing construction".

The draft EIR implies that housing rehabilitation and construction are not being "encouraged", which contradicts the well-known evidence regarding the substantial housing activities underway in East Palo Alto. It also fails to propose a specific mitigation measure dealing with the jobs/housing imbalance on the Mid-Peninsula.

Page 77: "The balance of costs not covered by local revenue represents a subsidy to East Palo Alto by other areas of San Mateo County."

The draft EIR does not present data on or state the net benefits to San Mateo County from the funds generated by East Palo Alto under federal and state entitlement programs. As a result, the draft EIR implies that East Palo Alto does not generate the dollars, either directly or indirectly, to pay for the cost of services provided by San Mateo County. This is an unwarranted conclusion.

Page 80: "The community's (EPA) aesthetics would definitely be changed by the selection of this alternative (status quo). An example of such change is the continued deterioration of the Nairobi Shopping Center."

The draft EIR disregards the positive planning that is underway regarding rehabilitation of the Nairobi Shopping Center, and fails to acknowledge that such revitalization is a program activity under the San Mateo Housing and Community Development Program.

Page 80: "Taking no action would have the effect of ensuring a continuation of the present situation. This could have a short-term advantage for some, i.e., the problem could be ignored...."

The draft EIR misstates the current state of development and revitalization in East Palo Alto, principally under the auspices of the San Mateo Housing and Community Development Program and the East Palo Alto Economic Development Council. It is unreasonable to conclude that deterioration in East Palo Alto is not being responsibly addressed, and to disregard the constructive impacts of the two development agencies noted above.



## Incorporation

Page 84: "(incorporation would serve)...to isolate a predominantly minority community,...from some of the most affluent predominantly white communities in the nation."

*The term "isolated" is not defined and there is no data in the draft EIR documenting this conclusion.*

Page 84: The draft EIR lists four areas with development potential in East Palo Alto.

*The draft EIR fails to cite the development potential of Cooley Landing and nearby acreage.*

Page 85: "The impact of incorporation on housing will be that commercial and industrial development will probably be preferred over more residential development."

*This is an undocumented conclusion.*

Page 85: "Converting apartments to condominiums could have the effect of displacing persons of low and moderate income who cannot afford to purchase a home."

*The recent evidence is that the East Palo Alto Municipal Council and many local residents are opposed to condominium conversions resulting in the displacement of local citizenry. Neither the San Mateo Planning Commission nor the San Mateo Board of Supervisors have supported this recommendation from the Municipal Council. To suggest that the incorporated community would enact policy that encouraged displacement is a misstatement of the evidence and also an unwarranted conjecture.*

Page 86: "Adequate public transportation is essential", principally because of the dependency of East Palo Alto residents "on outside communities for goods and services".

*This need is as valid for both of the annexation proposals as for the incorporation proposal. Further, the draft EIR suggests, without justification, that transportation and circulation problems can be more responsibly addressed under either of the annexation alternatives. This conclusion is speculative, and not based upon data documented in the draft EIR. Belle Haven experiences the same type of inadequate public transportation as does East Palo Alto. If Menlo Park cannot solve Belle Haven's problem, how can one conclude that it can solve East Palo Alto's?*

Page 88: "If... streets are brought to minimum county standards right of ways will reduce property boundaries and reduce parking on already narrow streets and will change the rural character of the area."

*This is a speculative conclusion that is no more valid under incorporation than under any other alternative considered in the draft EIR. With efficient planning and engineering, these impacts will be minimized, as is the case on many streets throughout East Palo Alto and San Mateo County.*



SECTION IV: ALTERNATIVE ORGANIZATIONAL STRUCTURES - A FRAMEWORK (PAGES 53 - 68)

Status Quo

Page 53: "The unincorporated urbanized East Palo Alto community relies heavily upon the County of San Mateo and eight special districts for public services."

*Disregarding the negative connotation implicit in this statement, the county is legally required to provide public services to unincorporated areas. The draft EIR cites estimates of tax revenue generated in East Palo Alto but, significantly, fails to provide any data on how much other revenue the county accrues from federal and state entitlements, based largely upon the demographic character of East Palo Alto.*

Incorporation

Page 61: "Menlo Park has a public service infrastructure that might be expanded more economically than creating a new city government."

*This conclusion is based upon insufficient data and is, therefore, an undocumented supposition. Presently, the extension of public services into Belle Haven is significantly impacted by the isolation of this community on the eastside of the Bayshore Freeway. There is a rational basis for concluding that a similar situation would prevail under either of the two annexation proposals.*

Page 62: "The City of Menlo Park owns and maintains approximately 60 acres of recreational open space."

*The draft EIR does not present an analysis of recreational acreage in terms of the additional burden of 17,000 plus East Palo Alto residents. Nor does it define "substandard level of recreation" (p. 126):*

Page 63: Data is presented on the staffing patterns in the Menlo Park Community Development Department.

*There is no analysis presented in the draft EIR of the impacts on planning which a 40 per cent, mostly non-white population increase would entail.*

SECTION V: IMPACTS OF ALTERNATIVE ORGANIZATIONAL STRUCTURES UPON AREAS OF ENVIRONMENTAL SIGNIFICANCE (PAGES 69 - 165)

Status Quo

Page 71: "The impact on population would be the continued isolation of a predominantly minority community,...from some of the most affluent, predominantly white communities in the nation."

Page 97: Charts are presented assessing the "effect of incorporation on service level" under Alternatives A and B of the Fiscal Analysis.

*It is noteworthy that no negative impacts are cited for any of the sixteen (16) municipal services detailed in these charts.*

Page 115: "Presently, and for the base case condition, East Palo Alto enjoys a revenue subsidy from the remainder of San Mateo County."

*The draft EIR disregards the revenues generated by East Palo Alto for the county from federal and state entitlements, based largely upon the demographic character of East Palo Alto. Therefore, the draft EIR grossly misstates the actual amount and extent of the county's subsidy to East Palo Alto.*

Page 115: "The largest example of this subsidy is police services, where at least 50 per cent of the current budget of over \$1,200,000 is supported by the San Mateo County general fund."

*The draft EIR fails to cite that the San Mateo Criminal Justice Council receives federal and state entitlements at current levels in large part because of East Palo Alto. Funds from the San Mateo CJC are allocated to the Sheriff's Department for projects in East Palo Alto and projects in other parts of the county. This is similarly true for other agencies in the Criminal Justice System. The conclusion regarding the subsidy of police services by the San Mateo general fund disregards the San Mateo CJC entitlements and similar federal and state crime dollars, many of which subsidize police and crime prevention services throughout the county.*

*The draft EIR indicates on page 140 that East Palo Alto expends \$1,472,076 on police services. Presently, Menlo Park expends \$1,511,563 for police services. Menlo Park employs 53 personnel and East Palo Alto less than 30 personnel for these similar costs. It is possible, therefore, that police services in East Palo Alto are not cost-effective, and that cost savings will accrue under an efficiently administered municipality.*

Page 115: "Nearly 50 per cent of the county's road capital improvement program, funded primarily by gasoline taxes is related to East Palo Alto projects."

*Since East Palo Alto is the largest urbanized unincorporated area in the county, the use of these tax dollars in East Palo Alto for this purpose is substantially warranted. Again, the implication in the draft EIR is that East Palo Alto is "heavily" subsidized. To whatever degree this may be valid regarding capital improvements, it is equally as valid under each of the four alternatives addressed in the draft EIR when consideration is given to "unavoidable adverse impacts".*

Page 115: "In any event, the ultimate impact of incorporation would be a shift of municipal service costs, either in terms of higher taxes and fees or reduced services, from the balance of San Mateo County to the property owners and residents of East Palo Alto."

The draft EIR fails to present a "best case" fiscal analysis of the incorporation alternatives employing, in part, the findings and conclusions of the "East Palo Alto Fiscal Analysis: Staff Analysis". Such a fiscal analysis is essential in order to justify the cited conclusion. Significantly, the draft EIR fails to cite the overprojected costs in the Fiscal Analysis, thereby overestimating the revenue/cost imbalance under the incorporation (#B) alternative.

Page 122: "The net effect of not including the West of Bayshore area with East Palo Alto (incorporation) is estimated to be a twenty-two per cent reduction of potential revenue."

The draft EIR fails to cite the estimated reduction in costs, stating only that "the elimination...would reduce municipal expenditures to some extent"... (*italics added*).

Page 125: "Because of a significant reduction in revenue, if incorporation occurred within the next five years, community maintenance and service programs would be greatly reduced. The aesthetics of the community would, therefore, be impacted."

This conclusion is unwarranted based upon the data presented in the draft EIR. Through effective municipal reorganization, it is as likely that aesthetics could be adequately provided for under the incorporation alternative.

Page 127: "East Palo Alto currently is provided with few exceptions, an adequate level of municipal services."

If this is the case, then what is the basis for claiming on page 132 that "many parts of East Palo Alto have been in a continuous state of deterioration for many years"? Is there no relationship between "adequate services" and community "deterioration"? Either the draft EIR misstates the quality of municipal services or it misstates the significance of deterioration, possibly both.

Page 127: "Incorporation has the potential to achieve limited short-term advantages to the disadvantage of long-term environmental goals including human needs."

This is an undocumented conclusion.

Page 127: "(East Palo Alto under incorporation would be)...more dependent on outside agencies to offset the revenue deficit."

This conclusion is based in large part upon the findings in the Fiscal Analysis, without regard for the errors in cost projections in this report that have been detailed in the "East Palo Alto Fiscal Analysis: Staff Analysis". Further, the draft EIR fails to distinguish the effect and cost savings of contracting selected public services from subsidization of these services.

Annexation of All or Part to Menlo Park

Page 129: "An outstanding feature of population when comparing Menlo Park and East Palo Alto is the percentage of white and non-white residents. Menlo Park has a 19.9 per cent non-white population, whereas East Palo Alto has a 61 per cent black and a 66.3 per cent total non-white population."

*The draft EIR significantly omits that 93 per cent of the Black population in Menlo Park, in 1974, resided in Belle Haven.*

Page 129: The draft EIR cites comparative data on East Palo Alto and Menlo Park regarding age, income, crime and unemployment of the populations.

*Significantly, the draft EIR does not present comparative data on the Belle Haven community.*

Page 129: "Annexation of only the West of Bayshore region to Menlo Park would mean the inclusion of an area with more homogeneous population characteristics."

*This conclusion is valid only to the extent that one totally disregards the Belle Haven community.*

Page 132: "Menlo Park, surrounding as it is by East Palo Alto on three sides (sic), is the recipient of many traffic and circulation problems generated by East Palo Alto."

*This is an undocumented conclusion.*

Page 132: "Annexation of the areas to Menlo Park would give the City the jurisdictional authority to control such adverse transportation/circulation related impacts."

*This conclusion is offered without regard to the potential unavoidable adverse impacts on East Palo Alto under this alternative.*

Page 134: It is stated that the impacts of annexation would be minimal in the following areas: streets, library, street lighting, animal control, civil defense, and emergency medical services.

*This is an undocumented conclusion.*

Page 135: The first mitigation measure recommends expanding the Menlo Park City Council from five to seven members.

*This recommendation is presumably to provide for up to 29 per cent representation on the Menlo Park City Council from the East Palo Alto community. East Palo Alto would have in excess of 40 per cent of Menlo Park's population under annexation. If Belle Haven is also considered, then their combined populations would certainly approach 50 per cent. Is two representatives out of seven considered "adequate representation"?*



Page 137: A comparison is made of the revenues and expenditures of Menlo Park and East Palo Alto.

*From the data presented, the only justifiable conclusion is that Menlo Park has higher revenues and spends more on municipal services, and that East Palo Alto has lower revenues and spends less on municipal services. The conjecture about income from East Palo Alto being roughly equivalent to the increased costs to Menlo Park is not supported by data presented in the draft EIR.*

Page 139: It is projected that there would be a potential \$500,000 savings under the annexation proposal as compared with the incorporation proposal.

*The draft EIR does not stipulate to whom the so-called savings is applicable. Further, the draft EIR states on page 158 that the cost of extending services from Palo Alto to East Palo Alto is \$2,142,000 and on page 140 that the cost to Menlo Park is \$1,210,000, or half as much. The projections for extending government services are \$801,000 and \$280,000 respectively, or three times as much. The draft EIR does not provide an explanation of these discrepancies.*

Page 141: One of the cited mitigation measures is programs to enhance the tax base of East Palo Alto to offset a revenue/expenditure imbalance.

*This is not presented as a mitigation measure under the incorporation alternative.*

Page 142: "Many parts of East Palo Alto have been in a continuous state of deterioration for many years."

*To juxtapose this statement against one claiming the benefits to be gained from annexation to a "mature and experienced city" is to distort a prior claim, cited above, that East Palo Alto has adequate municipal services (p.127) and that services would be adequate under the incorporation alternative (pp.97-98).*

Page 144: "By enhancing the tax base in East Palo Alto by a mix of residential, commercial and industrial development the long-term impact could be that the community would produce adequate revenue to cover the added costs to Menlo Park."

*This conclusion is as likely under the incorporation alternative as under the annexation-to-Menlo-Park proposal.*

#### Annexation of All or Part to Palo Alto

Page 150: "The city (Palo Alto) is opposed to this (southern) connection; however, if the area (East Palo Alto) were annexed to Palo Alto such a route would serve to join the two areas more closely."

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*On page 89, the draft EIR states that "as a practical matter, the possibilities of a Southern Connection are remote. The City of Palo Alto has made it clear that the City would not bend to any Southern Connection to the bridge". On what grounds is it suggested that annexation to Palo Alto would alter opposition to a Southern Connection, and why is the Dumbarton Bridge impact not cited as a mandatory finding of significance on pages 164 - 165?*



SECTION VI: UNAVOIDABLE ADVERSE IMPACTS (PAGES 166 - 168)

Page 166: The draft EIR cites the unavoidable adverse impacts under each of  
- 168 the four alternatives considered in the report.

*The most significant shortcoming of the draft EIR is that it cites unavoidable adverse impacts for the status quo and incorporation conditions that are not also cited for the two annexation conditions, and which are equally as unavoidable and adverse under each of the four alternatives. There are nine unavoidable adverse impacts for the status quo condition, ten for incorporation, two for annexation to Menlo Park, and three for annexation to Palo Alto.*

*Each of the following factors is as likely to be unavoidable and adverse under every one of the four alternatives if, in fact, one were to conclude that the factor is properly classified as an unavoidable adverse impact.*

- *inter-city or intra-city isolation (listed under status quo and incorporation, but not under either of the annexation conditions).*
- *housing stock maintenance and rehabilitation (listed under status quo, but not under the other three conditions).*
- *decrease in quantity and quality of housing stock in favor of commercial/industrial development to enhance the tax base (listed under incorporation, but not the other three alternatives).*
- *need for road construction and reconstruction (listed under status quo and incorporation, but not under either of the annexation conditions).*
- *continued high crime rate, rate of fires and medical emergencies (listed under status quo and incorporation, but not under either of the annexation conditions).*
- *deterioration of the water distribution system (listed under status quo and incorporation, but not under either of the annexation conditions).*
- *deterioration of the sanitary sewer lines (listed under status quo and incorporation, but not under either of the annexation conditions).*

*Each of the following factors is as likely to be unavoidable and adverse under every one of the four alternatives.*

- *probable University Avenue access that would divide the community (listed under status quo and incorporation, but not under either of the annexation conditions).*

- probable University Avenue and partial Industrial Park Dumbarton Bridge access that would divide the community and infuse heavy vehicular traffic into residential neighborhoods (listed under incorporation, but not under the other three alternatives).

Each of the following factors is cited as an unavoidable adverse impact based upon spurious data, conjecture, and/or undocumented conclusions.

- decrease in police services (listed under incorporation).
- increasing revenue subsidy (listed under status quo).
- substantial revenue shortfall (listed under incorporation).
- probable decrease in overall municipal services (listed under incorporation).
- short-term advantage (of incorporation) to the disadvantage of long term environmental goals (listed under incorporation).

#### SECTION VII: GROWTH INDUCING IMPACTS OF THE PROJECT

Page 169: "The incorporated City of East Palo Alto would initially attempt to develop its tax base by means of commercial and industrial development. This type of development is not considered by LAFCo staff to be significant growth inducing with regards to population; however, it could foster economic growth."

The draft EIR misstates the potential impacts of economic development on population growth and demographic character. Further, it fails to highlight the potential positive impacts of economic development on the quality of life in East Palo Alto, including jobs, housing, and environment, and on generating a revenue base necessary for the delivery of good municipal services.

## ANALYSIS AND COMMENTS

This section provides a focused analysis of the spurious observations, recommendations and conclusions contained in the Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study. The EPACCI comments are presented under the following headings: (1) Objectivity of the Draft EIR; (2) Level of Municipal Service in East Palo Alto; (3) Community Isolation; (4) County Revenue Subsidy; (5) Housing Maintenance and Rehabilitation; (6) Jobs/Housing Imbalance; (7) Transportation/Circulation Patterns; (8) Political Representation; (9) Incorporation - A Short Term Goal?; and (10) Unavoidable Adverse Impacts.

### Objectivity of the Draft EIR

A major issue of concern in East Palo Alto is the political future of the community. Since the ruling of the Local Agency Formation Commission (LAFCo) will be virtually decisive on this question, it is imperative that the Commission and that the public be provided an objective environmental impact report whose findings and recommendations are non-prejudicial and supported by data that is actually contained or referenced in the report. Such is in the best interest of San Mateo County, the LAFCo, and the affected jurisdictions.

At the very least, consideration must be given to the fact that the draft EIR was prepared under the direction of the Executive Director of LAFCo, who is known to have an a priori substantial bias against the formation of new municipalities in San Mateo County. For this reason alone, the draft EIR findings and recommendations are conceivably biased.

It may have been more prudent for the Formation Commission to have recognized the questionable implications of staff predisposition on this question, and to have solicited an independent reputable agency to prepare and issue on EIR and Sphere of Influence Report under its independent auspices.

### Level of Municipal Service in East Palo Alto

The draft EIR states that "because of the commitment of most of the special districts and San Mateo County, East Palo Alto for the most part enjoys good public services" (p. 74), and that "East Palo Alto currently is provided with few exceptions, an adequate level of municipal services" (p. 127). However, the draft EIR also indicates "the fact is that many parts of East Palo Alto have been in continuous deterioration for many years" (p. 142). It is emphasized that none of the key terminology in the phrases quoted above is defined, and that there is virtually no data presented justifying these conclusions. What then is the rationale and the data base for concluding that the level of public services has been "good" and "adequate", while at the same time alleging that "many parts" of East Palo Alto have been steadily deteriorating for "many years"? One would reasonably conclude that if the level and quality of public services are adequate, then there should not be a continuous deterioration in the quality of public life.

The fact is that the allegation of deterioration is juxtaposed against the supposition that "a mature and experienced city" such as Menlo Park can extend services to the immature and unsophisticated community of East Palo Alto, in partial justification of the a priori staff predisposition for annexation to Menlo Park.

To the contrary, there is substantial visible evidence that neighborhood revitalization is well underway in East Palo Alto, that constructive development programs are in place, and that deterioration has been reversed. Most significantly, these positive changes are principally the result of astute, deliberate action by the East Palo Alto Municipal Council, in cooperation with the San Mateo Board of Supervisors and county departments, and the East Palo Alto Economic Development Council.

### Community Isolation

The draft EIR states that "incorporation...could significantly impact the environment by further serving to isolate a predominantly minority community, ...(that is non-affluent)...from some of the most affluent predominantly white communities in the nation" (pp. 83-84). The term "isolated" is not defined in the draft EIR and there is no objective data presented to support this conclusion.

By most definitions of the term, Belle Haven is a distinctly isolated section of the City of Menlo Park — geographically, ethnically, socially and culturally. East Palo Alto is geographically contiguous to Belle Haven, and is ethnically, socially and culturally more similar to Belle Haven than to the remainder of Menlo Park. On what basis, therefore, can one objectively conclude that East Palo Alto will not be isolated, or even less isolated, under the annexation-to-Menlo Park proposal.

Possibly the most obvious shortcoming of the report is the failure to highlight the unavoidable adverse environmental impact of intra-city isolation under the annexation proposal, which is to be recommended by the LAFCo staff for consideration by the Formation Commission. Is such a shortcoming basically the consequence of staff predisposition to recommend annexation to Menlo Park?

Over the past five years, it is probable that the ethnic character of East Palo Alto has steadily changed. The percentage of Black population is likely less today than ten years ago, and there has been a corresponding increase in the white and other non-Black populations.

The changing multi-ethnic character of East Palo Alto is of considerable significance given the supposition alleging sustained community isolation that obviously ignores this trend. With the proportion of whites and other non-Blacks increasing, it is reasonable to conclude that the environmental significance of isolation may be misrepresented or misjudged by the report.

### County Revenue Subsidy

A central thesis of the draft EIR is that East Palo Alto is heavily subsidized by San Mateo County, and that this revenue subsidy is borne by the county's residents.



The draft EIR fails to denote that San Mateo County accrues considerable income from selected federal and state entitlement programs, at the current levels, principally because of the population demography in East Palo Alto. It, therefore, substantially misstates the net amount of actual revenue subsidy, if any, provided to East Palo Alto by the county. An objective analysis of the entitlement funds generated by East Palo Alto for San Mateo County might show that the county receives sufficient revenues to offset the so-called general fund subsidy.

### Housing Maintenance and Rehabilitation

The draft EIR states that there is a "tight" housing market in East Palo Alto (p.38), that there is a significant need for housing rehabilitation and new construction (p.72), and that there is potential for the displacement of low and moderate income families resulting from condominium conversions to improve the local tax base (p.85).

Housing development is among the highest priorities in East Palo Alto, and there are substantial housing rehabilitation and maintenance activities underway, largely financed by the San Mateo Housing and Community Development Program. Furthermore, there is visible evidence throughout the community of new housing construction, and substantial evidence of local opposition to displacement through condominium conversions.

The draft EIR minimizes the significance of these factors and, consequently, grossly misstates the current status of housing development and, quite possibly, the potential environmental impacts under the status quo and incorporation conditions.

### Jobs/Housing Imbalance

The draft EIR states that incorporation would "not help in relieving the severe jobs/housing imbalance in the Mid-Peninsula" (p.85). It also states that "the impact of incorporation on housing will be that commercial and industrial development will probably be preferred over more residential development" (p.85), and that "it is entirely possible that Menlo Park could perceive East Palo Alto as a location for much needed housing for the employees of local companies" (p.131). It further states that "plans for development in East Palo Alto could change if annexation...(is)...adopted by the Formation Commission" (p. 131).

What is the justification for this conjecture? Is the LAFCo staff suggesting that East Palo Alto become the pawn on the jobs/housing imbalance question? Is the LAFCo staff indirectly implying that the East Palo Alto Community Plan, once adopted, be scrapped because it anticipates what is judged to be an imbalance between residential and commercial/industrial land uses, disregarding the fact that the Community Plan will have undergone substantial review by East Palo Alto residents? Is the LAFCo staff so predisposed to annexation that its judgement is overly tainted in this direction?

With rational county-wide planning, it is feasible that Mid-Peninsula communities can responsibly address the jobs/housing imbalance problem, regardless of the determination of the Formation Commission on the LAFCo staff recommendation for annexation. Quite frankly, it will require such collaborative planning to effectively address the problem. To define East Palo Alto as the solution to such a complex issue is to be, at best, myopic. To suggest that the incorporated



community would be unresponsive to the jobs/housing imbalance problem is unfounded speculation.

#### Transportation/Circulation Impacts

The draft EIR states that "Menlo Park...is the recipient of many traffic and circulation problems generated by East Palo Alto" (p.132). There is no data presented in the draft EIR to support this conclusion.

The draft EIR further states that "annexation to Menlo Park would give the City the jurisdictional authority to control such adverse transportation/circulation impacts" (p.132). In other words, the LAFCo staff is emphasizing that the section of Menlo Park west of the Bayshore Freeway, under annexation, could take action to control certain unspecified, adverse impacts resulting from transportation patterns in East Palo Alto, however, without regard for the environmental impacts of such action on East Palo Alto itself.

#### Political Representation

The draft EIR recommends that consideration be given "to expanding the number of city council members in Menlo Park from five to seven to ensure adequate representation of the East Palo Alto Community" (p.136). It states that, according to the 1970 census, the population of Menlo Park was 26,734 and of East Palo Alto, 17,837. The total population of the new city based upon these census data would be 44,571. East Palo Alto would have approximately 40 per cent of the population with one or two seats on the city council. If the populations of East Palo Alto and Belle Haven are considered together, then these two areas would have at least 50 per cent of the total population of Menlo Park. On what basis is it concluded that two out of seven council members would be "adequate" representation?

#### Incorporation - A Short Term Goal?

The draft EIR states that "incorporation addresses limited short-term goals of the community, i.e., greater community control through self-governance" (p.127). This supposition is not supported by any data presented in the draft EIR, and it appears based upon an inherent assumption that the so-called "short-term goals" of the community are conflictual with the long-term goals of the county.

Certainly, the Formation Commission, the affected jurisdictions, and the residents of East Palo Alto are aware that incorporation has both short-term and long-term implications for the organization, financing and delivery of municipal services.

#### Unavoidable Adverse Impacts

The draft EIR argues that there are nine unavoidable adverse impacts under the status quo condition, ten under incorporation, two under annexation/Menlo Park, and three under annexation/Palo Alto. Herein is the most significant shortcoming of the draft EIR, demonstrating the LAFCo staff predisposition for annexation, namely, assigning unavoidable adverse impacts to the first two conditions, status

quo and incorporation, that should as likely be assigned to the two annexation conditions, given the data presented in the draft EIR.

For example, intra-city isolation is as likely under either annexation proposal as is inter-city isolation under the status quo and incorporation proposals - if, in fact, isolation is determined to be an unavoidable adverse impact.

Similarly, housing stock maintenance and rehabilitation are equally as unavoidable and adverse under any of the four alternatives.

The University Avenue connection to the Dumbarton Bridge is equally as probable under any of the four alternatives if, as the draft EIR states, Palo Alto "will not bend" on a Southern Connection. Is it assumed that if East Palo Alto were annexed to Palo Alto or Menlo Park, then the Palo Alto City Council and residents would approve a Southern Connection? What is the reason that this is not cited as an unavoidable adverse impact under the two annexation proposals?

The draft EIR indicates that road construction and reconstruction would not be an unavoidable adverse impact under annexation. There is insufficient data presented in the draft EIR to substantiate this conclusion. Over the short-term period, at a minimum, road construction/reconstruction would be equally as unavoidable and adverse under each of the four alternatives.

A continuing high crime rate, level of fires and medical emergencies are as likely to be unavoidable adverse impacts under each alternative. There is no data presented in the draft EIR to justify the exclusion of this factor under annexation.

The draft EIR states that the water distribution and sanitary sewer lines would further deteriorate under the status quo and incorporation conditions. Over the short-term period, these would also be unavoidable adverse impacts under both of the annexation conditions.

## CONCLUSION

The Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study purports to be an objective analysis of the "possible benefits and detriments" of each of four jurisdictional alternatives for the unincorporated community of East Palo Alto. In presenting a "worst case" analysis of the incorporation alternative, ignoring many of the tangible signs of recovery and development already underway in the community of East Palo Alto, and presenting a "best case" analysis of the annexation alternatives, understating many of the unavoidable adverse impacts, the draft EIR is judged to be inadequate, incomplete, and of questionable objectivity.

There is reason to believe that the Environmental Impact Report will be of considerable significance in the eventual determination of the future of East Palo Alto by the Formation Commission, and given its significance, the EPACCI calls for a substantially improved and balanced analysis.

Beyond all the data inconsistencies and spurious recommendations which have been enumerated in this critique, there lies a more serious question. If the community of East Palo Alto is to genuinely rebuild itself so as to establish roots for long-term productive development, who is better suited for guiding and channeling this development than the residents of East Palo Alto themselves? Does Menlo Park really need another Belle Haven? We think not!

What is basically required is that the East Palo Alto community obtain the legal jurisdiction and authority under a new city government to exercise the leadership to rebuild and rebound. Let us hope that this message will not be forgotten when the final decision on East Palo Alto is rendered.

RECEIVED  
OCT 15 1980

LAFCO

## City of Palo Alto

DEPARTMENT OF PLANNING  
AND COMMUNITY ENVIRONMENT  
(415) 329-2441

CALIFORNIA  
94301

October 14, 1980

B. Sherman Coffman  
Executive Officer  
Local Agency Formation Commission  
County Government Center  
Redwood City, CA 94063

Dear Mr. Coffman:

We have reviewed the Draft Environmental Impact Report for the "Menlo Park/East Palo Alto and Districts Sphere of Influence Study." We have a number of comments and corrections to make. They will be limited to the Palo Alto annexation alternative only, as we are not in a position to comment on the sufficiency of treatment of the other alternatives.

The sections our review focused on are:

1. Introduction and Executive Summary (pages 1-24).
2. Base Conditions, Palo Alto (pages 47-52).
3. Alternative Organizational Structures - A Framework, Annexation of All or Part of East Palo Alto to Palo Alto (pages 64-68).
4. Impacts of Alternative Organizational Structures upon Areas of Environmental Significance, Annexation ..... to Palo Alto (pages 144-164).
5. Unavoidable Adverse Impacts, Annexation .....to Palo Alto (page 168).
6. Growth Inducing Impacts of the Project, Annexation...to Palo Alto (pages 170-171).

## 1. Introduction and Executive Summary

On page 15, the paragraph introducing the Palo Alto annexation alternative cites the value of East Palo Alto annexation in helping Palo Alto "relieve the severe jobs/housing imbalance." Obviously, annexation itself would not help relieve the imbalance. Whether annexed or not, East Palo Alto provides a portion of the Midpeninsula housing supply. Annexation could help relieve the problem only if Palo Alto zoned more land for housing than East Palo Alto now has zoned or would zone if incorporated.

The possibility of Palo Alto applying more residential zoning might then conflict with one of the fiscal impact mitigation measures listed on page 160: "Programs to encourage the enhancement of East Palo Alto tax base should be given high priority to attempt to offset the revenue/expenditure imbalance." Traditionally, such "programs" included zoning and other incentives for industrial and commercial expansion. Before Proposition 13, such development provided a greater property and sales tax base than even high-density residential development. It now appears that commercial development is still sought for sales tax revenue, but in our housing-short area, new housing, and existing housing reassessed on sale, can be more valuable as a property tax base than industrial development.

## 2. Base Conditions, Palo Alto

The information on housing on pages 48 and 49 is correctly quoted from the Palo Alto Comprehensive Plan. However, the draft revision of the Plan, now being reviewed by the City Council, provides more up-to-date information. The portions of the Plan quoted in the last paragraph of page 48 and all of page 49 of the Draft EIR will be deleted from the Plan and replaced with the following new wording:

"The average salesprice of a house in Palo Alto in mid-1980 was over \$150,000, compared to about \$100,000 for all of Santa Clara County. Prices in the City and County have continued to go up because housing is in great demand and limited supply, and costs of materials and labor have increased, pushing up construction costs. Mortgage interest rates have also remained high. This creates hardships for anyone who hopes to buy in Palo Alto, including single people and families, especially those with young children. In 1979, hardly any houses sold for less than \$110,000 and most cost between \$125,000 and \$200,000.

"Rental housing has also been strained greatly by rising housing costs. Few market-rate rentals were built in the 1970s and little new development is likely because of high construction costs and the corresponding need for higher rents required to meet mortgage payments.

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"About one-sixth of Palo Alto apartments rented for \$275 per month or more in 1974, but more than half rented for \$275 per month or more by 1979."

The second paragraph on page 51 indicates a current Palo Alto population of 56,000. The current Comprehensive Plan estimate is 54,500.

On page 65, the Police Department's staffing level is shown as 107.5 persons. The number approved for 1980-81 is 116.

On page 67, the last sentence in the first full paragraph states that unit rates for gas and electricity are lower than those charged by PG&E. This is not true for gas rates. Gas rates are maintained at the same level as those of PG&E.

On page 67, the last sentence in the second paragraph says Palo Alto's landfill is scheduled to close no later than 1998. The date we are now using is "early 1990s". (Same correction needed on page 162, second line.)

As a final note to this section, it should be pointed out that Palo Alto has its own animal control service, including a spay and neuter clinic, with a staff of 10.

3. Impacts of Alternative Organizational Structures Upon Areas of Environmental Significance, Annexation of All or Part to Palo Alto.

On page 145, the first full paragraph includes the statement that: "When considering economies of scale a new city of Palo Alto with a potential larger population approaching 75,000 (including East Palo Alto) would be in an excellent position as far as eligibility for federal grants." While we are not well acquainted with the many possible federal grants and their requirements, we should point out that Palo Alto is now an entitlement City under the federal Community Development Block Grant program. A larger population would not change that designation, although it would increase Palo Alto's entitlement.

On page 147, there are a few minor corrections:

- In the first (partial) paragraph, the 23,000 housing units in 1975 should be 23,800. The number of units in 1980 is 24,100.
- In the last paragraph, the average household size in 1980 should be 2.2 rather than 2.3.

On page 150, there is a discussion of needed street improvements in East Palo Alto. While the Draft EIR suggests street improvements be completed before annexation, we should nevertheless point out that it is Palo Alto's policy to undertake local street improvement projects through local assessment districts.

On page 151, one mitigation measure is to "approve a 'Southern Connection' to the Dumbarton Bridge through East Palo Alto to Palo Alto." It is doubtful that annexation would change present apprehensions in Palo Alto about traffic problems that would result from the connection.

On page 152, "land development" is listed as one of the Santa Clara County services that would be impacted by annexation. If East Palo Alto were entirely within the City of Palo Alto, Santa Clara County would have no direct control over land development. Except for its current emphasis on adding housing in our area and removing industrial growth to other areas of the County, the Santa Clara County General Plan probably would either reflect or defer to the City's land use policies for this area.

On pages 155 and 157, there are a number of inaccuracies in the narrative that result from inaccuracies in Tables 22, 23 and 24 on pages 156 and 158. Our budget staff carefully checked the figures in the tables against several possible sources, all of them related to the Palo Alto 1978-79 budget, which was apparently your source. They could not ascertain how your figures could have been obtained from the Palo Alto 1978-79 budget. New Tables 22 and 23 have been developed, using 1978-79 Actual Revenues and Expenditures, and are attached to this letter.

Table 24 figures would also change as a result of changes in Tables 22 and 23. The second column in the table should read as follows:

General Government	\$ 882,000
Police	1,134,000
Community Environment	153,000
TOTAL	\$2,169,000

Corrections on page 157 are: For general government, Palo Alto spends \$98. Building and equipment maintenance costs account for 29 per cent of the general government expenditure. Palo Alto spends \$63 per capita for police.

On page 158, the three assumptions about marginal costs used for calculating annexation costs in Table 24 seem arbitrary and not the result of in-depth analysis, given the preliminary nature of the study. We do not necessarily agree with the assumptions, but have no substitutes to offer.

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On page 162, the last sentence states: "financing (of street lighting) would be by benefit assessment charged to property owners." This is incorrect. There would be no charge to property owners. Capital costs of street lights are amortized by street light rates which the City charges itself. (The General Fund charges the Utilities Fund.)

On page 164, top paragraph, there is a reference to Palo Alto's planned ballot issue on adding a utility user tax to pay for parks and recreation in Palo Alto. The question of a ballot issue has been shelved while the school district makes its decisions about whether it will sell school sites, and if so, which ones.

4. Unavoidable Adverse Impacts

No comments.

5. Growth Inducing Impacts

No comments.

As final comment, on page 173 you list organizations and persons contacted, including the Palo Alto City Manager. William Zaner has replaced George Sipel as City Manager. Lynn timer Melena is the contact person in the Planning and Community Environment (not Development) Department.

Sincerely,

*Lynn timer Melena*

LYNNIE MELENA  
Executive Assistant

LM:jb  
Attachment

cc: City Council  
Larry Tong, East Palo Alto Municipal Council  
Carmaleit Oakes, East Palo Alto Citizens Committee on Incorporation

10/14/80  
5

# Annexation of East Palo Alto to Palo Alto

TABLE 22

## Per Capita Revenues

Revenues listed are correct with the exception of the following discrepancies:

	<u>Stated Figure</u>	<u>Corrected Figure</u>
Fines and Penalties	461,877	431,563
Use of Money and Property	1,742,037	1,926,374 Per capita = 34
General Revenue Sharing	214,628	287,476 Per capita = 5

TABLE 23

## Per Capita Expenditures

Expenditures as stated in Table 23 are incorrect. The following figures reflect year-end totals for fiscal year 1978-79 and relative notes.

General Government	\$5,469,389	Includes Building and Equipment Maintenance and Communications but does not include CETA.
Police	3,530,530	Police Services only.
Fire	3,808,699	
Community Environment	949,155	Includes Planning, Transportation and Building Inspection
Public Works	2,725,102	Does not include Refuse Services
Parks and Recreation	817,233	Recreation costs only - Parks is included in Public Works figure.
Library	1,011,875	
Water	531,022	
Sanitary Sewer	1,506,787	Sewer service only - does not include Refuse service.

COUNTY OF SAN MATEO  
INTER-DEPARTMENTAL CORRESPONDENCE

RECEIVED  
NOV 10 1980

LAFCO

DATE November 6, 1980

TO: B. Sherman Coffman, Executive Officer, San Mateo County Local  
Agency Formation Commission *Bradford Stanger*  
FROM: East Palo Alto Municipal Council  
SUBJECT: DRAFT ENVIRONMENTAL IMPACT REPORT FOR THE MENLO PARK/EAST  
PALO ALTO AND DISTRICTS SPHERE OF INFLUENCE STUDY: REVIEW  
AND COMMENT

On August 26, 1980, the Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study (Draft EIR) was submitted to the East Palo Alto Municipal Council for its review and comment and such review and comment was to be submitted to you by October 10, 1980. However, by a memorandum from you, dated October 9, 1980, the submission date for the review and comment was extended to November 10, 1980.

The following are the comments of the East Palo Alto Municipal Council after having carefully reviewed and thoroughly analyzed the Draft EIR:

Generally, the East Palo Alto Municipal Council finds the Draft EIR, speculative, incomplete, misleading, unobjective, opinionated and, while not setting forth specific recommendations with regard to a Sphere of Influence for the community of East Palo Alto. The Draft EIR is extremely biased against the incorporation of East Palo Alto and supportive of the annexation of all or a portion of the community to the City of Menlo Park primarily and the City of Palo Alto secondarily.

In support of the above statement, the Municipal Council offers the following comments:

1. The four alternatives considered in the Draft EIR are 1) status quo; 2) incorporation of East Palo Alto; 3) annexation of all or part of Menlo Park; and, 4) annexation to all or part of Palo Alto. These four alternatives are certainly not all of the alternatives that could have been set forth and analyzed in the Draft EIR. Every conceivable alternative between the status quo and incorporation should have been discussed, i.e., County Service Area, consolidated special district, the Foster City example, etc.

The legal mandate calling for the reasonable development of local governmental agencies should incite the Local Agency Formation Commission and its staff to propose creative, innovative and implementable solutions to East Palo Alto's political dilemma.

2. While the entire Fiscal Analysis is incorporated by



reference in the Draft EIR, the Staff Analysis, which is an indepth analysis of the Fiscal Analysis, while listed in the bibliography of the Fiscal Analysis was not incorporated by reference in the Draft EIR nor was any information contained in the Staff Analysis used in the Draft EIR.

The Staff Analysis points out numerous errors, omissions and oversights in the Fiscal Analysis and sets forth data which refutes the conclusion that the incorporation of East Palo Alto is infeasible at this time.

In addition, the data set forth in the Fiscal Analysis is old and based on the erroneous assumption that the incorporation of East Palo Alto would take place in 1980. This is certainly not the probable year of incorporation and therefore, the data contained in the Fiscal Analysis must be updated if it is going to have any validity and objectivity. It was assumed by the Municipal Council that this would be done by the LAFCo staff upon undertaking the Sphere of Influence Study.

3. Opinions, conclusions and statements set forth in the Draft EIR are based on the new East Palo Alto Community Plan which is still under preparation and hence has not been reviewed or adopted by the Municipal Council, San Mateo County Planning Commission or the San Mateo County Board of Supervisors. The use of data contained in the yet-to-be adopted East Palo Alto Community Plan leads to speculation on the part of LAFCo's staff in the very important area of land use in the community of East Palo Alto. The East Palo Alto General Plan, as adopted in 1963, is the official document and should serve as the basis of any opinions, conclusions or statements until it is officially revised, repealed or replaced.
4. Throughout the Draft EIR, it is indicated that the preliminary 1980 Census figures reveal a further decline in population as compared to the 1970 figure of 17,837 residents.. This is not true. The most recent estimate is a population of 18,000 in East Palo Alto.
5. Nowhere in the Draft EIR, especially in the subsection on incorporation, are the advantages of incorporation set forth, i.e., self determination, control of land use planning and police affairs, political responsiveness, fiscal control, etc.
6. On October 2, 1979, LAFCo determined the need for an environmental impact report on the detachment alternative with reference to the land in and about Cooley Landing (site of the proposed East Palo Alto marina) and also identified 25 specific environmental concerns in conjunction therewith. The Draft EIR should be revised to adequately serve as the detachment environmental impact report in the event that the detachment alternative is

acted upon. See page 57 of the Draft EIR.

DETAILED ANALYSIS OF  
INTRODUCTION AND EXECUTIVE SUMMARY

1. Status Quo

Page 9: "Under this organizational alternative the population of East Palo Alto will continue to be isolated from neighboring communities".

Comment: Under all alternatives the community of East Palo Alto would continue to be isolated from the neighboring communities. In addition, under any alternative the housing market will continue to be tight and the transportation problems will remain. Also, capital improvements will be needed under any alternative; but the question is who pays?

"In most cases, an adequate level of service would be provided; however, a continued high crime rate and high rate of fires and medical emergencies would serve to offset higher service level".

Comment: This statement is totally unfounded and unsubstantiated and it is uncertain and highly speculative that by contracting with neighboring jurisdictions for certain services the high crime, fire and medical emergency rates will be reduced as is suggested.

Comment: The use of the word "deficit" is improper. The \$886,000 is the cost of delivering services to East Palo Alto that is borne by San Mateo County as a whole over and above the amount of taxes collected in East Palo Alto.

Page 10:  
Comment: "This deficit can be expected to increase". This is totally erroneous. The amount of cost to deliver services which will be borne by the County as a whole will decrease as the value of real property increases.

"The aesthetics of East Palo Alto would be changed under this alternative..." Why? ... and recreation service would probably continue to be substandard?" Why? "The alternative could have a short-term advantage because problems in East Palo Alto could continue to be ignored".

Comment: This is certainly an unfounded assumption.

## 2. Incorporation

Page 10: "The impact on demographic characteristics of East Palo Alto's population would be severe if incorporation were to occur under any of the three boundary alternatives"..

Comment: This is a conclusion which is not supported by fact. The term "severe" is a gross mis-statement of the potential impacts on population demography under any of the alternatives.

Page 10-11: "To enhance the tax base, the incorporated community would probably favor commercial and industrial development over residential, thereby doing little to relieve the 'tight' housing market and the serious jobs/housing imbalance in the Mid-Peninsula".

Comment: This is an unfounded assumption about what the incorporated community would "probably favor". There is considerable priority being given to housing needs in the San Mateo Housing and Community Development Program. Although there is no proposed plan for addressing the jobs/housing imbalance problem in the Draft EIR, it is stated, without justification, that the incorporated community would be unresponsive to this problem, while somehow implying that annexation would necessarily solve it.

Page 11: The term "significant impact" is nowhere defined. Does it mean significant environmental impacts, significant economic impacts, etc?

Page 12: The statement that under incorporation or the status quo "no substantial cost savings can be achieved through incorporation."

Comment: This is misleading. If East Palo Alto incorporates, San Mateo County would benefit greatly and there would be substantial cost savings to the County. In addition, it should be noted that there would be no substantial increase in cost to provide municipal services upon incorporation.

Page 12: "However, a substantial revenue short-fall is indicated under either alternative" (Plan A or Plan B).

Comment: This may not be true if the data used in the Fiscal Analysis is updated.

"In addition, revenue projections include new special taxes which would require voter approval, without which the projected deficits would generally double".

Comment: This statement is unsubstantiated and moot. New special taxes should be approved or disapproved by the residents during a vote on incorporation.

"The impact on the aesthetics ... under this alternative (incorporation) would also be significant because of a significant reduction in revenues and increased subsidies".

Comment: This is an unfounded, unsubstantiated conclusion. It may be that the tax imposed by the voters of East Palo Alto may provide for an increased level of service which is now being delivered or the level of service may remain the same. Further, there is no guarantee of any subsidies.

Page 12-13: "The impact on recreation services under Alternative B city could only be a beneficial one".

Comment: This is certainly an assumption.

Page 13: The first full paragraph on page 13, ignores the changes in the revenue picture and the fact that East Palo Alto would not incorporate in 1980 but probably in 1982. Further, it is inconceivable that incorporation will have "the potential to cause substantial adverse effects on human beings" if incorporation proves to be feasible.

3. Annexation of All or Part to Menlo Park

Page 13: "The East of Bayshore Freeway areas has demographic characteristics that would become even more atypical if only the West of Bayshore were annexed to Menlo Park.

Comment: "What does atypical mean? More Black, more minority, more isolated, etc.?

"Annexation of East Palo Alto to Menlo Park could serve to help relieve the jobs/housing imbalance in the mid-peninsula".

Comment: How? East Palo Alto should not be looked upon to solve the tight housing and the job/housing imbalance for the entire mid-peninsula. Each community must do its fair share in solving these problems. East Palo Alto has its own internal housing problems.

"Transportation and circulation problems could benefit from a more coordinated approach by Menlo Park".

Comment: Why? SamTrans is the key to better public transportation in East Palo Alto whether or not East Palo Alto is annexed to Menlo Park.

Comment: The term "significant impacts" should be defined.

Page 14: "Although the new City of Menlo Park's per capita revenue would decline, because of economies of scale East Palo Alto should produce adequate revenue to cover additional service costs to Menlo Park".

Comment: This is a gross assumption with no substantiation.

"The aesthetics of the East Palo Alto community could benefit from the attention of a mature and experienced city".

Comment: This certainly does not follow because of incorporation. Look at the minority community of Belle Haven in Menlo Park.



4. Annexation of All or Part to Palo Alto

Page 15: "...annexation to Palo Alto could serve to help relieve the severe jobs/housing imbalance in the mid-peninsula".

Comment: How? The same question can be asked with regard to better circulation and transportation as a result of annexation to Palo Alto. In fact Palo Alto has let it be known that it does not want any more traffic on its streets and especially from the proposed "Southern Access" from the new Dumbarton Bridge.

Page 16: "However, a substantial per capital cost savings could be realized in at least one important area, police services."

Comment: This is a gross assumption and it is unsubstantiated.

Comment: How would the aesthetics of East Palo Alto be benefited from annexation to Palo Alto? This does not necessarily follow.

If you have further questions, please contact Bradford Stamper, Chairman, East Palo Alto Municipal Council or Debra Winn, Management Analyst, on extension 2748.

EPAMC:KGG:amj

cc:Council Members

Board of Supervisors

John P. Lindley

Malcolm H. Dudley

Arthur Lepore

Lemuel M. Summey

Dave Nichols

Jay Gellert

Incorporation Committee - C. Oakes & Omowale

Mayor of Palo Alto

Mayor of Menlo Park

Howard Van Jepmond, Chief Petitioner  
Menlo Annexation Committee  
420 French Court, Menlo Park, Ca 94025  
November 8, 1980

Mr. B. Sherman Coffman  
Local Agency Formation Commission  
County Government Center  
Redwood City, California 94063

RECEIVED  
NOV 10 1980

LAFCO

Dear Mr. Coffman:

The Draft Environmental Impact Report for the Menlo Park - EPA Sphere of Influence Study is the first real objective documentation covering the governmental social and economic need of the area. It should be viewed as a model for desirable reorganization. Instead, the same demagogic forces that created the situation in the first place are wailing at the wall and continuing in their obstruction for their own selfish reasons.

The East Palo Alto Municipal Council represents no one except themselves. Unless incorporation occurs they have no existence, therefore "INCORPORATE" -- the cost to the community be damned. Honest representation is a fundamental need to make government work. The Municipal Council was put there by the Board of Supervisors without concern whether they really represented anyone at all. No organization dedicated to the needs of the community ever presented a candidate. A candidate qualifies if he is hand picked by the council. In the past election, three hand picked candidates ran unopposed. This process is not unique amongst governments of the world.

The democratic rights of West of Bayshore have consistently been denied. In 1967 the jurisdiction of the East Palo Alto Council was imposed by the Board of Supervisors without any form of vote; this in the full knowledge that the West of Bayshore community had shortly before fought to remain independent.

LAFCO and the Board of Supervisors should remember that the petition presented on 7-7-77 to annex to Menlo Park is the democratic desire of a high percentage of West of Bayshore property owners.

While the Draft Environmental Report addresses the whole problem, in the face of the political situation, the West of Bayshore community asks that the option to be considered separately not be closed.

We are ready to submit new petitions for:

1. Detachment from EPA, OR, 2. Annexation to Menlo Park (or PA)

We know that it is better to solve the whole problem and we prefer it too, but it might be easier to go a step at a time.

Very truly yours,



Howard Van Jepmond  
Chief Petitioner, Menlo Annexation Committee

November 10, 1980

John M. Ward, Chairman  
Local Agency Formation Commission  
County Government Center  
Redwood City, CA 94603

Dear Mr. Ward:

Re: Draft Environmental Impact Report for the Menlo Park/  
East Palo Alto and Districts Sphere of Influence Study

Thank you for the opportunity to comment on the Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study, dated August 1980. I have only briefly reviewed the document as that review did not justify the time necessary for a comprehensive analysis.

My specific comment on the document is that I was never consulted as is stated on page 174 of the report. I did attend one meeting, February 20, 1980, at which LAFCo staff, East Palo Alto Municipal Council staff and County Manager staff were present. But the purpose of the meeting was to explore ways of phasing the LAFCo Sphere of Influence Study and the East Palo Alto Community Plan with the East Palo Alto Fiscal Analysis to avoid unnecessary duplication in work. An EIR specifically, was never mentioned and there was not, at that time, even an outline for the Sphere of Influence Study. The meeting concluded with the LAFCo Executive Officer indicating that he would circulate a draft study outline for review and comment prior to proceeding with the Sphere of Influence study. That was the last I heard of the matter until receiving a copy of the August 1980 report. Had I been consulted on the Draft Environmental Impact Report I would have cautioned against an uncritical reliance on the East Palo Alto Fiscal Analysis, which has been incorporated by reference in its entirety in the report (page 4 D-EIR). The East Palo Alto Fiscal Analysis does provide a solid base from which to begin an analysis of East Palo Alto's ability to be self supporting, however there are a number of significant errors and other shortcomings in the Fiscal Analysis. When these errors and shortcomings are corrected they substantially affect the conclusions one might draw. The majority of these errors and shortcomings are indicated in the "East Palo Alto Fiscal Analysis: Staff Analysis", Kenneth Goode, East Palo Alto Municipal Council Administrative Officer, January 1980, reference to which is noticeably lacking in the Draft Environmental Impact Report except in the List of Documents Consulted (page 177 D-EIR).

Page 117 of the Draft Environmental Impact Report, which is a xerox of a page from the Fiscal Analysis, indicated a cumulative four year deficit under Incorporation Alternative B (full service city) of \$887,900. This deficit decreases over time until by 1984-85, East Palo Alto, if incorporated, would have sufficient revenues to provide municipal services. \$337,100 or 38 percent of the cumulative deficit would occur in the first year if East Palo Alto incorporated in 1980-81, a known impossibility at the time the Fiscal Analysis was written. As stated previously several computational

and analytical errors went into arriving at those figures.

First, the Fiscal Analysis' five year cost projection includes a \$60,000 per year contract payment to the City of Palo Alto for capital improvements to the Palo Alto sewage treatment plant, which is used for East Palo Alto sewage treatment. This capital obligation ends in 1981, and such is noted on page 35 of the Fiscal Analysis. However in projecting the City's expenses over time the Fiscal Analysis forgot to delete this expenditure after 1981, and instead included it in each of the five years under study.

Second, the Fiscal Analysis states on page 31 of its narrative that the cost of water, purchased from the San Francisco Water Department, would be reduced by \$50,000 due to the use of well water in lieu of some Hetch Hetchy water. (This program was underway at the time the Fiscal Analysis was being written and Phase I has since been completed.) In calculating the new city's expenditures, however, the Fiscal Analysis again inadvertently did not take into consideration the \$50,000 savings indicated in its narrative and projected instead the pre well cost of San Francisco Water Department water.

Third, the Fiscal Analysis added \$29,000 to the projected Public Works budget with no documentation or explanation of the origin of the expenditure.

Fourth, the Fiscal Analysis assumed that the \$105,000 in Property Tax now collected for sanitation services would be used solely for the support of that service. Under existing law, however it is possible to support sanitation services entirely with service charges and use that \$105,000 for other services. If this option were exercised it would increase East Palo Alto's annual revenues \$105,000 over what is shown on page 117 of the Draft Environmental Impact Report.

One could question some of the assumptions and other calculations in the Fiscal Analysis as is done in "East Palo Alto Fiscal Analysis: Staff Analysis", but even if you were to accept unreservedly the Fiscal Analysis as LAFCo staff had done, consideration of these four points would eliminate the 1982-83 and 1983-84 deficits indicated on page 117 of the Draft Environmental Impact Report and would reduce the 1981-82 deficit to \$88,400. However as is indicated on page A-8 of the Fiscal Analysis the Municipal Reorganization Act requires the County to continue municipal services without charge to the newly incorporated city for the remainder of the first year in which incorporation is effective. At the same time the new city would accumulate certain tax revenues for start up cost. According to the revenue figures in the Fiscal Analysis, if the effective date of incorporation were July 1981 this would amount to ~~\$1,445,200.~~ **\$1,278,200**

As stated earlier I have given the Draft Environmental Impact Report only the most casual review, and so am unable to comment further. I do not know, for instance if the Draft Environmental Impact Report presents the \$887,900 cumulative four year deficit (sic) with reference to the \$885,700 annual subsidy the Fiscal Analysis says unincorporated East Palo Alto must receive from the rest of the County for the same level of service. But,

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SW

the inclusion of selected negative fiscal data from the East Palo Alto Fiscal Analysis without reference to mitigating information contained in the same document and detailed in other available sources makes the fiscal portion of the Draft Environmental Impact Report a document without credibility.

Sincerely,

A handwritten signature in black ink, appearing to read "Gordon Shriver". The signature is fluid and cursive, with the first name "Gordon" and last name "Shriver" clearly distinguishable.

Gordon Shriver

cc. Local Agency Formation Commission  
Executive Officer, Local Agency Formation Commission



November 24, 1980

John M. Ward, Chairman  
Local Agency Formation Commission  
County Government Center  
Redwood City, CA 94063

Dear Mr. Ward:

Re: Draft Environmental Impact Report for the Menlo Park/  
East Palo Alto and Districts Sphere of Influence Study

In the fifth paragraph on page 2 of my letter dated November 10, 1980 I state that according to figures in the East Palo Alto Fiscal Analysis if East Palo Alto were to incorporate in July of 1981 the new city would accumulate up to \$1,445,200 before actually taking over municipal services in 1982-83. The \$1,445,200 figure is incorrect. The correct figure is \$1,278,200. I apologize for the error.

Sincerely,



Gordon Shriver

cc. Local Agency Formation Commission  
Executive Officer, Local Agency Formation Commission

Department of Environmental Management  
Planning and Development Division



**COUNTY OF SAN MATEO**

COUNTY GOVERNMENT CENTER • REDWOOD CITY • CALIFORNIA 94063 (415) 364-5600, EXT. 4161

**BOARD OF SUPERVISORS**  
EDWARD J. BACCIOCCO, JR.  
JAMES V. FITZGERALD  
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FRED LYON  
JOHN M. WARD

DAVID C. HALE  
PLANNING DIRECTOR

November 10, 1980

RECEIVED  
NOV 10 1980  
LAFCO

B. Sherman Coffman  
Executive Officer  
Local Agency Formation Commission  
County Government Center  
Redwood City, CA 94063

Dear Mr. Coffman:

Re: Review of DEIR, Menlo Park/East Palo Alto and Districts Sphere of  
Influence Study

The Planning Division has completed its review of the subject Draft Environmental Impact Report and is submitting herein its comments.

We realize that our department was the source of some of the base data presented in the report; the imprint of the early working papers we prepared for the East Palo Alto Community Plan is evident. Since then, we have made substantial progress in refining our analysis of the data and developing preliminary planning policies. Although the plan still has to go through public review and adoption, a process requiring several months, we would be happy to share with you the updated information we have developed to assist in the preparation of a Final EIR.

We hope that these comments are helpful in preparing a document that will assist the decision-makers involved in the sphere of influence deliberations for East Palo Alto. Please do not hesitate to contact us, if you have any questions on these comments.

Sincerely,

A handwritten signature in dark ink, appearing to read "Roman Gankin".

Roman Gankin  
Development Review Manager

RG:EV:fc

Encl.

COMMENTS ON DRAFT ENVIRONMENTAL IMPACT REPORT FOR THE  
MENLO PARK/EAST PALO ALTO AND DISTRICTS SPHERE OF INFLUENCE STUDY

1. INTRODUCTION AND EXECUTIVE SUMMARY

Map on page 3 should show adjoining urban areas in Santa Clara County.

p. 4. Reference to community planning program should be updated.

p. 4-5. It is quite possible that different land use objectives would occur under incorporation as opposed to annexation.

p. 10. Why would aesthetics be changed?

p. 10. Draft Community Plan policies do not favor commercial and industrial over residential development; whether an incorporated community would do so is problematic.

p. 13, 15. How will annexation to Menlo Park or Palo Alto help relieve the jobs/housing imbalance?

2. DESCRIPTION OF THE PROJECT

p. 19. 1980 census preliminary counts are 17,821, indicating virtually no change since 1970.

3. BASE CONDITIONS

p. 33. Revised preliminary census counts for 1980 are 26,176 for Menlo Park.

p. 33. Last paragraph - "median" not "medium".

p. 36-37. The names of areas such as Ravenswood, East Palo Alto and Palo Alto Park were assigned by Planning staff to various planning areas. Without a map, they may not be readily recognizable. The use of these planning areas has been deleted from the community planning program.

p. 36. The central business district includes Nairobi Center, not vice-versa. Also, the name "Nairobi Center" is associated with a former attempt to revitalize the shopping center.

p. 37. Fourth paragraph - "East of Bayshore" should be "West of Bayshore".

p. 39. Housing values are outdated.

p. 40. See Planning Division for methodology on Table 6.

p. 41-42. Revised preliminary census counts indicate a stable population from 1970 to 1980.

p. 43. Second paragraph - Update discussion on population and household size.

p. 46. Household size can be updated.

p. 48. Fourth paragraph - "medium" or "median"?

p. 48-49. Discussion on housing values is outdated; e.g., "units under \$25,000 are almost gone from the market."

#### 4. ALTERNATIVE ORGANIZATIONAL STRUCTURES

p. 59. First paragraph - "argumenting"?

p. 61. Second paragraph, number 2 - Should be "incorporation of the remainder of East Palo Alto."

p. 61, 65. What is the rationale of dividing East Palo Alto along University Avenue and annexing part to Menlo Park and part to Palo Alto. A basis for this alternative should be presented in the EIR.

#### 5. IMPACTS OF ALTERNATIVE ORGANIZATIONAL STRUCTURES . . .

p. 71. Third paragraph - Some explanation of how the population is "isolated" would be helpful.

p. 72. It is not clear why the impact of the status quo alternative on transportation and circulation depends on the Community Plan. The Community Plan will recommend policies concerning transportation, but the future transportation system for the community is for the most part defined by existing street networks. Improvement in mass transportation will be a likely objective of the plan when finalized and adopted.

p. 80. It is not clear why the shopping center would continue to deteriorate or why aesthetics in general would be adversely affected under the "status quo" alternative.

p. 82. Third paragraph - The 70-acre site formerly proposed as the site of the Sunset Meadows Subdivision is now being proposed for use as a light industrial park called the Dumbarton Distribution Center.

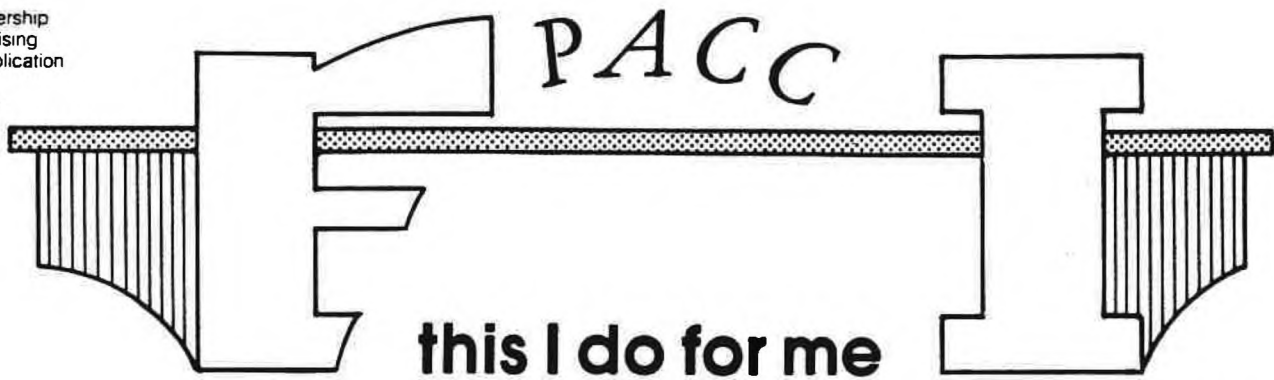
p. 84. A number of areas other than along the frontage roads have potential for residential development, including agricultural lands, and the high school site.

p. 120. Second paragraph - As noted above, this site is presently proposed for light industrial development.

p. 127. The mitigation measures should be directed toward the alternative under consideration (incorporation).

p. 162. A new Countywide district now provides street lighting service to East Palo Alto.

p. 166. Under 6.1 Status Quo, Impact C, University Avenue is an approved connector to the Dumbarton Bridge, so the impacts would occur under all alternatives.



November 10, 1980

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LAFCO

Mr. Sherman Coffman  
Executive Director  
San Mateo Local Agency  
Formation Commission  
County Government Center  
Redwood City, California

Dear Mr. Coffman:

I am enclosing a copy of a report prepared by SRI International, which was contracted by the Institute for the Study of Community Economic Development on behalf of the East Palo Alto Citizens' Committee on Incorporation. This report was submitted by SRI International to ISCED in accordance with the contractual agreement between these two organizations. ISCED, in turn, transmitted a copy of the SRI International report to the Citizens' Committee on Incorporation, and we are providing LAFCo with a copy of the unedited text of the report.

The SRI International "Analysis of Draft Environmental Impact Report" sets forth the basis conclusions of this independent consultant.

If you have questions, please contact me.

Sincerely,

*Carmaleit Oakes*

Mrs. Carmaleit Oakes  
Convenor, EPACCI

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EAST PALO ALTO CITIZENS' COMMITTEE ON INCORPORATION  
P.O. BOX 50624 • EAST PALO ALTO, CALIFORNIA 94303

Co-Treasurers: Henry Organ, Betty Conwell, Clarence Noyer

**DON'T HESITATE, LET'S INCORPORATE**

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ANALYSIS OF  
DRAFT ENVIRONMENTAL IMPACT REPORT  
TO THE MENLO PARK/EAST PALO ALTO AND DISTRICTS  
SPHERE OF INFLUENCE STUDY

Prepared by: Phillip E. Vincent  
Thomas W. Fletcher

For: Institute for the Study of  
Community Economic Development

November 6, 1980

**SRI International**

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ANALYSIS OF  
DRAFT ENVIRONMENTAL IMPACT REPORT  
TO THE MENLO PARK/EAST PALO ALTO AND DISTRICTS  
SPHERE OF INFLUENCE STUDY

Introduction

In August of this year, the Institute for the Study of Community Economic Development, on behalf of the East Palo Alto Citizens' Committee on Incorporation, contracted with SRI International to: "Prepare a formal application to the San Mateo County's Local Agency Formation Commission for permission to hold a city incorporation election in the area known as East Palo Alto."

One of the major tasks in our scope of work involves a review and comment on LAFCO's Environmental Impact and Sphere of Influence Report. The attached material is in response to that task.

Assumptions

For the purpose of this review, it is assumed that the two viable alternatives are incorporation or annexation to Menlo Park. It is further assumed that for either annexation or incorporation the entire East Palo Alto area will be included rather than a division between the areas east and west of the Bayshore Freeway.

The reasons for these assumptions are (1) the East Palo Alto area needs some form of government structure offered to them for voter decision, (2) annexation to Palo Alto would involve a very complex County boundary alteration and the potential advantage of such an annexation does not appear worth the effort, and (3) the division of the East Palo Alto area would be detrimental to the remainder of the East Palo Alto area under either the annexation or incorporation alternatives.

## Overview

The LAFCo is strongly opposed to incorporation and is apparently in favor of annexation to Menlo Park. Their position can best be summarized by looking at pages 166-168 under the heading "Unavoidable Adverse Impacts." This section lists 10 adverse impacts relative to incorporation and only 2 relative to annexation to Menlo Park.

The 10 adverse impacts can be summarized into 3 basic issues:

- (1) "...further isolation of the East Palo Alto community from neighboring communities..." (A)
- (2) Negative planning and environmental impacts:
  - "Decrease in quantity and quality of housing..." (B)
  - "...Dumbarton Bridge access would divide the community..." (C)
  - "...The disadvantage of long-term environmental goals..." (D)
- (3) Shortfall of revenues based on projected expenditures (B, D, E, F, G, H, I, J).

Our analysis of the negative impacts relative to incorporation listed by LAFCO are that they are either subjective with limited justification (isolation and negative planning capability) or they appear to be based on incomplete objective information. (Finance)

The majority of negative impacts are based on the assumption that there would be: "A substantial revenue shortfall over the five-year projection period" (page 167). There is also the following statement in the executive summary: "The revenue shortfall shows incorporation to be infeasible at present" (page 13).

Our own financial analysis uses both the "East Palo Alto Fiscal Analysis" prepared by Angus McDonald and Associates and the staff analysis of the McDonald report prepared by Ken Goode and staff for the East Palo Alto Municipal Council.

The LAFCo report relies heavily on the McDonald report and incorporates large portions of it in their material. However, the LAFCo report does not appear to use any of the Ken Goode material even though it is referenced on page 177 of their report under the heading "List of Documents Consulted."

The following is our analysis of the potential fiscal consequences of incorporation vs. annexation to Menlo Park.

### FISCAL ANALYSIS

In this section, we have assembled several elements of comparative fiscal data to evaluate the financial feasibility of incorporation of East Palo Alto into an independent city. The figures assembled in Tables 1 and 2 are taken from the generally high-quality reports by the consultant, Angus McDonald and Associates ("East Palo Alto Fiscal Analysis," October 1979), and the staff of the East Palo Alto Municipal Council under the direction of Administrative Officer, Kenneth G. Goode ("Staff Analysis: East Palo Alto Fiscal Analysis," January 15, 1980). Unfortunately, the Draft Environmental Impact Report of August 1980 did not include the important reanalysis by Goode and his staff of the basic McDonald and Associates' effort in presenting conclusions on the financial feasibility of a prospective new city.

In the Goode report, a careful evaluation of the expenditure and revenue analyses of McDonald and Associates was made. On the expenditure side in particular, the findings were that most of the government staff positions had been assumed to be at rather high starting salaries. Based on a careful review of real staffing needs and likely salaries that need to be paid in a competitive labor market, the Goode report finds that 1980-81 total operating expenditures (in 1979 dollars) for a new city with all the major functions should run \$3,040,600. This ("Scenario IV") estimate--used in the construction of Table 1 below--is \$134,500 (4.2%) below the estimates of McDonald and Associates, \$3,175,100 (labeled "Scenario I" in the Goode report).

On the revenue side, the Goode report generally accepts the estimates of McDonald and Associates. The former does add in A.B. 90 funds of \$50,000 in the projections through 1982-83. And Goode reduces the estimates for sales tax collections starting in 1983-84 since Goode did not believe that significant improvements in local shopping centers could be assumed as was done by McDonald and Associates. Thus, by the end of

Table 1

EAST PALO ALTO INCORPORATION  
REVENUE AND EXPENDITURE ESTIMATES:  
FISCAL YEARS 1982-83 THROUGH 1984-85

	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>
<u>Revenues by Sources</u>			
Property Tax	\$ 536.0	\$ 542.0	\$ 550.0
Sales Tax	216.0	241.9	270.9
Business License Tax	47.0	52.9	58.9
Utility Franchise Tax	327.1	374.7	429.9
Licenses and Permits	40.0	40.0	40.0
Fines and Penalties	41.1	41.1	41.1
Use of Money and Property	89.3	93.5	96.6
Property Transfer Tax	16.1	16.4	17.0
Cigarette Tax	48.7	50.7	52.8
Alcoholic Beverage Fees	4.4	4.4	4.4
Vehicle In-lieu Fees	236.2	236.2	236.2
Gas Tax	98.4	67.2	41.7
General Revenue Sharing	261.0	288.0	308.0
A.B. 90	50.0	0.0	0.0
Service Charges and Fees	<u>1,087.0</u>	<u>1,087.0</u>	<u>1,087.0</u>
Subtotal: Annual Revenues	\$3,098.3	\$3,135.7	\$3,234.5
One-time Transfer of Funds for City Start-up by San Mateo County (estimate for 1980-81)	<u>1,263.0</u>	<u>--</u>	<u>--</u>
Total Revenues	\$4,361.3	\$3,135.7	\$3,234.5
<u>Expenditures by Department/Function</u>			
General Government	\$ 321.5	\$ 321.5	\$ 321.5
Police	1,188.5	1,188.5	1,188.5
Community Development	167.9	167.9	167.9
Community Services	180.8	180.8	180.8
Public Works	<u>769.0</u>	<u>769.0</u>	<u>769.0</u>
Subtotal	\$2,627.7	\$2,627.7	\$2,627.7
Animal Control	9.4	9.4	9.4
Civil Defense	3.5	3.5	3.5
Garbage Collection	220.0	220.0	220.0
Street Lighting	<u>120.0</u>	<u>120.0</u>	<u>120.0</u>
Subtotal: Annual Operating Expenditures	\$2,980.6	\$2,980.6	\$2,980.6
One-time City Start-Up Expenses	<u>500.0</u>	<u>--</u>	<u>--</u>
Total Expenditures	\$3,480.6	\$2,980.6	\$2,980.6
<u>Net: Revenues Less Expenditures</u>	\$ 820.7	\$ 155.1	\$ 253.9
<u>Accumulated Funds at End of Fiscal Year</u>			
<u>Contingencies and Capital Improvements</u>	\$ 820.7	\$ 975.8	\$1,229.7

Source: Based on tables and analyses in Kenneth G. Goode, Staff Analysis: East Palo Alto Fiscal Analysis, January 15, 1980. "Scenario IV" expenditure estimates and revenues estimates are assumed. All figures are in thousands of 1979 dollars.



the five-year projection period, the Goode report estimates revenues of \$3,234,500 in 1984-85--\$63,800 (1.9%) below the projection in the McDonald and Associates' report.

Table 1 shows the revised projections in the Goode report for both revenues and expenditures as well as a netting of revenues less expenditures and an estimate of accumulated funds and capital improvements for contingencies at the end of the fiscal year. This table has collected the results of several tables in the Goode report starting with Fiscal Year 1982-83 and added two important elements noted in both the McDonald and Associates and Goode reports but perhaps not made completely clear even in the latter document.

First, Goode's projections indicate that an incorporated East Palo Alto would have regular annual revenues in excess of regular operating expenditures in 1982-83 (\$3,098,300 less \$2,980,600). This year is the first really important one in the analysis since the best timing of an incorporation election (assumed to be successful) would be July 1981 with the new city taking full responsibility for its new functions in July 1982. The new city would then be on a path of increasing positive annual net revenues, according to the projections.

Second, the county is required to build up a contingency fund for a new city before the latter takes full responsibility for its own operations. And there are one-time start-up ("front end") costs that will have to be paid while the city hires and trains new staff members /and establishes its operating practices. In Table 1, a one-time transfer of funds from San Mateo County of \$1,263,000 is shown in the first column (1982-83) under Revenues while a start-up cost estimate of \$500,000 is shown in the same column under Expenditures. In actuality, both the one-time transfer of funds and the start-up expenses might take place in the previous year, but they are shown here for convenience as taking place in 1982-83 to suggest that the new city would end its first fiscal year of independent operations with a substantial amount of funds for contingencies and capital improvements (in the range of the \$820,700 shown at the bottom of the 1982-83 column). The estimate of funds available for a one-time transfer is actually for 1980-81 and is likely to be understated.

On the other hand, the \$500,000 start-up cost is only a guess made in the Goode report with no analytical support. Thus, the city is likely not only to be financially viable starting in 1982-83 but also will start off with a rather healthy contingency and capital improvements fund to supplement the projects likely to be completed by San Mateo County and other government agencies. The Goode report shows contingency funds balances of \$736,700 at the end of 1982-83 after certain set-asides for water and sanitary capital improvements.

Table 2 addresses an alternative for East Palo Alto that received encouragement in the "Draft Environmental Impact Report" fiscal analysis summaries: annexation of East Palo Alto to the City of Menlo Park. The McDonald and Associates report devotes a few pages in an appendix to indicating how there might be major economies in annexation to Menlo Park. However, the treatment is highly incomplete. Thus, Table 2 was derived by the present authors from partial estimates by McDonald and Associates of revenues and expenditures for East Palo Alto for 1978-79. The bracketed amounts in Table 2 are drawn from various tables in the McDonald and Associates report that appeared to be consistent with the estimates of the impact of annexation on Menlo Park finances and estimates for the status quo (i.e., East Palo Alto continuing as an unincorporated section of San Mateo County).

Both the McDonald and Associates and Goode reports indicate that there was a net subsidy from the rest of San Mateo County to East Palo Alto in 1978-79 of \$885,700 (\$2,908,100 in revenues less \$3,793,800 in expenditures). Unfortunately, the revenue side derivation for this amount was not laid out clearly in the reports. Thus, it is difficult to reconstruct how this estimated amount of subsidy was determined. The first column of Table 2 (San Mateo County) presents our attempt to indicate revenue flows from and expenditures in East Palo Alto as consistently as possible with the revenue and expenditure categories in Table 1 above. On the expenditure side, the total of \$3,296,900 differs from the above McDonald total expenditures figure by the exclusion of expenditures for fire protection and libraries, government functions that would not be taken over by either a new city in East Palo Alto or by Menlo Park in case of annexation to the latter. The bracketed amounts

Table 2

COMPARISONS OF REVENUES AND COSTS FOR EAST PAOLO ALTO  
FOR PRESENT CASE OF SAN MATEO COUNTY AND SPECIAL DISTRICTS SERVICE  
PROVISION VERSUS ANNEXATION TO THE CITY OF MENLO PARK (1978-79 DATA)

	<u>San Mateo County</u>	<u>City of Menlo Park</u>
<u>Revenues by Source</u>		
Property Tax	\$ 350.0	\$ 350.0
Sales Tax	151.0	151.0
Business License Tax	n.c.	23.5
Utility Franchise Tax	n.c.	9.8
Licenses and Permits	40.0	40.0
Fines and Penalties	41.0	41.0
Use of Money and Property	50.0	50.0
Property Transfer Tax	15.8	31.0
Cigarette Tax	45.0	45.0
Alcoholic Beverage Fees	3.7	3.7
Vehicle In-lieu Fees	191.0	191.0
Gas Tax	160.0	160.0
General Revenue Sharing	233.0	233.0
Subtotal	\$1,280.5	\$1,329.0
A.B. 90	[50.0]	[50.0]
Service Charges and Fees	[1,087.0]	[1,087.0]
Total Revenue	[\$2,417.5]	[\$2,466.0]
<u>Expenditures by Department/Function</u>		
General Government	\$ 231.2	\$ 280.0
Police	1,472.1	850.0
Community Development	36.2	80.0
Parks and Recreation	169.7	[169.7]
Public Works (excluding Sanitation)	814.5	[814.5]
Sanitation	280.8	[280.8]
Subtotal	\$3,004.5	[\$2,475.0]
Animal Control	8.4	[8.4]
Civil Defense	[3.5]	[3.5]
Refuse Disposal	160.5	[160.5]
Street Lighting	[120.0]	[120.0]
Total Expenditures	[\$3,296.9]	[\$2,767.4]
<u>Net: Revenues Less Expenditures</u>	[(-\$ 879.4)]	[(-\$ 301.4)]

n.c. - Not collected by San Mateo County

[ ] - Items estimated by the present authors; see text.

Source: Angus McDonald and Associates, East Palo Alto Fiscal Analysis, October 1979.  
In particular, see Tables I-1, IV-1, B-5, B-6, and B-7 and associated analysis.  
When small differences in estimates for revenues existed, revenue estimates for Menlo Park were used. All figures are in thousands of current dollars.

for civil defense and street lighting are our additions that were not in the McDonald and Associates totals yet are budget items included in the Goode fiscal analyses presented in Table 1 above. On the revenue side, A.B. 90 funds and service charges and fees consistent with the data on Table 1 have been added to the revenue data in the McDonald and Associates report. The deviation of the \$2,908,100 revenue estimate by the latter could not be documented by us. Our Net Revenues Less Expenditures estimates, i.e., the effective subsidy from San Mateo County given our reconstruction of the figures, is \$879,400, which is close to the subsidy estimate of \$885,700 indicated in the McDonald and Associates report.

The second column of Table 2 is our attempt to complete the analysis of what annexation to Menlo Park would mean to that city from a fiscal viewpoint. Expenditure increase estimates for annexation to Menlo Park were shown for only three functions by McDonald and Associates--General Government (\$280,000), Police (\$850,000), and Community Development (\$80,000). We have added in the expenditures for the other functions at the level estimated for San Mateo County (first column) for lack of a better procedure. Furthermore, on the revenue side, we added in A.B. 90 funds and Service Charges and Fees for consistency with the estimates for San Mateo County on this table and with the Table 1 array. The striking thing about the McDonald and Associates conclusions about annexation to Menlo Park, accepted and repeated nearly verbatim in the "Draft Environmental Impact Report," is that revenues of \$1,329,000 (page 138) are compared with the total for only three expenditure categories--of \$1,210,000 for annexation and \$1,714,000 for incorporation (page 140)--to support the conclusion that annexation is highly efficient. The major function where such economies are supposed to occur (compared with service provision by San Mateo County) is in police services. There is no discussion of why Menlo Park is either very much more efficient than the (much larger) San Mateo County Sheriff's Department or will have much less demand from East Palo Alto placed on its police Department after annexation compared with the present situation for the county. Police service costs are estimated to drop by \$622,100 (42.3%) with annexation. Other service costs are projected not to rise sufficiently to outweigh the savings in the police area, it appears.

In the other service areas, comparative per capita expenditure estimates presented by McDonald and Associates suggest that the additional expenditures of Menlo Park necessitated by annexation of East Palo Alto would be about the same as those presently made by San Mateo County. Thus, the bracketed items for expenditures in the second column are the same as the expenditure estimates by function in the first column. The end result for our completion of the analysis for annexation is that the Net Revenues Less Expenditures would be a subsidy by (loss to) Menlo Park of \$301,400 per year for 1978-79. However, this estimate should be reconsidered both from a more complete assembly of the appropriate data by McDonald and Associates and/or Goode and Staff and in comparison with the revenue and expenditure projections for the later years. As Table 1 indicates, revenues are projected to be much higher in later years and expenditures significantly lower than the data used for constructing Table 2 suggest.

To summarize, it is quite likely that East Palo Alto is financially viable as an incorporated city and that annexation to Menlo Park does not yield the level of financial savings projected by McDonald and Associates or LAFCo, although some cost savings could well occur. The annexation issue requires a much more complete investigation, comparable to that done for incorporation.

Based on this financial analysis, it would appear that a majority of the negative impacts listed by LAFCo are either not correct or would require extensive additional study or justification before they could be acceptable.

## PLANNING ANALYSIS

### Job/Housing Imbalance

There are a number of references in this report that indicate that the so-called jobs/housing imbalance in the Mid-Penninsula area would be adversely affected if the East Palo Alto area were to incorporate rather than annex to Menlo Park. This assumption is apparently based on the so-called revenue shortfall projected for incorporation.



There are a number of difficulties in trying to reconcile this LAFCO conclusion. The first problem is that our analysis indicates that a revenue shortfall is more likely under annexation than under incorporation. The second problem is that San Mateo County currently has under preparation a comprehensive plan for the East Palo Alto area. This plan would include housing, commercial, and industrial elements. In reference to this plan, the LAFCo report, beginning at the bottom of page 4, states: "Staff further recognizes that the East Palo Alto Community Plan, when complete, will provide the basis for future planning decisions for the area under any of the alternatives considered in the Sphere of Influence Study. The East Palo Alto area is mostly urbanized and, as such, equivalent levels of service would be required under each alternative. Land use policies will vary little from those set forth in the Community Plan, whichever sphere of influence is adopted by LAFCo. The Plan, after review and acceptance by the local community, should guide the physical development of East Palo Alto, regardless of the governmental structure that is eventually decided upon by LAFCo and the community." This would seem to indicate that LAFCo itself does not believe that incorporation would have that severe an impact.

The third problem is that it is difficult to see how an area that has only 250 undeveloped acres left could have an impact one way or another on a job/housing imbalance for the entire Mid-Penninsula area.

A fourth problem is that LAFCo apparently believes that the East Palo Alto community is not concerned about the preservation and improvement of their own housing stock. Indications are that this area is already involved in a major local effort to revitalize and protect this housing area. There are also strong indications that the neighborhoods in East Palo Alto will not tolerate adverse industries and commercial intrusion within their area.

A fifth problem is the apparent contradiction in the LAFCo report relating to housing. On page 85, they state: "East Palo Alto is one of the few areas in San Mateo County where persons of low and moderate income can afford to live. The impact on affordable housing, therefore, could be significant if enhancement of the tax base is a prerequisite to incorporation." However, on page 86, two of the suggested mitigation measures state: "D. Give extensive consideration to applications to convert apartments to condominiums

so as to lessen the displacement effect on persons of low and moderate income. E. Encourage higher income housing to balance the East Palo Alto community and generate new income." Also on page 132, Menlo Park is encouraged to: "E. Menlo Park should develop policies to encourage the construction of higher income housing in East Palo Alto." These statements would seem to indicate that LAFCo is desirous of reducing the available low and moderate income housing in the East Palo Alto area in order to achieve this job/housing imbalance.

#### Dumbarton Bridge Access

One of the unavoidable negative impacts (6.2.c-page 167) listed for incorporation is the problem of access roads to the new Dumbarton Bridge. This is not listed as an unavoidable negative impact relative to annexation (6.3-page 168). However, the referenced mitigation solutions for both incorporation and annexation are basically the same (pages 89 and 133).

#### ISOLATION

The remaining unavoidable negative impact listed relative to incorporation is (6.2.a-page 167): "The further isolation of the East Palo Alto community from neighboring communities." This comment has been made a number of times throughout the report, but there appears to be no justification for this conclusion. At present, the East Palo Alto community has a directly elected municipal council that has been in existence since 1967. Although they have only advisory authority, they nevertheless represent an opportunity for political involvement within San Mateo County and the so-called neighboring communities. Incorporation would assure a continuing representative participation within the southern San Mateo County area. Annexation, on the other hand, does not appear to offer a similar assurance of representation. There is a recommendation on page 135 which seems to indicate that Menlo Park would have to amend its charter to provide for additional council members and go to district elections in order to prevent so-called isolation. This was not done when the Belle Haven area was annexed in 1948, and is there any reason to expect the Menlo Park residents would be willing to change their government structure in

order to accommodate the East Palo Alto area? It should also be pointed out that if this solution were to be recommended it would then require an affirmative vote by both East Palo Alto for annexation and by Menlo Park for charter change. The risk would be run that the area could be annexed without charter amendment. Based on this, it would appear that potential isolation would more likely be an unavoidable negative impact relative to annexation rather than incorporation.

#### CONCLUSION

• Based on the above analysis, it would appear that almost all of the "unavoidable negative impacts" listed in the LAFCo report relative to incorporation (page 167) are either incorrect, unsubstantiated, or purely subjective. On the other hand, it would appear that there should be a substantial increase in the so-called unavoidable negative impacts listed under Menlo Park annexation. This is particularly true, based on our financial and planning analysis. It is our opinion that incorporation is, in fact, feasible and justifiable for the East Palo Alto area.



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LAFCO

September 5, 1980

Mr. B. Sherman Coffman  
Executive Director  
San Mateo Local Agency Formulation Commission  
County Government Center  
Redwood City, CA 94063

Dear Mr. Coffman:

As you may know SRI International has been retained by The Institute for the Study of Community Economic Development in East Palo Alto to prepare an application to your agency requesting approval for an incorporation election in that community. As part of that contract we agreed to analyze and critique your "Draft Environmental Impact Report" for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study, dated August 1980.

In order to complete our analysis and critique by your deadline of October 10, I have a number of clarifying questions:

Page

- |         |   |
|---------|---|
| 13      | Can you furnish me with the preliminary census figures for East Palo Alto, Menlo Park, and Palo Alto?   |
| 24      | You list land use as one of the environmental elements which <u>are not</u> the focus of this study. Is this consistent with your emphasis on solving the jobs/housing imbalance in the Mid-Peninsula area?   |
| 31 & 32 | The calculations for holding capacity in Menlo Park with annexations of all unincorporated areas in their environs, including East Palo Alto and Ladera, would increase under current zoning as of January 1974 from 37,200 to 99,000 for the City of Menlo Park and from 52,500 to 99,000 for Menlo Park and its official sphere of influence. How much of this increase is attributed to just the East Palo Alto area? You also note that the 99,000 holding capacity would be reduced to 81,000 using the Menlo Park 1966 General Plan. How much of this decrease would involve the East Palo Alto area? |

**SRI International**

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Page

- 37 I assume in the fourth paragraph on this page you mean the West of Bayshore area rather than the East of Bayshore area.
- 41 The report at this point indicates that the East Palo Alto area has "...considerable potential for development of new housing..." and "The community represents a tremendous opportunity to help relieve the severe jobs/housing imbalance in the Mid-Peninsula." On page 84 the report indicates that "Approximately 15% of the land in East Palo Alto has future development potential." Based on the figures from page 35 this would be approximately 250 acres available for potential development.\* This area is further broken down on page 84 into 4 areas for potential development, only one of which is indicated for housing - the frontage road both East and West of Bayshore freeway. What are your calculations for potential housing growth for the East Palo Alto area?
- 46 You indicate a 6.5% "overcrowding" for East Palo Alto housing as of 1970. Based on the net increase of 412 units of housing since then (page 38) and the "substantial decrease in population" (page 41), is it probable that this overcrowding percentage has been reduced?
- 61 Under the 2) variation listed on this page I assume you meant "... and incorporation of the remainder of East Palo Alto" rather than "... remainder of Menlo Park."
- 68 There appear to be some missing words in the first sentence of the last paragraph on this page between the words "Santa Clara" and "will."
- 75 Under "B" on this page I assume you meant "the Capital Improvement Program (CIP)" rather than "the County Public Works (CIP)."
- 88 You indicate that with incorporation (and annexation to Menlo Park) then San Mateo County would still complete their current CIP in the East Palo Alto area. Could you provide me with the information describing these committed projects?

---

\* Your residential acreage is off one acre between pages 35 and 84 - we researchers tend to be picky about figures.



Page

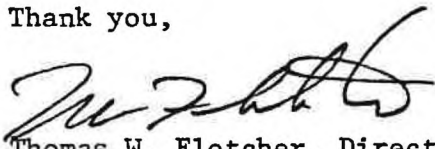
- 112 The last paragraph refers to "Section 3a of the initiative..." However, the preceding paragraph refers to both proposition 13 and 4 initiatives. Which of these 2 initiatives does the citation refer to?
- 113 At the bottom of this page you indicate that franchise fees and business license taxes for a new city would have to be approved by two-thirds of the qualified electorate. Has this requirement for a newly incorporated city been adjudicated by a California Court? Does an election have to be held if the current county taxes and fees are continued by the new city?
- 126 The third paragraph on this page indicates that under alternative B there would be an improvement in the level of recreation and park maintenance. However, on page 114 it indicates that the projected cost for Parks and Recreation would only increase by \$9,500 (\$180,000-189,500) between alternatives A and B. In what way would this improvement take place for such a small increment of cost?
- 130 The last sentence on this page indicates that 200 housing units have been added since 1970. How does this figure track with the figure of 412 added housing units mentioned on page 38?
- 131 How would housing rehabilitation and redevelopment efforts be improved if the area were annexed to Menlo Park as contrasted to incorporation?
- 131 You mention that more emphasis would possibly be given to new housing in the East Palo Alto area if it were annexed to Menlo Park rather than incorporated. On what information do you base that assumption? Also is this possibility of change in emphasis being reflected in the community plan being developed by the county?
- 140 Why do you only list General Government, police and community development in terms of "marginal costs for extending Menlo Park municipal services to East Palo Alto"? What about parks and recreation, public works, library, etc? If these other costs are included in the calculations what is the new differential in costs? Also with these additional costs what would the subsidy cost be to Menlo Park compared to the \$1,379,000 revenue projected from East Palo Alto listed on page 138?

Page

- 146 Under "Mitigation Measures" what kind of a boundry alternative could be selected that would reduce isolation to the East Palo Alto population?
- 158 I realize that the calculations on this page are based on the "East Palo Alto Fiscal Analysis." However, what is the rationale that would increase the cost of General Government from \$280,000 if annexed to Menlo Park (page 140) to \$801,000 if annexed to Palo Alto? That's a threefold per capita increase - \$15.6 to \$44.5
- 164 Under the Menlo Park annexation section you recommended that consideration should be given to increasing the Menlo Park council from 5 to 7 and provide for district elections in order to give the East Palo Alto community representation. However, you do not mention any changes in representation under the Palo Alto annexation section. Is this an oversight?

I would like to take this opportunity to compliment your staff on a well done analysis and report. I would also like to apologize for any burden this request for information and clarification may cause your staff. However, in order to meet your October 10 deadline, it would be helpful if I could receive this information as soon as possible. If you need to contact me, my phone number is 326-6200, extension 2762.

Thank you,



Thomas W. Fletcher, Director  
Center for Public Policy Analysis

TWF:ST

cc: Mr. Frank Satterwhite



RECEIVED  
OCT 15 1980  
LAFCO

October 14, 1980

Mr. B. Sherman Coffman  
Executive Officer  
San Mateo Local Agency Formation Commission  
County Government Center  
Redwood City, California 94063

Dear Mr. Coffman:

Greg McWilliams called me last week to advise me that you had extended the deadline for response to your East Palo Alto Draft Environmental Impact Report by 30 days. Greg indicated this extension was based on the inability of various responding agencies to give you their evaluation by the proscribed date of October 10th.

I would like to point out that we have a much different problem. It is our client's (EPACCI) intent to file for incorporation permission by no later than the 1st of December in order to have an incorporation election as early as possible after July 1, 1981.

In order to meet their deadline, I am under contractual requirement that I submit a draft of their formal application by early November.

It is obvious that a favorable, or at least neutral, E.I.R. from your agency would be desirable for this incorporation effort. Because of this, it is essential that I have the reply to my letter of September 5th within the next few days. I cannot wait until November 10th for your reply and still meet my client's very justifiable deadlines. Greg has advised me that he drafted a reply for you several weeks ago.

If I do not receive your reply by the end of this week (October 17th), I will have to proceed with my analysis and critique without it. I believe I have been patient and not unreasonable in my requests.

I will look forward to receiving your reply or your rationale for further delay by no later than this Friday.

Thank you.

Thomas W. Fletcher, Director  
Center for Public Policy Analysis

cc: F. J. Omowale Satterwhite, ISCED; Mrs. Carmaleit Oakes, EPACCI

**SRI International**

333 Ravenswood Ave. • Menlo Park, CA 94025 • (415) 326-6200 • Cable: SRI INTL MNP • TWX: 910-373-1246

/ea

323



# LOCAL AGENCY FORMATION COMMISSION

COUNTY GOVERNMENT CENTER • REDWOOD CITY, CALIF. 94063 • TEL. 364-5600 EXT. 4224

October 17, 1980

Mr. Thomas Fletcher, Director  
Center for Public Policy Analysis  
Stanford Research Institute  
333 Ravenswood Avenue  
Menlo Park, CA 94025

Dear Mr. Fletcher:

You have been reasonable and relatively patient in your request for the enclosed information and we are sorry for the delay.

Attached are the responses to your inquiries about the referenced data in the "Draft Environmental Impact Report for Menlo Park/East Palo Alto and Districts Sphere of Influence Study, August, 1980".

Our staff has recently talked with Angus McDonald, seeking to corroborate some of the data cross-referenced in the EIR from the "East Palo Alto Fiscal Analysis" prepared by his firm. We would strongly encourage you to call Mr. McDonald if he can help to further clarify any of the fiscal data in the report.

I should add that your client's timetable is not realistic or reasonable in view of the time requirements. We have stated this many times.

The level of cooperation that we and the county have received from East Palo Alto has already significantly slowed down the preparation of the EIR, the sphere of influence study, and the East Palo Alto Community Plan. I am not optimistic about any of the involved agencies being able to "catch up" for a summer '81 election.

Sincerely,

B. SHERMAN COFFMAN  
Executive Officer

BSC/jb  
Att.

cc: East Palo Alto Municipal Council  
Omowale Satterwhite  
Mrs. Carmaleit Oakes  
Chairman John M. Ward  
L. M. Summey, Legal Counsel  
Paul Koenig  
David Hale

Angus McDonald

COMMISSIONERS: Supervisor John M. Ward, Chairman • Supervisor Arlen Gregorio • Councilman Malcolm H. Dudley  
• Councilman Arthur Lepore • Public Member John P. Lindley  
ALTERNATES: Supervisor Ed Bacciocco • Councilwoman Jeannine D. Hodge • Public Member Mary W. Henderson  
OFFICERS: B. Sherman Coffman, Executive Officer • L. M. Summey, Counsel to the Commission

RESPONSES TO PAGE REFERENCES NOTED IN SRI 9/5/80 LETTER

Page

- 13 The East Palo Alto area has been re-canvassed. The City of Menlo Park and the City of Palo Alto have all of the preliminary census data. There has been some conflict with cities when the county has released those figures, so please check with them.
- 24 The EIR for the East Palo Alto Community Plan will address the land use issues. LAFCo's are, by state mandate, not directly involved in these types of land use issues. Not addressing these issues is consistent with the emphasis on solving the jobs/housing imbalance in the Mid-Peninsula area.
- 31 & 32 This table was taken from the Comprehensive Plan for the City of Menlo Park and as stated on page 33 (Table 2 data source): "It should be realized that the figures are maximum theoretical capacities and as such will probably never be attained, since it implies that each and every lot in the City would be built to the absolute maximum". A spokesperson for the City of Menlo Park stated that these estimates were arrived at by taking the existing zonings and multiplying by the maximum build out factors. The original working figures for this table are not available.
- 37 The designation noted should be changed to read "West of Bayshore".
- 41 The 15 percent factor used was derived from the San Mateo County Planning Department staff who are drafting the East Palo Alto Community Plan. This includes areas that are presently developed and can be re-developed.
- Your asterisk comment is well taken and the acreage cited on page 84 should read "838 acres".
- Since the East Palo Alto Community Plan is only in the draft stages, calculations for potential housing growth for East Palo Alto would be highly speculative at this point.
- 46 The observation that the overcrowding percentage has been reduced is a strong probability; however, a more exacting calculation will result from the census re-canvassing and subsequent compilation of census data.
- Please note that the 412 units mentioned should be 200 units.
- 61 Under the 2) Variation listed, it should read: "2) Annexation of West of Bayshore to Menlo Park and incorporation of the remainder of East Palo Alto".



Page

- 68 Second paragraph should read: "In the event that this alternative is recommended by LAFCo staff in the sphere of influence study, and adopted by the County of Santa Clara, the county will also be required to extend public services to East Palo Alto."
- 75 Mitigation Measures, B, should read: "The County Public Works Capital Improvement Program for the East Palo Alto community ..."
- 88 The CIP for East Palo Alto was adopted by the Board of Supervisors in concept only and each project must get final approval from the Board. The indication that the county would complete their current CIP in the subject area is an assumption, because such an action would take a formal policy decision from the Board. Attached is a copy of the CIP. It should be noted that some of the projects may be pushed back if the Board makes a policy decision in the near future to not do undergrounding work.
- 112 The citation refers to Proposition 4, Section 3a.
- 113 On cursory overview we have not found a case that has adjudicated this issue. However, if you are aware of such a suit, please advise us. The County of San Mateo presently does not require a business license fee and the voting requirement would apply. The county does get some franchise fees from P. G. & E. and Cable TV. Whether the requirement would apply here is a legal question because there is possibly a mechanism for conditioning; however, we shall seek advice from legal counsel.
- 126 Under Alternative A the Ravenswood Recreation District would remain in existence. The present service level of this district is, in the opinion of LAFCo staff, sub-standard.
- In Alternative B, recreation services would be extended by the new city. Inherent in this provision of services is a greater economy of scale, in that management, legal, accounting, maintenance, and secretarial service can be provided by the city with only an estimated \$9,500 increase. The potential structure is shown in Attachment A.
- 130 The figure indicating that 200 housing units have been added since 1970 is correct and page 38 should be changed to reflect this figure.
- 131 In cross-referencing to page 85 the statement is made that "... the impact of incorporation on housing will be that commercial and industrial development will probably be preferred over more residential development." The next paragraph states that "... the impact on affordable housing, therefore, could be significant if enhancement of the tax base is prerequisite to incorporation".

Page

- 131  
Cont. Given the above and the intent of the dicta on page 131, the assumption is that a newly incorporated city will need to increase its tax base. The most viable way to increase that base would be through commercial and industrial development versus low and moderate income housing.
- The City of Menlo Park has an existing Department of Community Development. The jobs/housing imbalance is a recognized problem. Therefore, as stated on page 131, "it is entirely possible that Menlo Park could perceive East Palo Alto as a location for much needed housing ...". One reason is that Menlo Park already has a healthy revenue base supported by high property values and a high level of retail sales and commercial/industrial development is not a prerequisite to survival. However, without firmly adopted policies of intent by either a new city or an existing city, we are dealing with theoretical possibilities derived through interpretation of what is presently known.
- 140 The reason only General Government costs were calculated in this table is because in Alternative A it is stated that recreation services would continue to be provided by an existing district, library service would continue to be provided by the county, public works (street maintenance) would be provided by the new city. However, some capital improvement programs would possibly be completed by the county. In Alternative A all of these services would be extended by the new city except the capital improvements. Therefore, the table was designed to illustrate the economies of size that are available for the municipal services that would be extended in all three alternatives.
- 146 The mitigation measure stated on page 146 refers to the alternatives to annex all or part of East Palo Alto to the City of Palo Alto. Furthermore, the mitigation measure on page 130 should be noted, in that it refers to the alternative to annex all or part of East Palo Alto to Menlo Park.
- 158 The rationale for said increase is that Palo Alto is a full service city and it provides many more services than does the City of Menlo Park, to which many services are provided by special districts. Thus, the per capita expenditures are higher.
- 164 Please note page 153, Mitigation Measures, A.

Table V-9

## SERVICE COSTS

## EAST PALO ALTO INCORPORATION ALTERNATIVE B

Service PARKS AND RECREATION				
Agency	Position	Number	Salary	Total
COMMUNITY SERVICES	Director of Community Services	1	\$ 22,500	\$ 22,500
	Recreation and Leisure Manager	1	18,500	18,500
	Cultural Development Program Manager	1	18,500	18,500
	Staff Clerk	1	12,500	12,500
	Extra Help	-	Varies	20,000
	Maintenance 1	-	Contract	(40,000)
Total Salary		4		\$ 92,000
Benefits @ 25%				23,000
Total Employee Cost				115,000
Services and Supplies @ 30 % plus Maintenance Contract				74,500
TOTAL SERVICE COST				\$ 189,500

1. Maintenance could also be provided by additional city personnel and utilize youth services program trainees etc.. A small saving might be gained by this approach.



DEPT. OF PUBLIC WORKS  
COUNTY OF SAN MATEO, CALIFORNIA  
CAPITAL IMPROVEMENT PROGRAM  
(INCLUDES PLANNING PROJECTS)

PREPARATION OF PRELIMINARY PLAN,  
ENVIRONMENTAL STUDIES, AND PROJECT  
PLANS

PROJECT CONSTRUCTION

ACQUISITION OF RIGHT OF WAY,  
RELOCATION

## PROGRAM:

PROJECT NUMBER	DESCRIPTION	FISCAL YEARS						TOTAL	ADDITIONAL FUND REQMTS.
		PRIOR	79-80	80-81 *	81-82 *	82-83 *	83-84 *		
1	ALAMEDA DE LAS PULGAS - PHASE II	1,930,000	670,000					2,600,000	
2	ATHLONE TERRACE STORM DRAIN		1,133,000					1,133,000	
3	BAY ROAD-PHASE I (UNIVERSITY AVENUE TO PULGAS AVE.)	2,500,000						2,500,000	
4	BAY ROAD-NEWMBRIDGE ST. CORRIDOR UTILITY UNDERGROUNDING	950,000						950,000	1)
5	BAY ROAD-PHASE II (PULGAS AVENUE TO COOLEY LANDING)		1,225,000	1,900,000				3,125,000	
6	BAY ROAD-PHASE III (NEWMBRIDGE ST. TO UNIVERSITY AVE.)		160,000	1,200,000	1,799,000			3,159,000	
7	NEWMBRIDGE ST. (PH. IV OF BAY- NEWMBRIDGE CORRIDOR PROJECT)			600,000	1,505,000	1,495,000		3,600,000	
8	VERDE ROAD BRIDGE	350,000	254,000					604,000	
9	STAGE ROAD BRIDGE		336,000					336,000	2)
10	OBISPO ROAD		260,000					260,000	4)
11	ALAMEDA DE LAS PULGAS-PH. III (WOODSIDE RD. TO STOCKBRIDGE AVE.)					600,000	1,758,000	2,358,000	
12	BEECH STREET - EAST PALO ALTO					454,000		454,000	3)
13	GARDEN STREET - EAST PALO ALTO					473,000		473,000	3)
14	FERDINAND AVE.-EL GRANADA AREA				12,000	140,000		160,000	
15	THE ALAMEDA-PH. I - EL GRANADA AREA				384,000			384,000	



DEPT. OF PUBLIC WORKS  
COUNTY OF SAN MATEO, CALIFORNIA  
CAPITAL IMPROVEMENT PROGRAM  
(INCLUDES PLANNING PROJECTS)

PREPARATION OF PRELIMINARY PLAN,  
ENVIRONMENTAL STUDIES, AND PROJECT  
PLANS

PROJECT CONSTRUCTION

ACQUISITION OF RIGHT OF WAY,  
RELOCATION

## PROGRAM:

PROJECT NUMBER	DESCRIPTION	FISCAL YEARS						TOTAL	ADDITIONAL FUND REQMTS.
		PRIOR	79-80	80-81 *	81-82 *	82-83 *	83-84 *		
16	RUNNYMEDE ST. (COOLEY AVE. TO CLARK ST.) - E.P.A. AREA					55,000	530,000	585,000	3)
17	RUNNYMEDE ST. (PULGAS AVE. TO E.P.A. LEVEE)						296,000	296,000	3)
18	SECOND AVE. (MIDDLEFIELD RD. TO NORTHSIDE AVE.) - FAIR OAKS AREA						462,000	462,000	614,000
19	AIRPORT STREET - EL GRANADA AREA					475,000	104,000	579,000	
20	THIRD AVENUE - FAIR OAKS AREA						315,000	315,000	
21	PESCADERO ROAD - PHASE I						235,000	235,000	1,810,000
	SUBTOTAL:		4,038,000	3,700,000	3,700,000	3,700,000	3,700,000	18,838,000	
	SMALL PROJECTS:		500,000	500,000	500,000	500,000	500,000	2,500,000	
	RESURFACING:		200,000	200,000	200,000	200,000	200,000	1,000,000	
	AID TO OTHER GOVERNMENT AGENCIES:		1,485,000	1,000,000	1,000,000	1,000,000	1,000,000	5,485,000	
	TOTAL		6,223,000	5,400,000	5,400,000	5,400,000	5,400,000	27,823,000	
	NOTES:								
	1. \$875,000 credit from PG&E under Public Utilities Commission Rule 20A for undergrounding utilities.								
	2. \$134,000 credit from Federal Bridge Replacement Funds.								
	3. Matching funds from MCDCA to equal the usual property owner contribution under County Assessment District Policy.								
	4. \$11,000 matching funds from property owner.								
	* Includes 7% per year inflation factor.								



BILLY RAY WHITE  
MAYOR

JAMES L. BLOCH  
MAYOR PRO TEM

GERRY B. ANDEEN  
COUNCILMEMBER

DOUGLAS W. DUPEN  
COUNCILMEMBER

PEG GUNN  
COUNCILMEMBER



CIVIC CENTER / MENLO PARK, CALIFORNIA 94025 / TELEPHONE (415) 325-3211

RECEIVED  
OCT 10 1980

LAFCO

October 9, 1980

Local Agency Formation Commission  
San Mateo County  
County Government Center  
Redwood City, Calif. 94063

Dear Commission Members:

As a member of the Menlo Park City Council, I would like to register some thoughts on the Draft E.I.R. for Menlo Park/East Palo Alto and Districts Sphere of Influence Study.

The residents of East Palo Alto have expressed a strong and determined desire to incorporate. I suggest they be given this opportunity.

The forced annexation of approximately 17,000 reluctant residents to Menlo Park would only be divisive. In its best light there would still be two separate communities and at its worst an atmosphere of discontent which would be intolerable.

I do not think the solution to this situation lies in the shifting of responsibility from the County to a small city of approximately 27,000 people. The residents of Menlo Park are being asked to carry this burden without any representation or participation in making this study. Further, this Draft E.I.R. gives them no true insight into the heavy responsibilities they must bear and the sacrifices they must make.

Very truly yours,

*Peg Gunn*  
Peg Gunn  
Council Member

PG/lb

cc: Menlo Park City Council Members  
Michael A. Bedwell, City Manager

BILLY RAY WHITE  
MAYOR

JAMES L. BLOCH  
MAYOR PRO TEM

GERRY B. ANDEEN  
COUNCILMEMBER

DOUGLAS W. DUPEN  
COUNCILMEMBER

PEG GUNN  
COUNCILMEMBER



CIVIC CENTER / MENLO PARK, CALIFORNIA 94025 / TELEPHONE (415) 325-3211

RECEIVED  
OCT 29 1980

LAFCO

October 28, 1980

Mr. B. Sherman Coffman, Executive Officer  
Local Agency Formation Commission  
County Government Center  
Redwood City, CA 94063

Dear Sherm:

Thanks for giving us the opportunity to review the Draft Environmental Impact Report prepared for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study. We were flattered by its kind remarks about the capability of the Menlo Park staff.

We feel the D.E.I.R. does not provide enough in depth information to the members of the LAFCo Board for them to make a decision about the potential impacts which would result from implementing any of the alternatives involving Menlo Park. For example, on pages 118 and 119 the D.E.I.R. points out the positive impact which detachment of the South of Willow Road area would have on East Palo Alto, but there is no discussion of the negative impact it would have on Menlo Park (i.e., Alternative #2, Option 2). Since we feel the potential impacts of the alternatives have not been fully identified and discussed, then it follows we feel the mitigation measures suggested by the D.E.I.R. need more discussion and analysis.

Thus, we want a more detailed analysis and discussion of the impacts in order that the implications of these alternatives on Menlo Park may be fully understood.

We also feel that the job/housing imbalance issue needs to be clarified: How was the data used obtained and how does it compare with the 1979 ABAG figures? The 1979 ABAG figures indicate that Menlo Park's job/housing ratio is not as severe as the Palo Alto and Northern Santa Clara County ratios.

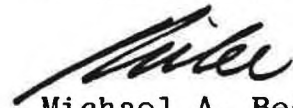
We don't know how annexing East Palo Alto to either Menlo Park or Palo Alto would immediately mitigate a regional jobs/housing imbalance, since we foresee that annexation will create little or no change in the factors which produce the job/housing imbalance phenomenon. Annexation might relieve the need to build up more industrial areas in East Palo and have a long range mitigation, but we see no short range mitigation as the D.E.I.R. seems to imply.

B. Sherman Coffman  
LAFCo

Page 2.

We hope these concerns can be more fully addressed in the final E.I.R. and we will be looking forward to reviewing it.

Very truly yours,



Michael A. Bedwell  
City Manager

MAB/dm

**County of Santa Clara  
California**

Office of the County Executive  
County Government Center, East Wing  
70 West Hedding Street  
San Jose, California 95110  
299-2424 Area Code 408

October 10, 1980

RECEIVED  
OCT 13 1980

LAFCO

TO: San Mateo County LAFCO  
FROM: Jane Decker, Director, Intergovernmental Relations  
RE: Response to Draft EIR on The Sphere of Influence for  
East Palo Alto

Several departments in Santa Clara County analyzed the alternative of annexing East Palo Alto to Palo Alto for its potential impact on Santa Clara County government.

The basic assumption in the EIR regarding placing this territory in Santa Clara County is that the territory in full would be annexed to the City of Palo Alto. The County would not assume any land use control over the territory. It is consistent with County, city and LAFCO policies that urban development belong in cities and we would not recommend boundary change without the assurance that the territory be annexed to the City of Palo Alto.

Our Environmental Management Agency and General Services Administration offered the following comments. For the GSA side of our Agency we would expect that any additional direct County services provided to East Palo Alto area (i.e., Health, Social Services, etc.) would have to receive a proportionate share of support services (Purchasing, Building Maintenance, Communications, etc.). Any direct impacts provided to the East Palo Alto area should, therefore, be evaluated in concert with indirect service costs as well.

With respect to services provided by the public service side of our Agency additional service costs of the Agricultural Commissioner, Consumer Affairs and Parks and Recreation should be considered. It is an assumption that Animal Control Services would be assumed by the City of Palo Alto; the other services of our Agency primarily relate to unincorporated territory only.

With regard to transportation, Santa Clara County Transit District currently operates three feeder routes (84,86,88) in the Palo Alto/Mt. View areas that provide connections to major trunk lines. Initially, one of these feeder lines (most likely the 86) could be extended to East Palo Alto to provide both local area coverage as well as connecting service if East Palo Alto is annexed into Santa Clara County.

Response to Draft EIR - page 2

In conclusion, we believe the draft EIR is adequate at this time but we would reserve many questions regarding costs of services to the East Palo Alto area for Santa Clara County government. Those issues need not be addressed in an EIR but should be addressed later as part of the Sphere of Influence Study.

JD:nkm



Palo Alto, California,  
November 6, 1980.

RECEIVED  
NOV 10 1980

LAFCO

Mr. B. Sherman Coffman,  
Executive Officer,  
Local Agency Formation Commission,  
County Government Center,  
Redwood City, Calif. 94063

Dear Mr. Coffman:

This will acknowledge your letter of August 26th enclosing copy of the Draft Environmental Impact Report for the Menlo Park/East Palo Alto and Districts Sphere of Influence Study.

Our Association has no objection to the Draft EIR as submitted.

As you know, our members own property West of Bayshore, and most of them live on this property. We again wish to confirm our opposition to Incorporation as stated before. Your point 6.2, Page 167 of the Draft is a very good reason.

We still are very much in favor of annexation in opposition to incorporation. Our hopes of annexation to Palo Alto were our first objective. Recent interviews with our membership show they would very much like to annex to Menlo Park. I think our district West of Bayshore would be a very good asset to the City of Menlo Park and one that that City would be proud of.

Sincerely,

*Louis Smith, Jr.*  
Louis Smith, Jr.

Secretary,  
Woodland Area Residential  
Property Owners Association. (WARPO)  
644 Schofield Avenue,  
Palo Alto, Calif. 94303

Section D. RESPONSES TO COMMENTS TO ENVIRONMENTAL IMPACT  
REPORT FOR MENLO PARK/EAST PALO ALTO AND DISTRICTS  
SPHERE OF INFLUENCE STUDY

Environmental Impact Report for Menlo Park/East Palo Alto  
& Districts Sphere of Influence Study

Responses to Comments

<u>Comment No.</u>	<u>Name</u>	<u>Verbal or Written</u>	<u>Date</u>
1	United Menlo Park Home Owners Assn.	Written	9/30/80
2	Paul Sagers, Asst. Executive Officer, County of Santa Clara, LAFCo	Written	10/7/80
3	East Palo Alto Citizens' Committee on Incorporation	Written	10/10/80
4	Lynnie Melena, City of Palo Alto	Written	10/14/80
5	East Palo Alto Municipal Council	Written	11/6/80
6	Howard Van Jepmond, Menlo Annexation Committees	Written	11/8/80
7	Gordon Shriver	Written	11/10/80
8	Roman Gankin, County of San Mateo, Dept. of Environmental Management	Written	11/10/80
9	SRI International, on behalf of the East Palo Alto Citizens' Committee on Incorporation	Written	11/10/80
	SRI International, Questions for Clarification (Refer to p. 324-330)	Written	1/5/80
10	Menlo Park Council Member Peg Gunn	Written	10/9/80
11	Menlo Park City Manager Michael A. Bedwell	Written	10/28/80
12	Jane Decker, Director, Intergovern- mental Relations, Santa Clara County	Written	10/10/80
13	Louis Smith, Jr., Secretary, Woodland Area Residential Property Owners Association (WARPO)	Written	11/6/80

Comment #1

The United Menlo Park Home Owners Association submitted several comments on the Draft EIR by letter dated September 30, 1980.

Response

Responses are listed sequentially as comments occur in the letter.

A. Comments are 1 through 7 in cover letter are noted.

B. Specific comments.

1. Comment noted.
2. Comment noted.
3. Comment noted.
4. Comment noted.
5. Comment noted. Attachment A noted.
6. Comment noted.
7. Comment noted.
8. Comment noted.
9. Comment noted.
10. Comment noted.
11. Comment noted.
12. Comment noted.
13. Comment noted.
14. Comment noted.
14. Comment noted.
15. Comment noted.
16. Comment noted.
17. Comment noted.
18. Comment noted.
19. Comment noted.

20. Comment noted.
21. Comment noted. The Local Agency Formation Commission by State mandate is not involved in land use.
22. Comment noted. On page 27 the statement noted is clarified by discussion of the "severe jobs/housing imbalance in Menlo Park and the entire Mid-Peninsula".
23. Comment noted.
24. Comment noted. Attachment B noted.
25. Comment noted.
26. Comment noted.
27. Comment noted.
28. Comment noted.
29. Comment noted.
30. Comment noted.
31. Comment noted.
32. Comment noted.
33. Comment noted.
34. Comment noted.
35. Comment noted.
36. Comment noted.
37. Comment noted.
38. Comment noted.
39. Comment noted.
40. Comment noted.
41. Comment noted the addition is not acknowledged.
42. Comment noted.



## Comment #2

The County of Santa Clara LAFCo staff submitted several comments on the Draft EIR by letter dated October 7, 1980.

### Response

Responses are listed sequentially as comments occur in the letter.

- I. Comments 1 and 2 are noted.
- II.
  - 1. Comment acknowledged.
  - 2. Comment noted.
  - 3. Comment acknowledged.
  - 4. Comment noted.
  - 5. Comment noted.
- III.
  - 1. Comment noted.
  - 2. Comment noted.

## Comment #3

The East Palo Alto Citizens' Committee on Incorporation submitted several comments on the Draft EIR by letter dated October 10, 1980.

### Response

#### Section I

- 1. Comment noted. The definition seems inherent in the study itself, in that, East Palo Alto is isolated, both socio-economically and geographically, from its neighboring communities.
- 2. Comment noted.
- 3. Comment noted. The information was incorporated from the East Palo Alto Fiscal Analysis.
- 4. Comment noted. Statement on page 10 addresses the status quo alternative in general terms. On page 127 services are discussed in terms of being presently adequate when given the alternative of incorporation and potential long-term impacts.

There is no discrepancy because both page 10 and 127 speak to the issue of present adequacy in services;

however, relate that this adequacy will diminish in the long-term under present policy or the incorporation alternative.

5. Comment noted.
6. Comment noted.
7. Comment noted.
8. Comment noted. Cross reference Angus McDonald letter on "Staff Analysis".
9. Comment noted. This conclusion is well documented in the "Fiscal Analysis".

#### Section II

1. Comment noted.

#### Section III

1. Comment noted.
2. Comment noted.
3. Comment noted.
4. Comment noted.
5. Comment noted.

#### Section IV

##### Status Quo

1. Comment noted. The county is not required to provide public services except those specifically mandated by law.

##### Incorporation

1. Comment noted.
2. Comment noted.
3. Comment noted. Impacts are stated on page 134, and 136 through 141.

#### Section V

1. Comment noted.

2. Comment noted. San Mateo HCD program is run on a regional county-wide basis, whereas a city would provide more intensive localized assistance.
3. Comment noted. Implications as stated is unfounded on the merits of the text.
4. Comment noted.
5. Comment noted.
6. Comment noted.
7. Comment noted. The definition of isolated is inherent in the statement.
8. Comment acknowledged.
9. Comment noted.
10. Comment noted.
11. Comment noted.
12. Comment noted. The conclusion is based on past practice and experience.
13. Comment noted.
14. Comment noted.
15. Comment noted.
16. Comment noted.
17. Comment noted. The statement is corroborated by the facts and financial realities of the incorporation alternative.
18. Comment noted.
19. Comment noted. Statement is corroborated by the "Fiscal Analysis".
20. Comment noted. There is no such statement on page 132 as quoted in the comment.
21. Comment noted.
22. Comment noted.
23. Comment noted.

24. Comment noted. Belle Haven Community is part of the City of Menlo Park.
25. Comment noted. Belle Haven Community is a part the City of Menlo Park.
26. Comment noted.
27. Comment noted.
28. Comment noted.
29. Comment noted. Inherent in an expanded Council is the aspect of re-districting in order to ensure the best possible population per representative ratio.
30. Comment noted.
31. Comment noted. The savings would result in public funds. Further, the rationale for stated cost discrepancies is that Palo Alto is a full service city and provides more services than does the City of Menlo Park, to which many services are provided by special districts. Thus per capita expenditures are higher.
32. Comment noted.
33. Comment noted. Many areas in stated condition are private property which does not have a direct relationship to the present level of municipal services.
34. Comment noted.
35. Comment noted. The comment on its face does not suggest Palo Alto would alter it's opposition. However, on page 151 the statement is possibly clarified in the context that "annexation to Palo Alto (of East Palo Alto) would also aid in finding a coordinated solution to East Palo Alto's generated transportation/circulation problems. The impact of the Dumbarton Bridge is included on pages 166 and 167 as an unavoidable adverse impact.

#### Section VI

36. Comment noted.

#### Section VII

37. Comment noted.

#### Analysis & Comments

38. Noted.

Comment #4

The City of Palo Alto submitted several comments on the Palo Alto annexation alternative by letter dated October 14, 1980.

Response

Responses are listed sequentially as comments occur in the letter.

1. Comments acknowledged.
2. Comments acknowledged. It should be noted that stated information was not available at time of the Draft EIR publication.
3. Comments acknowledged. The information on pages 156, 157 and 158 was taken from the East Palo Alto Fiscal Analysis.
4. City had no comments.
5. City had no comments.
6. Comment acknowledged.

Comment #5

The East Palo Alto Municipal Council submitted several comments on the Draft EIR by letter dated November 6, 1980.

Response

Responses are listed sequentially as comments occur in the letter.

1. Comment noted. The alternatives discussed in the EIR are, in the opinion of staff, the only reasonable ones.
2. Comment noted.
3. Comment noted.
4. At time of publication, staff received the most recent census figures and these were reflected in our document.
5. Comment noted.
6. Comment noted. The subject EIR has been focused on the impacts and issues of reorganization. An addendum or new EIR discussing the impacts of the ultimate marina project will be needed prior to a LAFCo decision on this issue.



Further responses are listed sequentially as they occur in the "Detailed Analysis".

1. Comments noted.
2. Comments noted.
3. Comments noted.
4. Comments noted.

Comment #6

Mr. Howard Van Jepmond of the Menlo Annexation Committee submitted comments on the Draft EIR by letter dated November 8, 1980.

Response

1. Comments noted.

Comment #7

Mr. Gordon Shriver submitted several comments on the Draft EIR by letter dated November 10, 1980.

Response

Responses are listed sequentially as comments occur in the letter.

1. Comment noted.
2. Comment noted.
3. Comment noted.
4. Comment noted.
5. Comment noted. Recent legislation (AB 8, SB 180) has set forth guidelines for the property tax exchange.
6. Comment noted. The staff analysis: East Palo Alto Fiscal Analysis by Kenneth G. Goode is incorporated herein.

### Comment #8

The County of San Mateo Department of Environmental Management, Planning and Development Division, submitted several comments on the Draft EIR by letter dated November 10, 1980.

### Response

Responses are listed sequentially as comments occur in the letter.

1. Comment acknowledged.
2. The East Palo Alto Community Plan has been completed in draft form and is now proceeding through public hearings before the East Palo Alto Municipal Council.
3. Comment acknowledged.
4. The impact on aesthetics under the "status quo" alternative is discussed on page 79. The example offered is the deterioration of Nairobi Shopping Center. Also, other abandoned and neglected commercial and residential areas could be included as examples of status quo inadequacies.
5. Comment acknowledged.
6. The jobs/housing imbalance issue is discussed on pages 131, 147 and 148.
7. Comment acknowledged. Census information at time of publication was as indicated.
8. Comment acknowledged.
9. Comment acknowledged.
10. Comment acknowledged.
11. Comment acknowledged.
12. Comment acknowledged.
13. Comment acknowledged.
14. Comment acknowledged.
15. Comment acknowledged. Note response #7.

16. An update will be made as soon as 1980 census figures are finalized.
17. Fourth paragraph on page 48 should read "median".
18. Comment acknowledged.
19. On page 59, paragraph 1, "argumenting" should read "augmenting".
20. Comment acknowledged.
21. Comment noted.
22. A discussion on how the population is isolated is discussed as noted in Section 3.2.3, page 41.
23. Comment acknowledged.
24. See response #4.
25. Comment noted.
26. Comment acknowledged.
27. Comment acknowledged.
28. Comment acknowledged.
29. Comment noted.
30. Comment acknowledged.
31. Comment noted.

#### Comment #9

SRI International on behalf of the East Palo Alto Citizens' Committee on Incorporation submitted several comments on the Draft EIR by written analysis on November 10, 1980.

#### Response

Responses are listed sequentially as comments occur in the analysis.

A. Comments in the Introduction and Assumptions are noted.

B. Fiscal Analysis Comments

1. Comment noted. The "Staff Analysis: East Palo Alto Fiscal Analysis", 1/15/80 is incorporated into the EIR.
2. Comment noted.
3. Comment noted.

4. Table 1 and comment noted.
5. Comment noted.
6. Comment noted.
7. Table 2 and comment noted.
8. Comment noted.
9. Comment noted.
10. Comment noted.
11. Comment noted.
12. Comment noted.

C. Planning Analysis

Jobs/Housing Imbalance

1. Comment noted.
2. Comment noted.
3. Comment noted. Impact will depend on the East Palo Alto Community Plan density designation.
4. Comment noted.
5. Comment noted. The encouragement of higher income housing is suggested to balance the East Palo Alto community, provide diversification, and enhance the property tax base. The intent is not to displace or reduce the available low and moderate income housing in East Palo Alto.
6. Dumbarton Bridge access; comment noted.
7. Isolation; comment noted.
8. Conclusion; comment noted.

Comment #10

Peg Gunn, Council Member, City of Menlo Park, submitted a letter dated October 9, 1980.

Response

Comment noted. Letter sent by Executive Officer dated October 14, 1980 attached.



## LOCAL AGENCY FORMATION COMMISSION

COUNTY GOVERNMENT CENTER • REDWOOD CITY, CALIF. 94063 • TEL. 364-5600 EXT. 4224

October 14, 1980

Councilwoman Peg Gunn  
Menlo Park City Council  
Civic Center  
Menlo Park, CA 94025

Dear Councilwoman Gunn:

Your letter concerning the Draft EIR for Menlo Park/East Palo Alto and affected districts for a sphere of influence study has been received and will be included with comments for the Final EIR.

The purpose and reason for the Draft EIR and the sphere of influence study being undertaken at this time is for two primary reasons. The strong interest in East Palo Alto to consider the feasibility of incorporation as well as the strong interest of the residents west of Bayshore to annex to Menlo Park, and secondly, the law requires that a sphere of influence be established for all cities, districts and areas requiring or with potential demand for urban services.

Any major changes of organization will not occur by force, but rather through the elective process. Under almost all circumstances, all affected residents would have the opportunity to vote, including the residents within the annexing city.

No final alternative has been selected for recommendation to the Commission. The sphere of influence study will explore in considerable detail the pros and cons of each alternative. The Draft EIR has been prepared as a staged EIR. After a course of action is selected for recommendation, it may be necessary to proceed with additional EIR work.

In any event, we have asked for assistance from the Menlo Park city staff and we have also requested the Menlo Park city staff's comments in preparing the sphere of influence study. The sphere of influence study will clearly set forth the advantages and disadvantages of the various possible alternatives.

350.

COMMISSIONERS: Supervisor John M. Ward, Chairman • Supervisor Arlen Gregorio • Councilman Malcolm H. Dudley  
• Councilman Arthur Lepore • Public Member John P. Lindley  
ALTERNATES: Supervisor Ed Bacciocco • Councilwoman Jeannine D. Hodge • Public Member Mary W. Henderson  
OFFICERS: B. Sherman Coffman, Executive Officer • L. M. Summey, Counsel to the Commission



Councilwoman Peg Gunn

-2-

October 14, 1980

I sincerely hope that you will advise me of your specific concerns or questions concerning the process and the issues, either directly or through Mike Bedwell. We are undertaking a very difficult and complex study. The total community will be best served if we understand the concerns and if everyone can be as objective as possible in reviewing the issues.

I would be very pleased to meet with you and discuss this further if it would be helpful to you.

Sincerely,

A handwritten signature in dark ink, appearing to read 'BSC', with a long horizontal stroke extending to the right.

B. SHERMAN COFFMAN  
Executive Officer

BSC/jb

cc: Members, Formation Commission  
Members, Menlo Park City Council  
Michael Bedwell, Menlo Park City Manager

351.



Comment #11

A letter dated October 28, 1980 was submitted by Michael A. Bedwell, City Manager of the City of Menlo Park.

Response

Responses are listed sequentially as comments occur in the letter.

1. Comment noted. Impacts and mitigation measures are identified from the available data given to staff.
2. Comment noted. Jobs/housing imbalance update will be clarified when 1980 census data is in.
3. Comment noted.

Comment #12

A letter dated October 10, 1980 was submitted by Jane Decker, Director, Intergovernmental Relations, County of Santa Clara.

Response

Comment noted.

Comment #13

A letter dated November 6, 1980 was submitted by Louis Smith, Jr., Secretary of the Woodland Area Residential Property Owners Association (WARPO)

Response

Comment noted.

Section E. APPENDIX A. STAFF ANALYSIS: EAST PALO ALTO FISCAL  
ANALYSIS

COUNTY OF SAN MATEO  
INTER-DEPARTMENTAL CORRESPONDENCE

DATE January 15, 1980

TO: East Palo Alto Municipal Council  
FROM: Kenneth G. Goode, Administrative Officer  
SUBJECT: STAFF ANALYSIS: EAST PALO ALTO FISCAL ANALYSIS

I. INTRODUCTION:

The following report is presented to assist your Council in better understanding some of the assumptions on which the East Palo Alto Fiscal Analysis was based and some of the nuances of the document's findings. Generally, staff finds the document to be accurate and complete. The correction by the consultants of several computational errors which appeared in the first draft of the Fiscal Analysis has substantially reduced the projected revenue shortfall. Staff analysis indicates further reductions in cost and increases in revenues are probable.

The report which follows is divided into three sections:

1. Introduction
2. Budget Analysis
3. Financial Analysis

The Introduction summarizes the consultant's methodology, their fiscal and budgetary assumptions and the findings set forth in the Fiscal Analysis. The Introduction concludes with a review of staff's findings.

The methodology used by the consultants in compiling the Fiscal Analysis is as follows:

1. The consultants made an inventory of existing local governmental service providers, the service level provided and the cost of that service level. This service level and service cost became the Base Case against which to analyze incorporation alternatives.

2. The consultants attempted to define an acceptable level of municipal services. In most cases this service level was based upon the existing service level. For purposes of the Fiscal Analysis it was assumed that not only were current service providers highly professional, but that there was also a high degree of commitment to the community.
3. The consultants identified and reviewed the scheduled capital improvements of the various public agencies serving the community. This resulted in the first comprehensive East Palo Alto Capital Improvement Program. Identification of scheduled municipal improvements, and more importantly, identification of needed capital improvements not scheduled, were necessary to determine potential capital cost during the first years of city operation.
4. Based upon the previously gathered information the consultants prepared a five year revenue projection for two city alternatives. The first alternative assumed that the city would only deliver those services legally required by law. The second alternative assumed that the city would deliver all municipal services currently being delivered to the community with the exception of fire protection and library services.
5. The consultants prepared staffing plans, based in part upon existing staffing levels, for each alternative and an estimated budget for each alternative. The consultant's estimated cost of delivering municipal services was then compared with the projected revenue and the Base Case.

The Fiscal Analysis makes the following fiscal and budgetary assumptions which staff believes should be kept in mind when considering the report.

1. The community shopping center at University and Bay is developed prior to the end of the



five year period and produces by the end of that five year period over \$50,000 annually in sales tax revenue. An additional \$50,000 in new sales tax revenue is produced by other commercial development.

2. East Palo Alto voters approve new taxes, specifically a Utility Franchise Tax and a Business License Tax. The Utility Franchise Tax will be borne mainly by the community's residents at an average cost of \$38.00 per household in the 1980-81 fiscal year.
3. The County commits to completion of the road improvements contained in the current Capital Improvement Program.
4. The proposed city under each alternative is a "core city," that is, a city whose financing does not include discretionary federal or state grants or subventions which have not been committed or are not reasonably assured.
5. Modest, but desirable increases in levels of service are assumed. No decrease in levels of service are assumed.
6. Proposed staffing for the city is generally based on the existing staffing provided by the governmental agencies now serving the community.
7. All positions were budgeted based upon the assumption that the city would have a salary structure similar to San Mateo County's and that all employees would receive the highest permissible salary.
8. Employee benefits and services and supplies were estimated as percentages of employee salaries.
9. For purposes of the Fiscal Analysis it was assumed that fire protection services and library services would be delivered by the current providers.
10. The consultants assumed a ten percent inflation rate. All figures in the Fiscal Analysis are presented in constant, 1979, dollars.

11. The cost of municipal services as set forth in the two alternatives may vary.
12. Modifications to the proposed assumptions would affect municipal revenues and the cost of delivering municipal services.

The Fiscal Analysis sets forth the following findings:

1. There is a deficit in the first years of incorporation. Based upon the assumptions stated above it declines steadily over the five year period examined. In the fifth year revenues exceeded projected expenditures. The cumulative four year deficit under Alternative A is approximately \$692,000, the deficit under Alternative B is approximately \$888,000.
2. The community is currently receiving a subsidy which is borne by the remainder of the County. This subsidy is approximately \$885,700 per year. This would amount to \$4,428,500 over the next five years if East Palo Alto were not to incorporate.
3. Incorporation should not substantially affect the cost of the community's municipal services, though it would increase the cost to community residents and businesses.
4. Under state law, the County is required to continue providing services during the first year of incorporation while the city accumulates tax revenues. This revenue would amount to \$1,263,000 for fiscal year 1980-81 if the community incorporates on July 1. It was not included in any revenue or cost projections by the consultants.

The primary conclusions reached by staff after review of the Fiscal Analysis are:

1. The four year shortfall under incorporation which is projected in the Fiscal Analysis is no more than the County's subsidy for one year if East Palo Alto does not incorporate but continues in its current status.

2. It is cheaper for the County to assist the community in incorporating now rather than face the continued cost of delivering municipal services to the community.
3. The effects of incorporation on the community under the proposed alternatives would be increased local autonomy, increased and improved local political responsiveness, local control of community police, and local land use control.

Additional findings, opinions and conclusions reached by staff are:

1. The key to fully understanding the Fiscal Analysis and staff's conclusions is reading the entire document. The Introduction and Summary are more a statement of the consultant's conclusions than a summary of their findings. By itself, the Introduction and Summary would leave the reader unable to imagine how incorporation could ever be feasible.
2. Prudent utilization of accumulated first year tax revenues would cover city start-up costs, estimated roughly at \$500,000, and all deficits during the first years of city operations.
3. Sales tax gains projected in the Fiscal Analysis are overly optimistic and should be discounted by fifty percent. This would represent a \$120,000 revenue loss for the two year period, 1983/84 - 1984/85.
4. The five year revenue growth projected by the consultants is greater than that allowed by the Gann Initiative (Proposition 4). In order for the new city to accomodate that revenue growth, the new city must begin in the first year with an appropriation limit which is greater than the city's actual proceeds from taxes. This base appropriation limit will be determined by LAFCo based on information provided by the public agencies which will be giving up appropriation authority to the new city.
5. Based upon assumptions about existing programs and funding, methods of organizing local government, and projected per-

sonnel turnover, staff concludes that the estimated operating cost for municipal services, as stated in the Fiscal Analysis, is overstated by approximately \$200,000 per year.

6. The Council should establish a target date for incorporation of July 1, 1981 with the new city assuming the actual delivery of services on July 1, 1982. With that timetable and assuming cooperation on the part of the County and LAFCo, staff concludes that incorporation is fiscally feasible.
7. The increased cost to the local residents which are above existing taxes would come in the form of a Utility Franchise Tax and benefit assessments for street lighting and drainage maintenance. The Utility Franchise Tax would not have to become effective until the city assumed municipal operations in July of 1982. In that year the average annual Utility Franchise Tax per household would be \$50. Added to that amount would be the benefit assessments which would affect property owners for drainage maintenance and street lighting which would cost \$20. There would additionally be a Business License Tax which would affect local businesses.

While staff is of the opinion that there is a certain amount of "play" in the standards for public services delineated in the consultant's report, staff could not in good conscience recommend incorporation if it appeared that those standards would be substantially changed.

Staff cautions that it will be a long time, if ever, before East Palo Alto can support, from the city's General Fund, programs beyond the basic programs indicated.

## II. BUDGET ANALYSIS:

The budget analysis will concentrate on Alternative B as Alternative B contains all information contained within Alternative A. Generally city costs in the Fiscal Analysis were determined in the following manner:

1. A determination was made, based upon data provided by existing service providers as to the staffing needed to provide city services on a level at least equal to if not greater than the current service level. Staffing projections for line service were based upon the staffing levels currently provided to East Palo Alto by the County and or special districts. The staffing level for general government was based upon the staffing levels of similar sized cities.
2. All positions were budgeted based upon the assumptions that employees were paid at the highest step. In classifications which would normally contain both an entry level and journey level position it was assumed the position is filled at the journey level.
3. Employees benefits were estimated at 25% of personnel cost for non-public safety personnel and 30% of personnel cost for public safety personnel.
4. Services and supplies, exclusive of special contract costs, were estimated at 30% of the total personnel cost. Contract costs were added to that 30% figure in order to obtain a total services and supplies cost.
5. For purposes of Fiscal Analysis it was assumed that the City would contract for legal services, engineering services, grounds maintenance, animal control, civil defense, garbage collection, traffic signal maintenance, water purchase and sewage treatment and disposal.

As the consultants indicated in their summary, "different conclusions about the cost of municipal services can be debated endlessly." In order to assist you in getting a



"feel" for the projected expenditure cost we have prepared a series of cost projections against which you may compare the consultant's projections. These cost projections are presented in the form of four "Scenarios" which begin in the Appendix on Page A-3. The first Scenario presents basically the same information as contained within the Fiscal Analysis.

In the next two Scenarios we have taken specific County of San Mateo positions and built a low budget model and a high budget model using the same staffing allocations with different pay scales. For instance, the report's City Manager (\$35,000) is compared in Scenario II with East Palo Alto's Administrative Officer (\$33,528) and in Scenario III with the Deputy County Manager (\$37,089). Some positions do not lend themselves to this type of comparison and so only the closest approximating position is considered. For instance, the Fiscal Analysis' Accountant (\$21,000) is compared in both the second and third Scenario with an Accountant II (\$20,856). An example of our position cost analysis for these two positions is presented below.

POSITION COST ANALYSIS

(Example)

	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>	<u>Scenario IV</u>
Positon	City Manager	Administrative Officer	Deputy County Manager	City Manager
Salary	\$35,000	\$33,528	\$37,089	\$35,000
Position	Accountant	Accountant II	Accountant II	Accountant
Salary	\$21,000	\$20,856	\$20,856	\$21,000

The fourth Scenario is based upon a salary structure which staff feels is reflective of the market place. Salaries within the fourth Scenario are based upon a review of employment listings in public sector newsletters serving California. In a majority of cases this research substantiates the data presented in the Fiscal Analysis. Staff has not indicated a difference with the consultant's figures unless the annual position cost is greater than \$500 per person or \$1500 for all positions within a particular classification.

Several general observations are in order. The first is the adequacy of the County's pay schedule which forms the basis for Fiscal Analysis' cost projections. Generally speaking salaries paid by the County of San Mateo are quite competitive with those paid by municipalities. This is probably partially based upon the cost of living within San Mateo but also upon the size of the San Mateo County government. As indicated in The Municipal Year Book published by the International City Management Association, the annual maximum salary per employee is directly related to the size of the unit of government i.e., the larger the unit of government the greater the personnel cost for a given level of service.

Staff would caution against the urge to reduce projected cost though a wholesale manipulation of the suggested salary structure. From a cost-benefit standpoint staff would suggest that the city's intent should rather be focused on the development of personnel policies which rewards the more productive employees and eliminates non-productive employees. A mediocre salary structure will enable the city to hire the services of mediocre employees. (In the final analysis the city's salary structure will be determined by the first City Council. Any projection prior to that time is nothing more than speculation.)

Benefits within the proposed budget are projected at 25% of the personnel cost for non-public safety personnel and 30% of personnel cost for public safety personnel. In comparison, San Mateo County uses a single figure of 25% for all personnel. By using a higher figure the consultant has built in a hedge against two budgetary factors. The first factor is a shift differential normally paid to employees who work the majority of their hours outside the normal 8:00 a.m. - 5:00 p.m. work day. The second is the fact that employee benefits as a percentage of employee cost are rising at a faster rate than employee salaries. Therefore, it is staff's opinion that even though benefits indicated in the consultant's report are budgeted at an overall rate higher than that paid by the County there exist sufficient justification in doing so.

Service and supplies were budgeted at 30% of total employee cost in the consultant report. Generally speaking, services and supplies will vary within each municipal function. As a ball park figure staff estimates that General Government services and supplies runs about 30% of employee cost. Police will probably run about 25%. Community Development services and supplies cost for the functions listed within the Fiscal Analysis will rarely go over 20% , and, like police services and supplies will often run less than our estimate. Community Services (Parks and Recreation) services and supplies are high, 60% of the permanent personnel cost is not uncommon. Public Works, exclusive of capital improvements, will run in the neighborhood of 40% of personnel cost. In a new city "front in" expense might also be a factor to be considered in the first several years operating cost. To arrive at a more definitive services and supplies cost would require compiling an actual budget which would take several months. As an alternative, the use of the straight percentage services and supplies cost across the board seems a reasonable alternative.

One basic adjustment staff would make to the consultants' methodology is in the use of top step salaries for budget projections. Every public agency, including the County of San Mateo, projects potential salary savings in their annual operating budget. Therefore, while we have not figured salary saving into the first three scenarios we have figured salary savings into our Scenario IV estimates. The methodology employed is based on the following assumptions:

1. All positions are filled at all times, i.e., a termination on one day results in a hiring on the second day.
2. The city has a five step salary range with 5.7% between each step. This is the same as San Mateo County's.
3. All new employees are hired at B step at a journey level.
4. Employees advance one step for each twelve months of service.
5. Employee termination is evenly distributed through the organization and takes place at regular intervals rather than in a sporadic matter.

6. Finally, we have assumed an annual turnover rate of 10%. By comparison, San Mateo County's turnover rate is roughly 12%, Menlo Park's is higher.

Based upon these assumptions staff has computed and built a 3.9% salary savings into the projected personnel cost for each department in Scenario IV. That is, the "Total Salary" for each department as set forth in the fourth 3.9% less than the total of all positions listed for that department. This salary savings is carried over into employee benefit computations. Services and supplies, however, are based upon pre-salary savings employee cost. We believe this methodology is a cautious one. Again, it does not project salary savings from position vacancies even though a recruitment process to fill position vacancies takes between 30 to 90 days. Additionally, it is assumed that, although there may be several flexibly staffed positions, new employees are hired at the second step of the journey level.

This 3.9% salary savings is based upon a turnover rate which would not, theoretically, come into play until the second year. However, it is doubtful that all employees would be hired the first year at the top step. Therefore, in the first year of city operations the city could probably expect personnel cost even less than those projected. Staff would suggest however that the city will need experienced qualified personnel and it is doubtful that the city staff, as a whole, would be hired below the third step of this theoretical salary structure. Therefore no effort has been made to provide special consideration for first year city personnel cost, instead the 3.9% has been used for the first year.

One final general comment on the budget analysis is the consultants assumption that city costs will rise at the same rate as the Consumer Price Index, that is, that the rising cost of government services will be equal to the rate of inflation. Such may not be necessarily be the case. Labor cost particularly, have not kept pace with the rate of inflation. If this trend continues, labor intensive organizations, such as local government, may expect to see personnel cost, the majority of municipal budget, decrease in real dollars. California state and local government growth for the five year period prior to Proposition 13 had been about 4% per year. (The consultants assumed a 10% per year inflation rate.) At the same time the new city may see personnel cost decreasing in real dollars, some services and



supplies, particularly those made from oil based products and those requiring large amounts of energy for manufacture or use can be expected to increase. Overall, based upon existing trends, it would not be reasonable to expect the city budget to decrease one or two percent per year in real dollars. Aside from noting this phenomena no data is generated based upon it.

As previously stated the budget analysis covers only Alternative B. This is for two primary reasons: First, Alternative B contains all services and personnel indicated in Alternative A; second, it is staff's opinion that the municipal functions delineated in Alternative B provide the optimum city structure.

The following narrative should be read in conjunction with the Comparative Cost Report in the Appendices, pages A 4-12.

#### GENERAL GOVERNMENT

Total salaries for the City Council are \$9,000 a year or \$1,800 each member. A schedule for permissible City Council salaries is contained within the Government Code. The salaries for council members of cities with populations of up to 35,000 is limited to \$150 per month per council member unless the voters approve a higher salary.

It is assumed that the City Attorney would be a contract, part time, position. Generally a city has to have a population of around 50,000 before it is economically feasible to consider a full time attorney. The contract cost is listed at \$30,000. The basic retainer service would undoubtedly be less, say around \$20,000. On top of the basic retainer services the city would pay litigation cost and court time which would generally run an average of an additional \$10,000 a year for a city the size of East Palo Alto.

The City Manager's salary is shown at \$35,000 a year. This appears to be reasonable. A May, 1979 survey published by the International City Management Association cited the mean salary of City Managers in the western United States in cities with populations between 10,000 and 25,000 at \$33,915. In the Fiscal Analysis the City Manager is also indicated as the City Clerk. It is quite common in cities the size of East Palo Alto that the Manager and the Manager's Assistant will share various city functions which are part time efforts such as City Clerk, Finance Officer, Personnel Officer, etc. How the pie is split will depend upon the specific skills of the individual involved and the desires of the City Council. Here it is arbitrarily indicated that the Manager serves as the Clerk and the Manager's Assistant serves as the Finance and Personnel Officer. The



salary of the Manager's Secretary is listed as \$15,000 per year which appears to be the going rate.

In small and medium size cities where the Manager has an Assistant, the Assistant often functions as an unofficial department head in charge of all administrative/management services. The Assistant's salary at \$25,000 per year is competitive with the salaries offered assistant managers in cities of up to 30,000 in population.

The Accountant is a technically skilled individual who would generally serve as the Assistant Finance Officer and Purchasing Agent. The workload is such that the Accountant would normally need the assistance of an Account Clerk for general accounting, payroll and purchasing services. An additional Account Clerk would be needed to service the water service accounts. This second Account Clerk is indicated under the Public Works Department. While financially the position would be charged to the Water Division, functionally, in a city this size the individual would probably work in the Finance Office of city administration.

It is common within mid-peninsula cities that the contract for garbage services is handled as a part of the Finance function and though not indicated staff would suggest that this could well be the case in the City of East Palo Alto.

The consultants indicate the need for two Administrative Assistants. While this provides a higher level of management assistance than would normally be found in a city this size, one being sufficient, it does offer a flexibility which would be to East Palo's advantage. Functionally, staff could see one of the Administrative Assistants dividing time between personnel work and benefits/insurance. The second Administrative Assistant's time would be split between Public Information and Grant Research/Coordination.

Two Staff Clerks round out the General Government service level suggested by the consultants.

Again, while staff feels that the service level is somewhat high, due to the second Administrative Assistant position, that position should be considered a priority which would pay its own way. Staff believes all salaries indicated in the general government section are justified. However, staff believes that the consultants made an error in methodology in

computing 25% for employees benefits for the Council. Staff is unaware of any city the size of East Palo Alto which provides benefits to the city council. Second, if the city did choose to provide benefits to the Council the cost of benefits would exceed the Council Members salaries, rather than be 25% of those salaries. Staff has therefore re-computed the General Government cost to include the city council's salaries after, rather than before, the factoring of employee benefits. With this correction and the 3.9% salary savings staff finds that the cost for General Government, based upon the staffing and assumptions indicated in the report, would be approximately \$11,500 less than suggested in the Fiscal Analysis.

#### POLICE SERVICES

Police services have a total of 37 personnel, 29 sworn and 8 non-sworn. This provides for the same number of personnel as is currently assigned to East Palo Alto by the Sheriff's Department and the Highway Patrol. The City Police Department is headed by a Director of Public Safety at a suggested salary of \$30,000 per year. The title Director of Public Safety rather than Police Chief is suggested to designate responsibility for coordination with Menlo Park Fire Protection District. Frankly, it is staff's belief that East Palo Alto cannot afford an individual who is unwilling to assume other public safety responsibilities. The suggested salary at \$30,000 is somewhat high for a city this size but reasonable given the size of the suggested department and the expectations of the community. The Public Safety Director is assisted by a Lieutenant who has a suggested salary of \$26,500 a year.

Five Sergeants and 22 Officers round out the sworn personnel. A possible staffing plan would be to have a Sergeant and two Officers working full time on investigations with the remainder in patrol and traffic enforcement. As a simple method of understanding police deployment envision four patrol teams of five Police Officers each headed by a Sergeant working 12 hour shifts four days on, three days off, three dayson four days off. A cycle is completed every two weeks (see example). This works out to an average of 2,184 hours per man year as compared with 2,080 hours for a forty hour per week, fifty two week-year. Assuming San Mateo County vacation, holiday, and sick leave structures and a 50% sick leave utilization each individual would miss 20 shifts per year. The original six person team, including the Sergeant, would in actuality have only

five (5) people on duty during the majority of the year. Numerous other staffing possibilities exist. This one is presented because it make comprehension of 24 hours 365 day per year coverage realitively easy.

12 PLAN - TWO WEEK CYCLE

		Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
Week I	Day Team on Duty	A-Team	A-Team	A-Team	A-Team	B-Team	B-Team	B-Team
	Night Team on Duty	C-Team	C-Team	C-Team	D-Team	D-Team	D-Team	D-Team
Week II	Day Team on Duty	A-Team	A-Team	A-Team	B-Team	B-Team	B-Team	B-Team
	Night Team on Duty	C-Team	C-Team	C-Team	C-Team	D-Team	D-Team	D-Team

Staff concurs with the salaries suggested for the Police Officers (\$20,000) however staff believes that the salary suggested for the Sergeants is somewhat high and therefore in 'Scenario IV' has recomputed the Sergeant's salaries at \$23,500 per year rather than the \$24,000 suggested in the Fiscal Analysis.

Of the non-uniformed personnel, the Dispatcher-Clerks are subject to the same 24 hour 365 day per year requirements as the Police Officers. The subject of the Dispatcher-Clerks is a particularly aggravating one. It turns out that within the Menlo Park Fire Protection Districts' boundaries, Menlo Park Fire does its own dispatching, Atherton Police does its own dispatching, Menlo Park Police does it own dispatching and East Palo Alto would do its own. All to serve a population of approximately 60,000.

The suggested staffing plan and budget indicates two Community Service Officers at \$15,000 each. Although staff has no disagreement with the salary or need for the Community Service Officers, staff suggests a modification in the financing from that shown in the Consultant's report. The consultant's had been asked to prepare the Fiscal Analysis without making gross assumptions about uncommitted grant funds. Financing of the Community Service Officers provided an exception to this general rule however.

Over the past several years the Sheriff's Sub-Station has had several programs which involve Community Service Officers. None of these programs have been financed by the General Fund, all have been financed by special grants. Such is the case with the current Community Service Officers attached to the Sub-Station. The current Community Service Officers are financed by a \$50,000 per year crime prevention grant. The program is now in its second year and may be renewed for a maximum of five years. It seems reasonable to assume that if the program meets its performance objectives funding will be provided for the remaining three years. At the same time it seems reasonable to assume that if the program does not meet its objectives and AB90 funding is discontinued the city would not pick the program up. For this analysis we have assumed that the program continues to successfully meet its performance objectives, that AB90 funding continues for the entire five year period and that the city picks up the program after the five year period. Therefore, in the five year projection of revenue contained in the Appendix, \$50,000 in AB90 funding is included for the first three (3) years of the revenue projections.

In our fourth Scenario rather than figuring employees benefits for sworn personnel at 30% and employee benefits for non-sworn personnel at 25% we have used 30% for all public safety personnel. This provides a built-in hedge for shifts, differentials and overtime costs. Service and supplies are, as in the report, budgeted at 30%. With the adjustments to the salaries for the Police Sergeant, the 3.9% salary savings and the adjustment to employee benefits our fourth Scenario computation is \$33,800 less than that suggested by the consultants.

#### COMMUNITY DEVELOPMENT

Staff believes that the suggested salary of \$25,000 per year for the Director of Community Development is too low. A review of recent job listings for Community Development



Directors in similar size cities suggest that given the stated organizational structure, a salary in the neighborhood of \$26,000-28,000 per year is more in line with the current market demands. Staff believes that the two staff Planners, one Associate and one Assistant, suggested by the consultants, in addition to the Community Development Director, is a significant increase in planning services over that currently being provided to the community. It is perhaps even higher than a city the size of and as fully developed as East Palo Alto would warrant. Such a high level of planning capability would however enable the city to provide a substantially enhanced level of code enforcement and as such staff can see justification for the position from a service demand standpoint. Staff would however place this enhanced planning capability at a lower priority than the second Administrative Assistant. In seeming contradiction to the previous statement staff believes that freezing one of the planning positions to an Assistant Planner level is a false economy when considering the turnover rate that would be created by such a lack of upward mobility. We have therefore in the fourth Scenario calculated both Planners as if they were Associate Planners.

Staff believes that the Building Inspector's salary, while adequate, may be slightly low. However, we do not believe it so low that a reestimate is necessary. At the same time we believe that the workload is such that rather than designating an individual as a "Building" Inspector, a designation of General Inspector would be more appropriate. Based upon the changes indicated, our fourth Scenario suggests a total Community Development cost of approximately \$6,200 more than that suggested in the report.

#### PARKS & RECREATIONS

The consultant's designation of Park and Recreation services being delivered by a Department of Community Services rather than the more traditional Parks and Recreation Department represents a feeling on the part of the consultants that in a community such as East Palo Alto the human services provided by the municipality should not be limited to recreation services but rather, within fiscal constraints, should include a more comprehensive approach to Human Services. Staff concurs wholeheartedly with this belief and envisions a Community Service Department which would intergrate the more traditional recreation services with services similar to those currently provided by the Council's Youth Services Program and Community Resource Center. For budgetary purposes however we are concerned with only those positions which would be funded with non-grant sources of funding.



This core staff should have the capacity to provide for the more traditional park and recreation programs and oversee grant funded community service programs.

The consultants have therefore proposed a core staff of four individuals including a Director of Community Services, a Recreation and Leisure Manager, a Culture Development Program Manager, and a Staff Clerk. To provide for recreation programs the consultant had budgeted \$20,000 in extra help money. Park maintenance is provided through contract at a cost of \$40,000.

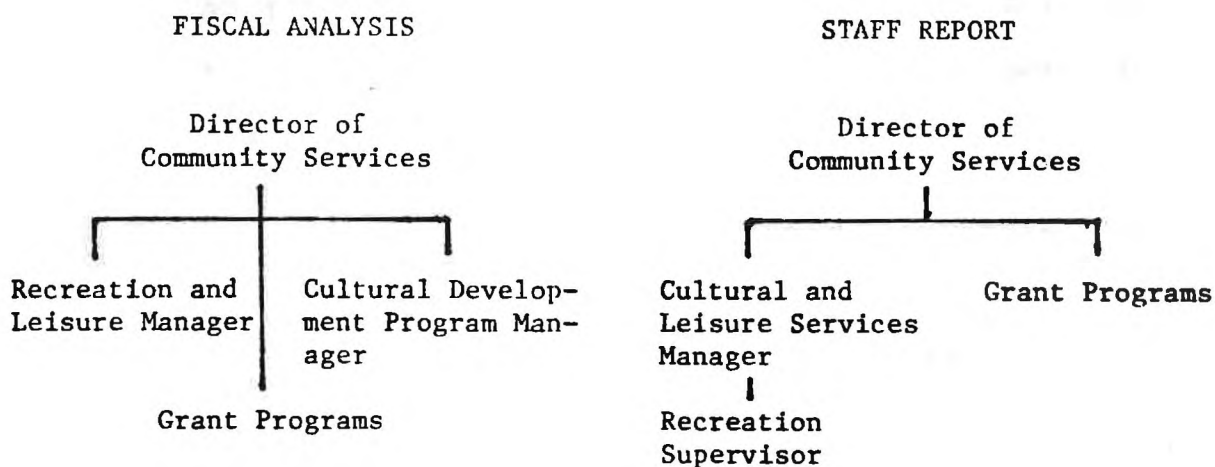
In their discussion of programs offered by the Ravenswood Recreation & Park District the consultants point out that in comparison to other cities the Recreation District's programs are quite limited. In their discussion of District revenues, the consultants provide a clear indication of why these services are limited. In 1978-79 Ravenswood Recreation and Park District raised about \$4,300 per year in revenue from fees and rentals. This provided about 2.5% of the District's revenues. It is not uncommon in other cities to find that as much as 20% of the operating budget for recreation services comes from fees or "pay as you go" programs. A good fee program would greatly enhance the recreational opportunities available to the community.

The consultants have, we believe, made an error in methodology in that they have budgeted for employee benefits for the part-time, seasonal, extra-help employees. In no city of which staff is aware are employee benefits provided to part-time seasonal recreation instructors. We have therefore in our computations recomputed the consultant's figures in Scenario I to indicate the extra-help money being added in after employee benefits for permanent employees are figured. At the same time, in recognition of the higher service and supply cost for recreation programs, we have budgeted the service and supplies at 40% of employee cost rather than the 30% used throughout the remainder of the report. (40% plus the \$20,000 extra help money equals the 60% mentioned on page 10 of this report.)

Staff disagrees with the consultants in their suggested salary for two positions, the Director of Community Services and the Recreation Manager. Although, the suggested salary for the Director of Community Services at \$22,000 is approximately \$1,000 per year more than currently earned by the Youth Services Programs' Coordinator we feel that it is low when compared with similar positions advertised within the last year. Staff believes that a salary in the range of \$24,000 per year is probably more accurate. At the same time

staff feels that the Recreation Manager's salary at \$18,500 is extremely generous to say the least. Apparently the consultants envisioned the Cultural Development Manager and Recreation Manager as being co-equals under the direction of the department head. Staff is of the opinion that this is just too elaborate a bureaucracy for a city of this size. The Recreation Manager would in reality be a Recreation Supervisor, coordinating the activities of the part-time extra-help people and reporting to the Cultural and Leisure Service Manager. We have therefore computed the Recreation Manager's salary at \$16,00 per year. (See chart below). Based upon the indicated adjustments our fourth Scenario suggests a total cost for this service of approximately \$8,700 less than the consultant's figure.

DEPARTMENT OF COMMUNITY SERVICES  
Proposed Organization Chart



The proposed permanent full-time Community Services staffing level is higher than that normally delivered to cities this size, but is consistent with the non-city funded program responsibilities expected of the Department.

We have so far in our discussion of Community Services left out park maintenance. This is deliberate as Park maintenance is a functionally different animal from the Recreation and Human Services discussed.

The consultants have budgeted \$40,000 for contract gardening. Currently Ravenswood Recreation & Park District budgets approximately \$30,000 for Park maintenance. Staff believes that the \$40,000 figure cited in the Fiscal Analysis is justified for several reasons. First, the current level of Park maintenance is less than satisfactory. Second, with incorporation and the absorption of the Recreation District and Sanitary District by the city there will be the additional 2½ acres of Martin Luther King Field to maintain.

National averages indicate that as a rule of thumb it takes one full-time Park maintenance person to maintain five acres of park land. This would suggest that if the city were to choose to provide park maintenance internally two gardeners would be needed. As an exercise we have therefore in our third Scenario established a sub-total for two gardeners using the County of San Mateo's current salary structure. The Fiscal Analysis, indicates a cost of approximately \$54,000, or \$14,000 more than the contract cost. This small cost suggests that, unlike legal services, the city at an early date may very well consider having park maintenance provided by city staff if the city feels it can get a higher level of service from in-house employees. Staff sees the responsibility for Park maintenance, whether provided through contract as suggested or in-house as being within the Public Works Department's domain rather than Community Services. We have however indicated Park maintenance as a function of Community Services to provide consistency with the existing situation.

#### PUBLIC WORKS

The Public Works Department is delineated in the consultant's report as primarily responsible for delivering various city field services to the community. Primarily the field services would include street maintenance, water services, sanitary services and drainage maintenance. Additionally, the department is responsible for the contract administration of garbage collection, street lighting, engineering services, and traffic signal maintenance. As previously indicated it would be staff's suggestion that contract administration for garbage collection would better be administered by city administration. At the same time, staff believes park

Maintenance would more properly be a function of Public Works than of Community Services.

Up to this point, staff has generally concurred with the consultant's approach to estimating municipal cost. This approach is generally a bottom up approach in which the consultant has estimated the personnel necessary to deliver particular line services and then built the various departments up from that point. The Public Works budget, however, has what staff feels are serious shortcomings. Staff disagrees with the consultants methodology on a number of points. This disagreement should not, however, be interpreted as dissatisfaction with the consultant's work. On the contrary, the shortcomings within the Public Works analysis are to be expected given the amount of time left when the consultant reached that point in the project. The consultants have, for the most part, correctly estimated the personnel needed to carry out the Public Works functions, they have taken into consideration the special funding nature of the proposed functions and they have considered city overhead expenses in support of the Public Works functions.

The principle point of disagreement is in the assignment of personnel to the various Public Works divisions. While the consultants have a fair handle on most of the personnel needs, the assignment of personnel to the various divisions was, in staff's opinion, illogical. Because of the special funding nature of most Public Works functions this has resulted in certain services subsidizing other services.

Staff has therefore in its computations redefined the personnel assignments within the Public Works department to show a different organizational structure. We have started by reverting to the bottom up approach of defining exactly what the personnel requirements are to deliver any particular service. Sanitary services, for instance, require a two person team. Water services require three Maintenance Workers, a Supervisor and an Account Clerk. Street patching, requires a driver and two maintenance workers. Additionally, there would be a need for a General Manager, a Foreman or Maintenance Supervisor, a Vacation relief worker and a staff clerk. The cost of the support positions would be prorated to the Service Divisions.

By placing five people within the Streets Division they have inadvertently made the Streets Division bear the entire cost of general line supervision and vacation relief for the remainder of the Department. Additionally, by placing the Account Clerk in Public Works Administration they have



charged the Sanitary and Street Division a cost which is solely the responsibility of the Water Division.

In arriving at our scenario IV Maintenance Worker cost we have constructed a multi level Maintenance Worker salary schedule rather than using specific classifications such as Street Maintenance Worker, Water Maintenance Worker and Sanitation Maintenance Worker. The Journey level in the Water and Sanitary Divisions would be a Maintenance Worker II at \$17,000 per annum. Each division would have a Maintenance Worker III as a Lead Worker. The Journeyman level in the Streets Division would be a Maintenance Worker III at \$19,000 per annum. The Lead Worker for that Division would be a Maintenance Worker IV. The position authorization for the Maintenance Worker classifications is shown in the chart below. A general Maintenance Worker salary structure is normally employed in small and medium sized cities.

POSITION AUTHORIZATION  
FOR MAINTENANCE WORKERS IN  
STREETS, WATER AND SANITARY DIVISIONS

Position	Salary	Streets Division	Water Division	Sanitary Division
Maintenance Worker I	\$15,000		3 a	1 a
Maintenance Worker II	17,000	2 a	3 a	1 a
Maintenance Worker III	19,000	2 a	1	1
Maintenance Worker IV	21,000	1		
TOTAL AUTHORIZED		3	4	2

a: Flexibly staffed. Not to exceed a combined total of Division Authorization.



Staff believes that the salaries suggested by the consultant for the Director of Public Works, who in actuality is a General Manager, is too high. We have compared that salary with the salary of a County Road Maintenance Supervisor II and Associate Civil Engineer and additionally have made a review of the market place and believe that a salary of \$28,000 a year is more in line than the proposed \$30,000. If the General Manager were in reality a Public Works Director and a Register Civil Engineer, \$30,000 a year would be more in line. As previously stated however under the proposed model the city would contract for Engineering Services.

We find no justification for the Administrative Assistant position. The Administrative Assistant position was included by the consultant to handle contract administration for Public Works. Even prior to the modifications of the contracts administered, a full-time position was not justified. We have, therefore, deleted this position in all but the First Scenario.

As previously stated, in our computations we have moved the Account Clerk to the Water Division and moved the Street Maintenance Supervisor and one Street Maintenance Worker to Administration or staff support. We concur with the salary for the Street Maintenance Supervisor, whom we could classify as an overall Maintenance Supervisor, but disagree with the idea that all Street Maintenance Workers should be budgeted at the advance salary indicated. Within the San Mateo County organizational structure the salary ordinance allows only about 50% of the total Road Maintenance Workers to receive this advance step. We have therefore in our Fourth Scenario budgeted the relief worker (Street Maintenance Worker) as a Maintenance Worker II at \$17,000 per year.

Using the above and previously stated criteria we have in our Fourth Scenario suggested a Maintenance Worker IV and two Maintenance Worker IIIs for the Street Division. In the Water Division, we have shown a Maintenance Worker II to serve as a lead person and three Maintenance Worker II's in addition to the Account Clerk. In the Sanitary Division, our Fourth Scenario shows one Maintenance Worker III and one Maintenance Worker II.

We believe the work performed by Sanitary Maintenance Workers is more closely akin to that performed by Water Service Workers than that performed by Road Workers. Therefore, we have based the Sanitary Workers classifications on those used for the Water Service Workers. Additionally, it should be pointed out that these salaries are considerably higher than currently paid to the Maintenance Workers employed by the East Palo Alto

### Sanitary District.

The "Corporation Yard" appears to be a weak point in the report. We find no justification, for instance, for the Corporation Yard Supervisor. Supervisor of what? We believe that the suggested salary of "Equipment Mechanic" is low and that need would justify a general Automotive - Mechanic rather than Equipment Mechanic. A survey of the going rate for a Journey Mechnic indicates that a Mechanic would make in the neighborhood of \$19,000 a year rather than the \$16,500 salary suggested. Also, it is erroneous, in our estimation, to charge the cost of the Mechanic solely to the Public Works Divisions and to assume that Vehicle Maintenance would be a net increase in city cost. Rather, staff assumes that the city, as most cities, would include the cost of Vehicle Maintenance along with the cost of vehicle replacement in the "rental" cost charged to the various vehicle users. The overall 30% services and supplies computation adequately justifies this assumption. Under this assumption there would be no additional net city cost for Vehicle Maintenance and the distribution of the charges would also not be a 100% cost to Public Works. In fact, based upon San Mateo County data we would estimate that as much as 30% of the Vehicle Maintenance cost would be charged to the Police Department. The Police Department would have over 50% of the total city rolling stock and would use that rolling stock much more extensively than the other departments. Finally, it is questionable whether one Mechanic could handle all the cities vehicles. Staff assumes that overload work would be contracted out.

In our Scenario I computations we have assumed that the Corporation Yard Supervisor is a net city cost and that the cost for Vehicle Maintenance is offset by service charges to services and supplies accounts. In the remaining scenario we have deleted the Corporation Yard Supervisor position and offset the Vehicle Maintenance cost.

Using the criteria and assumptions discribed, plus other factors discussed later, we have computed a Public Works operating cost of \$141,800 less than that contained within the Fiscal Analysis.

In both city alternatives it is suggested that engineering be provided by contract rather than having an in-house Engineer. Staff concurs with this view but points out that it is a judgement question. There seems to be little justification for an in-house Engineer in a community as fully developed as East Palo Alto. Additionally, Engineering costs quickly have a way of getting out of hand. Cities usually find that if they hire an in-house City Engineer they also end up hiring an Engineering Aide to do a lot of the leg work

which the Engineer considers menial. By the same token if Engineering is placed within the traditional Public Works format you will often find that the Public Works Director is an Engineer with many years of Engineering experience, and therefore commands the salary of an Engineer. Functionally however, the Public Works Director is a General Manager who does very little actual Engineering. The Engineering is actually handled by a second Engineer and Engineering Aide. (There are exceptions however it seems to work this way more often than not.)

While Engineering has been budgeted within Public Works, staff would functionally see Engineering as a part of Community Development. This functional arrangement is becoming more common in medium sized progressive cities as it centralizes design responsibilities in one department, Community Development, and allows the Public Works Department to devote full-time to the provision of public services such as roads, water and sanitation.

Not included within the Public Works' services and functions is Street Sweeping services. Street Sweeping is now provided on sixty percent of the community's thirty-eight miles of streets. As Street Sweeping is not available to the whole community staff would assume that if the city elected to have Street Sweeping it would be financed through a benefit assessment or service charges which would offset the cost of the service. As such there would be no net increase in city costs. If the city did choose to have the streets which presently receive street sweeping services swept on a weekly basis staff estimates, based upon conversations with Public Works, that the service as an incremental cost would cost approximately \$40,000 per year or six to seven dollars per household. Departmental and city overhead charges would add to this cost.



### III. FINANCIAL ANALYSIS:

The financial analysis of funds the city could expect to receive in its first five years of operation is the real meat of the consultant's study. From staff's limited knowledge of this area the work appears to be quite solid. Staff's comments are largely limited to pointing out certain considerations and assumptions employed by the consultants. We have attempted not to duplicate discussions which have taken place in other parts of this report.

After making minor adjustments of the consultant's revenue projections we have compiled two sets of data. (Any and all adjustments are thoroughly discussed in staff's report. Unless otherwise indicated the base data used for staff's analysis comes from the consultant's Fiscal Analysis.) This data is intended to place the fiscal information in the Fund Accounting structure employed by local government. The number and type of funds a city establishes is to a large degree left up to the city although some are required by law. We have therefore had to make some assumptions about a simplified fund structure.

The purpose of the first set of data is to show the strength or weaknesses of each fund in any given year and consist of two charts, one depicting Revenue Sources by Fund (p. A 13-18) and the other, a Cash Flow Summary for each of the first five years (p. A 19-24). The primary conclusion which may be reached is that there is a deficit in the General Fund in the first two years after which time there is an ending surplus. At the same time, however, the Gas Tax Fund is only solvent in the first year. After 1983-84, there is surplus enough in the General Fund to cover the deficit in the Gas Tax Fund. All other funds are essentially healthy throughout the five year period in question.

The second set of data shows the city's expected financial picture from July 1982 - July 1985 based upon the assumption that the city incorporates July 1981 and assumes Municipal Services July 1982 (p. A 25-28). This series of charts is the most important data in staff's report. The principal conclusion which may be reached from this data is that incorporation is fiscally feasible. General Fund revenues continue to grow slowly but steadily while General Fund expenditures remain constant. Only in the Gas Tax Fund do expenditures exceed fund revenues. As is pointed out by the consultants this is a situation which will affect every California city as inflation eats away at this fixed revenue source.

For purposes of our Revenue Source and Cash Flow Summaries, revenues from Fines

and Penalties are included as "General Fund" monies and the benefit assessment for drainage maintenance is included in the "Gas Tax Fund." By law Fines and Penalties must be used for traffic safety purposes which could include numerous Public Works and Police functions.

#### FEDERAL AND STATE ASSISTANCE

In calculating State shared revenues the consultants point out that these revenues are dependent upon a population figure which is estimated as three times the number of registered voters or as determined by a special census. This special census apparently cannot be conducted until after incorporation. The census should be considered an absolute necessity once incorporation occurs.

With the exception of General Revenue Sharing and H.C.D.A. the consultants have included no federal funding in their revenue projections, staff concurs with this approach of not trying to guesstimate special federal grants which the new city may be eligible for even though we know that such funding exists and the new city would have a pretty decent chance of qualifying for such funding. This funding is not included because it generally comes in the form of special project grants rather than in the form of grants to subsidize ongoing day to day operations. (These grants do however, almost without exception, allow a portion of the city's administrative cost to be charged against the grant as the cost of administering the grant.) One adjustment/exception we have made in Federal/State financing is the inclusion of the Sub-Station's current AB90 grant in the revenue projection through 1982-83.

In discussing possible CETA funding, the consultants state that the proposed city staff for each Alternative is a core staff. Many cities, they continue, have employees financed by CETA or specific federal grants and that such programs will undoubtedly exist in East Palo Alto although they are not specifically identified. While it is true that over the past several years cities, particularly in other counties, have had as much as 20%-25% of their staffs funded by CETA, CETA can no longer be considered a source of financing for local government. In reality what has happened is that cities which have made extensive use of CETA programs have artificially inflated their service levels, and they may be expected by residents to continue this artificially inflated service level now that CETA funding has declined. Therefore, while specific project grants will be available and should be pursued, CETA should not at this time be considered a realistic funding source.



LOCAL REVENUE:

The Fiscal Analysis estimates that rehabilitation of the community shopping center would increase retail sales tax revenue by \$50,000. It additionally assumes that another \$50,000 in new sales tax revenue could be generated from other commercial development. For purposes of the revenue projections the consultants assumed that \$100,000 in new municipal revenue would be generated by 1984. Staff believes this is ambitious under the best of circumstances and unrealistic given the experience of the County's Housing and Community Development Division in commercial revitalization and the commitment of that department to the community. Staff believes for purposes of this analysis the \$100,000 figure should be discounted. Only sales tax growth exclusive of the shopping center should be considered. It is staff's opinion that given the current service delivery agency \$50,000 in new sales tax revenue is an optimistic figure, \$100,000 is unrealistic. We have therefore assumed in our revenue projections that the shopping center will not be developed. We hope Housing and Community Development proves us wrong.

In its discussion of Capital Improvements the Fiscal Analysis assumes that the County will commit to completion of current County Capital Improvements Program. Incorporation would not be feasible without this commitment. It should again be pointed out that the Capital Improvement Program currently includes an assumption that HCD financing in an amount of up to \$800,000 will be used for some of these improvements which are scheduled sometime during the 1982-83 fiscal year. This could affect HCD program money available to the new city.

In the discussion of sewage treatment the consultants point out that the East Palo Alto Sanitary District is obligated to pay \$52,000 per year to the City of Palo Alto for Capital Improvements to their treatment plant. This payment ends in 1981, however the consultants have built in a \$60,000 per year debt service payment through the entire five year incorporation cost projection. While indentifying this cost as a debt service is technically a mistake as the cost could be eliminated from the budget projections after 1981, inclusions of that figure in the budget projections insures modest but necessary capital improvements for sanitary lines.

A similar error has been made in calculations regarding water cost. The consultants indicate in their discussion that with the use of wells, currently being installed, the cost

for the purchase of water from the San Francisco Water Department will be reduced \$50,000. However in their five year projections they have assumed the pre-well purchase cost. For purposes of our calculations we have assumed the Well will reduce water purchase cost by a more conservative \$30,000 and that such savings would come into play in 1980-81. For both the Sanitary Division and the Water Division we have assumed that any "surpluses" would be reserved for Capital Improvements.

The consultants in their discussion of street lighting indicate that the average annual operating cost for the incorporated city for 1980 through 1985, would be \$120,000. At the same time they indicate that the 1978-79 separable cost was \$61,409 and the 1980-85 annual operating cost under the Base Case would be \$105,000. Two factors are at play here; first, the 1978-79 Ravenswood Highway Lighting District's cost are somewhat lower than the previous year due to Proposition 13. The Lighting District's "short-fall" in 1978-79 was made up by financing some street lighting with road tax money. The second factor affecting the projected difference in financing costs is a somewhat higher service level under incorporation. It is important to note that the consultants assume that in the future street lighting will be financed through a service charge or a benefit assessment.

There exists within the Public Work's budget \$29,000 in undocumented costs, that is, the projection of Public Works cost in Table V-8 of the Fiscal Analysis is \$29,000 higher than the total of all Public Works cost itemized elsewhere in the report.

The consultants in the Fiscal Analysis have considered the funding restrictions on various Public Works monies and have therefore devised an expenditure transfer schedule to show expenditures from the Road, Water service, and Sanitary service funds to cover the cost of the departmental administration and city overhead charges. The base criteria used for this proration was the number of personnel in any one unit. For example, the Street, Water and Sanitary Divisions have a total of ten personnel; three in the Street Division, five in the Water Division and two in the Sanitary Division. The Street Division is therefore charged for 30% of departmental administration and engineering cost, the Water Division for 50% of that cost and the Sanitary Division for 20%. The same method is used to derive city overhead cost.

The use of such a methodology is acceptable. Justification

for this general approach is found in basic assumptions regarding the use of time by City Administration. It is assumed, for instance, that if the Public Works Department employs approximately 20% of the City's personnel then approximately 20% of the personnel offices time would be devoted to servicing that department, approximately 20% of the time devoted to processing payroll would be to serve that department, etc.

Another acceptable method of estimating indirect cost would be to use the budgetary appropriations of the various divisions as the base criteria. This method would assume that a larger appropriation would command proportionately more of, for instance, the finance operations time than a smaller appropriation. Again, these two methods are methods of ball park estimation. A strict cost accounting would undoubtedly yield a different set of cost applied data than either of these methods. Likewise certain City Council policies could affect the data generated under any method used. For purposes of our estimations we have used the personnel criteria method even though the appropriation criteria method would yield a higher transfer to the General Fund.

It is proposed by the consultants that a major revenue source which the city could establish would be a Utility Franchise Tax.. This tax with a real growth of 14.5 % would be the city's fastest growing revenue source. It should be noted that the Economic Opportunity Commission's Draft: People's Platform for the Eighties calls for an elimination of such taxes. The Franchise Tax would not have to go into effect until July of 1982 (this is also true for the Business license tax).

#### MAJOR COST/REVENUE DIFFERENCES

A number of revenue and cost figures cited in the Fiscal Analysis are different than those cited in the staff analysis. The major differences are as follows:

The consultants assumed the development of the community shopping center by the middle of 1983. Given the current attitude of the County's Division of Housing and Community Development towards economic development that assumption appears unrealistic at this time. Therefore, sales tax produced by the shopping center has not been calculated in the staff analysis. This has reduced sales tax revenues

\$57,000 in 1983-84 and \$63,800 in 1984-85.

The staff analysis has assumed that a \$50,000 per year grant currently awarded to the EPA Sheriff's Substation for crime prevention would be transferred to the city. This grant, which was not considered in the Fiscal Analysis may be continued through 1982-83, the first year in which the city would be responsible for municipal services.

The Fiscal Analysis assumes that all city employees are employed at the top step of a salary structure similar to San Mateo County's. The staff analysis calculates that with a modest, ten percent, turnover rate of employees a \$67,500 "salary savings" could be effectuated.

The Fiscal Analysis contains a staffing plan which includes two positions not contained in the staff analysis. The elimination of these two positions reduces municipal expenditures by \$62,000.

The Fiscal Analysis five year cost projections includes a \$60,000 per year payment to the City of Palo Alto for a East Palo Alto Sanitary District obligation. This obligation will be paid in 1981 and is not considered as an obligation after that time in the staff analysis.

The Fiscal Analysis assumes a water purchase cost from the San Francisco Water Department of \$200,000 per year. However, a well currently being installed should reduce that cost by \$30,000 per year. This savings has been included in the staff analysis.

The staff analysis assumes that vehicle maintenance cost contained in the Fiscal Analysis would be offset by charges to user departments. This would reduce city cost \$27,000.

The Fiscal Analysis contains \$29,000 in Public Works cost which has not been documented. Undocumented cost are not built into the staff analysis.

This concludes staff's report. Refinements will undoubtedly be made as time goes on. Staff stands ready to undertake additional analysis as Council identifies specific areas of concern.

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APPENDICES



The following tables present four  
different cost analysis of city cost.

1980-1981

SUMMARY  
COMPARATIVE COST REPORT  
EAST PALO ALTO MUNICIPAL SERVICES

DEPARTMENT/FUNCTION	SCENARIO I	SCENARIO II	SCENARIO III	SCENARIO IV
General Government	\$ 330,137	\$ 323,865	\$ 338,952	\$ 321,487
Police	1,222,260	1,216,260	1,228,418	1,188,493
Community Development	161,688	166,715	185,383	167,871
Community Services	186,000	166,659	200,819	180,789
Public Works	<u>914,000</u>	<u>826,399</u>	<u>849,746</u>	<u>829,038</u>
Sub-total City Cost	2,822,209	2,690,098	2,803,318	2,687,678
Animal Control	9,400	9,400	9,400	9,400
Civil Defense	3,500	3,500	3,500	3,500
Garbage Collection	220,000	220,000	220,000	220,000
Street Lighting	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
CITY TOTALS	\$3,175,109	\$3,042,998	\$3,156,218	\$3,040,578

Note: Table V-8 in the Fiscal Analysis state that the annual cost for municipal operations would be \$3,259,700. The difference between that figure and the one shown in Scenario I is primarily due to the consultant's computation of vehicle maintenance as a net city cost (\$26,800), undocumented Public Works cost (\$29,200), and a water purchase cost of \$200,000 rather than the \$170,000 used in the staff analysis.

# GENERAL GOVERNMENT

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

### Scenario I

### Scenario II

### Scenario III

### Scenario IV

Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	City Manager/ City Clerk	\$35,000	\$ 35,000	Administra- tive Officer	\$33,528	\$ 33,528	Deputy County Manager	\$37,085	\$ 37,085	City Manager/ City Clerk	\$35,000	\$ 35,000
1	Deputy Clerk/ Secretary	15,000	15,000	Administra- tive Clerk	14,556	14,556	Secretary III	16,032	16,032	Deputy Clerk/ Secretary	15,000	15,000
1	Assistant to City Manager	25,000	25,000	Management Analyst III	24,120	24,120	Senior Manage- ment Analyst	26,884	26,884	Assistant to City Manager	25,000	25,000
1	Accountant	21,000	21,000	Accountant II	20,856	20,856	Accountant II	20,856	20,856	Accountant	21,000	21,000
2	Administrative Assistant	22,000	44,000	Management Analyst II	21,648	21,648	Management Analyst II	21,648	21,648	Administrative Assistant	22,000	44,000
1	Account Clerk	12,500	12,500	Fiscal Clerk	12,540	12,540	Fiscal Clerk	12,540	12,540	Account Clerk	12,500	12,500
2	Staff Clerk	12,500	25,000	Staff Clerk II	12,372	24,744	Secretary I	13,164	26,328	Staff Clerk	12,500	12,500
Total Salary			177,500	173,640			182,985			170,578		
Employee Benefits @ 25%			44,375	43,410			45,731			42,645		
City Council @ \$1,800 ea			9,000	9,000			9,000			9,000		
Total Employee Cost			230,875	226,050			237,656			222,223		
Services & Supplies @ 30%			69,260	67,815			71,296			69,264		
Contract (Attorney)			30,000	30,000			30,000			30,000		
TOTAL SERVICE COST			330,137	328,865			338,952			321,487		
Less Expenditure Transfer			(66,027)	(64,773)			(67,790)			(63,778)		
NET SERVICE COST			\$ 264,110	\$ 259,092			\$ 271,162			\$ 257,709		

Note: The actual total of salaries in Scenario IV is \$177,500. The lower salary indicated is a reflection of an estimated 3.9% "salary savings". Services and Supplies are based upon the pre-salary savings employee cost.

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# POLICE SERVICES

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

Scenario I				Scenario II			Scenario III			Scenario IV		
Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Director of Public Safety	\$30,000	\$ 30,000	Sheriff's Captain	\$30,696	\$ 30,696	Sheriff's Captain	\$30,696	\$ 30,696	Director of Public Safety	\$30,000	\$ 30,000
1	Lieutenant	26,500	26,500	Sheriff's Lieutenant	27,468	27,468	Sheriff's Lieutenant	27,468	27,468	Lieutenant	26,500	26,500
5	Sergeant	24,000	120,000	Sheriff's Sergeant	23,460	117,300	Sheriff's Sergeant	23,460	117,300	Sergeant	23,500	117,500
22	Police Officer	20,000	440,000	Deputy II	20,004	440,088	Deputy II	20,004	440,088	Police Officer	20,000	440,000
6	Clerk/ Dispatcher	13,500	81,000	Communications Dispatcher I	13,572	81,432	Sheriff's Clerk	13,812	82,872	Clerk/ Dispatcher	13,500	81,000
2	Community Service Officer	15,000	30,000	Community Worker II	13,476	26,952	Community Program Specialist I	16,452	32,904	Community Service Officer	15,000	30,000
Total Salary			727,500	723,936			731,328			696,725		
Employee Benefits			212,700	211,761			213,609			209,018		
Total Employee Cost			940,200	935,697			944,937			905,743		
Services & Supplies @ 30%			282,060	280,709			283,481			282,750		
TOTAL SERVICE COST			\$1,222,260	\$1,216,460			\$1,228,418			\$1,188,493		

Note: The actual total of salaries in Scenario IV is \$725,000. The lower salary indicated is a reflection of an estimated 3.9% "salary savings". Services and Supplies are based upon the pre-salary savings employee cost.

Note: In Scenarios I-III employee benefits for sworn personnel are calculated at 30% while benefits for non-sworn personnel are calculated at 25%. In Scenario IV all benefits are calculated at 30%.

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# COMMUNITY DEVELOPMENT

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

### Scenario I

### Scenario II

### Scenario III

### Scenario IV

Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Director of Community Development	\$25,000	\$ 25,000	Senior Planner	\$27,888	\$ 27,000	Principal Planner	\$31,704	\$ 31,704	Director of Community Development	\$28,000	\$ 28,000
1	Associate Planner	22,000	22,000	Planner II	21,504	21,504	Planner III	24,648	24,648	Associate Planner	22,000	22,000
1	Assistant Planner	18,000	18,000	Planner I	18,132	18,132	Planner II	21,504	21,504	Associate Planner	22,000	22,000
1	Building Inspector	22,000	22,000	Building Inspector	22,698	22,698	Construction Inspector	23,062	23,062	Inspector	22,000	22,000
1	Staff Clerk	12,500	12,500	Staff Clerk II	12,372	12,372	Secretary I	13,164	13,164	Staff Clerk	12,500	12,500
Total Salary			99,500	102,594			114,082			102,347		
Employee Benefits @ 25%			24,875	25,648			28,520			25,587		
Total Employee Cost			124,375	128,242			142,602			127,934		
Services & Supplies @ 30%			37,313	38,472			42,781			39,937		
TOTAL SERVICE COST			\$ 161,688	\$ 166,715			\$ 185,383			\$ 167,871		

Note: The actual total of salaries in Scenario IV is \$106,500. The lower salary indicated is a reflection of an estimated 3.9% "salary savings". Services and Supplies are based upon the pre-salary savings employee cost.



# COMMUNITY SERVICES

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

Scenario I

Scenario II

Scenario III

Scenario IV

Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Director of Community Services	\$22,500	\$ 22,500	Community Program Specialist III	\$21,624	\$ 21,624	Administrative Coordinator, Community Services	\$24,504	\$ 24,504	Director of Community Services	\$24,000	\$ 24,000
1	Cultural Development Manager	18,500	18,500	Community Worker II	13,476	13,476	Community Program Specialist II	18,384	18,384	Director of Leisure & Cultural Services	18,500	18,500
1	Recreation and Leisure Manager	18,500	18,500	Community Worker II	13,476	13,476	Community Program Specialist I	16,452	16,452	Recreation Supervisor	16,000	16,000
1	Staff Clerk	12,500	12,500	Staff Clerk II	12,372	12,372	Secretary I	13,164	13,164	Staff Clerk	12,500	12,500
	Total Salary		72,000			60,948			72,504			68,231
	Employee Benefits @ 25%		18,000			15,237			18,126			17,058
	Total Employee Cost		90,000			76,185			90,630			85,289
	Services & Supplies @ 40%		36,000			30,474			36,252			35,500
	Contract (Instructors)		20,000			20,000			20,000			20,000
	Contract (Gardening)		40,000			40,000			53,937			40,000
							Gardener (2)	16,596	33,192			
							Employee Benefits @ 25%		8,298			
							Total Employee Cost		41,490			
							Services & Supplies @ 30%		12,447			
							Total Gardening Cost		53,937			
	TOTAL SERVICE COST		\$ 186,000			\$ 166,659			\$ 200,819			\$ 180,789

Note: The actual total of salaries in Scenario IV is \$71,000. The lower salary indicated is a reflection of an estimated 3.9% "salary savings". Services and Supplies are based upon the pre-salary savings employee cost

# PUBLIC WORKS - ADMINISTRATION

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

Scenario I

Scenario II

Scenario III

Scenario IV

Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Director of Public Works	\$30,000	\$ 30,000	Road Maintenance Supervisor II	\$27,408	\$ 27,408	Associate Civil Engineer	\$27,696	\$ 27,696	Director of Public Services	\$28,000	\$ 28,000
1	Administrative Assistant	\$18,000	18,000									
1	Street Maintenance Supervisor	24,500	24,500	Road Maintenance Supervisor I	24,576	24,576	Road Maintenance Supervisor I	24,576	24,576	Maintenance Supervisor	24,500	\$ 24,500
1	Street Maintenance Worker	19,500	19,500	Road Maintenance Worker I	17,028	17,028	Road Maintenance Worker II	19,360	19,360	Maintenance Worker II	17,000	17,000
1	Staff Clerk	12,500	12,500	Staff Clerk II	12,372	12,372	Secretary I	13,164	13,164	Staff Clerk	12,500	12,500
	Total Salary		104,500			81,384			84,796			78,804
	Employee Benefits @ 25%		26,125			20,346			21,199			19,701
	Total Employee Cost		130,625			101,730			105,005			98,503
	Services and Supplies @ 30%		39,187			30,519			31,798			30,750
	Contract (Engineering)		30,000			30,000			30,000			30,000
	TOTAL SERVICE COST		199,812			162,249			167,793			159,253
	Less Expenditure Transfer	(199,812)			(162,249)			(167,793)			(159,253)	
	NET SERVICE COST	\$	0		\$	0		\$	0		\$	0

Note: The actual total of salaries in Scenario IV is \$82,000. The lower salary indicated is a reflection of an estimated 3.9% "salary savings". Services and Supplies are based upon the pre-salary savings employee cost.

# PUBLIC WORKS - STREETS

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

Scenario I				Scenario II			Scenario III			Scenario IV		
Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Streets Main- enance Worker	\$19,500	\$ 19,500	Road Mainten- ance Worker II	\$19,380	\$ 19,380	Road Equipment Operator	\$22,068	\$ 22,068	Maintenance Worker IV	\$21,000	\$ 21,000
2	Streets Main- enance Worker	19,500	39,000	Road Mainten- ance Worker I	17,028	34,056	Road Mainten- ance Worker II	19,380	38,760	Maintenance Worker III	19,000	38,000
	Total Salary		58,500			53,436			60,828			56,694
	Employee Benefits @ 25%		14,625			13,359			15,207			14,175
	Total Employee Cost		73,125			66,796			76,035			70,874
	Services and Supplies @ 30%		21,937			20,038			22,810			22,125
	Contract (Signal Maintenance)		10,000			10,000			10,000			10,000
	Expenditure Transfer		79,809			68,107			70,675			66,909
	TOTAL SERVICE COST		\$ 184,871			\$ 164,940			\$ 179,520			\$ 169,908

Note: The actual total of salaries in Scenario IV is \$59,000.  
The lower salary indicated is a reflection of an estimated 3.9%  
"salary savings". Services and Supplies are based upon the pre-  
salary savings employee cost.

# PUBLIC WORKS - WATER

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

Scenario I				Scenario II			Scenario III			Scenario IV		
Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Water Maintenance Supervisor	\$20,000	\$ 20,000	Water Service Worker III	\$18,012	\$. 18,012	Water Service Supervisor	\$20,508	\$ 20,508	Maintenance Worker III	\$19,000	\$ 19,000
3	Water Maintenance Worker	16,500	49,500	Water Service Worker II	16,944	50,832	Water Service Worker II	16,944	50,832	Maintenance Worker II	17,000	51,000
1	Account Clerk	12,500	12,500	Fiscal Clerk II	12,540	12,540	Fiscal Clerk II	12,540	12,540	Account Clerk	12,500	12,500
Total Salary			82,000				81,384				83,880	79,283
Employee Benefits @ 25%			20,500				20,346				20,970	19,821
Total Employee Cost			102,500				101,730				104,850	99,104
Services & Supplies @ 30%			30,750				30,519				31,455	30,938
Contract (Water Purchase)			170,000				170,000				170,000	170,000
Debt Service (Loan)			30,000				30,000				30,000	30,000
Expenditure Transfer			132,920				113,510				117,791	111,516
TOTAL SERVICE COST			\$ 446,170				\$ 445,759				\$ 454,096	\$ 441,528

Note: The actual total of salaries in Scenario IV is \$82,500. The lower salary indicated is a reflection of an estimated 3.9% "salary savings". Services and Supplies are based upon the pre-salary savings employee cost.

# PUBLIC WORKS - SANITATION

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

Scenario I

Scenario II

Scenario III

Scenario IV

Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Sanitary Main- tenance Worker	\$19,500	\$ 19,500	Water Service Worker II	\$16,944	\$ 16,944	Water Service Worker III	\$18,012	\$ 18,012	Maintenance Worker III	\$19,000	\$ 19,000
1	Sanitary Main- tenance Worker	19,500	19,500	Water Service Worker II	16,944	16,944	Water Service Worker II	16,944	16,944	Maintenance Worker II	17,000	17,000
	Total Salary		39,000			33,888			34,956			34,596
	Employee Benefits @ 25%		9,750			8,472			8,739			8,649
	Total Employee Cost		48,750			42,360			43,695			43,245
	Services & Supplies @ 30%		14,625			12,708			13,108			13,500
	Contract (Treatment Service)		120,000			120,000			120,000			120,000
	Debt Service (Palo Alto)		60,000			60,000			60,000			60,000
	Expenditure Transfer		53,167			45,405			47,117			44,606
	TOTAL SERVICE COST		\$ 296,542			\$ 280,473			\$ 283,930			\$ 281,351

Note: The actual total of salaries in Scenario IV is \$36,000.  
The lower salary indicated is a reflection of an estimated 3.9%  
"salary savings". Services and Supplies are based upon the pre-  
salary savings employee cost.

Note: The payment to the City of Palo Alto ends in 1982-83.



# PUBLIC WORKS - VEHICLE MAINTENANCE

## COMPARATIVE COST REPORT EAST PALO ALTO MUNICIPAL SERVICES

Scenario I

Scenario II

Scenario III

Scenario IV

Staff	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total	Position	Salary	Total
1	Corporation Yard Supervisor	\$20,000	\$ 20,000									
1	Equipment Mech- anic	\$16,500	16,500	Auto Mechanic	\$18,840	\$ 18,840	Equipment Mechanic	\$19,716	\$ 19,716	Vehicle Mech- anic	\$19,000	\$ 19,000
	Total Salary		36,500			18,840			19,716			18,259
	Employee Benefits @ 25%		9,125			4,710			4,929			4,565
	Total Employee Cost		45,625			23,550			24,645			22,824
	Services Supplies @ 30%		13,688			7,065			7,393			7,125
	TOTAL SERVICE COST		59,313			30,615			32,038			29,949
	Charges to S&S Accounts		(26,812)			(30,615)			(32,038)			(29,949)
	NET SERVICE COST	\$	32,500		\$	0		\$	0		\$	0

Note: The actual "Total Salary" in Scenario IV reflects an estimated salary savings of 3.9% Services and Supplies are based upon the pre-salary savings employee cost.

The following tables indicate the revenue source of each fund or major service category. The information, unless previously indicated otherwise is derived from the Fiscal Analysis. These tables provide the revenue information for the remaining Cash Flow Summeries.

**FUND / SERVICE CATEGORY REVENUE SOURCE - 1980-81**

<u>Revenue Source</u>	<u>General Fund</u>	<u>Gax Tax Fund</u>	<u>Water Fund</u>	<u>Sanitary Fund</u>	<u>Garbage/ Lighting</u>	<u>Revenue Sharing</u>	<u>H.C.D.A. Fund</u>	<u>Total Source</u>
Property Tax	\$ 421.	\$	\$	\$ 105.	\$	\$	\$	\$ 526.
Sales Tax	172.2							172.2
Business License Tax	30.3							30.3
Utility Franchise Tax	249.7							249.7
Licenses and Permits	40.							40.
Fines and Penalties	41.1							41.1
Use of Money & Property	85.6							85.6
Property Transfer Tax	15.5							15.5
Cigarette Tax	43.1							43.1
Alcoholic Beverage Fees	4.4							4.4
Vehicle In-lieu Fees	236.2							236.2
Gax Tax		158.2						158.2
General Revenue Sharing						233.		233.
H.C.D.A.							300.	300.
A.B. 90	50.							50.
Service Charges & Fees	5.	25.	545.	172.	340.			1,087.
<b>Total Fund</b>	<b>\$ 1,394.1</b>	<b>\$ 183.2</b>	<b>\$ 545.</b>	<b>\$ 277.</b>	<b>\$ 340.</b>	<b>\$ 233.</b>	<b>\$ 300.</b>	<b>\$ 3,272.3</b>

**Note: All figures are in thousands of 1979 Dollars.**

**FUND / SERVICE CATEGORY REVENUE SOURCE - 1981-82**

<u>Revenue Source</u>	<u>General Fund</u>	<u>Gax Tax Fund</u>	<u>Water Fund</u>	<u>Sanitary Fund</u>	<u>Garbage/ Lighting</u>	<u>Revenue Sharing</u>	<u>H.C.D.A. Fund</u>	<u>Total Source</u>
Property Tax	\$ 425.	\$	\$	\$ 105.	\$	\$	\$	\$ 530.
Sales Tax	192.8							192.8
Business License Tax	41.9							41.9
Utility Franchise Tax	285.7							285.7
Licenses and Permits	40.							40.
Fines and Penalties	41.1							41.1
Use of Money & Property	87.5							87.5
Property Transfer Tax	15.8							15.8
Cigarette Tax	47.							47.
Alcoholic Beverage Fees	4.4							4.4
Vehicle In-lieu Fees	236.2							236.2
Gax Tax		130.9						130.9
General Revenue Sharing						247.		247.
H.C.D.A.							358.	358.
A.B. 90	50.							50.
Service Charges & Fees	5.	25.	545.	172.	340.			1,087.
<b>Total Fund</b>	<b>\$1,472.4</b>	<b>\$ 155.9</b>	<b>\$ 545.</b>	<b>\$ 277.</b>	<b>\$ 340.</b>	<b>\$ 247.</b>	<b>\$ 358.</b>	<b>\$ 3,395.3</b>

**Note: All figures are in thousands of 1979 Dollars.**

**FUND / SERVICE CATEGORY REVENUE SOURCE - 1982-83**

<u>Revenue Source</u>	<u>General Fund</u>	<u>Gax Tax Fund</u>	<u>Water Fund</u>	<u>Sanitary Fund</u>	<u>Garbage/ Lighting</u>	<u>Revenue Sharing</u>	<u>H.C.D.A. Fund</u>	<u>Total Source</u>
Property Tax	\$ 431.	\$	\$	\$ 105.	\$	\$	\$	\$ 536.
Sales Tax	216.							216.
Business License Tax	47.							47
Utility Franchise Tax	327.1							327.1
Licenses and Permits	40.							40.
Fines and Penalties	41.1							41.1
Use of Money & Property	89.3							89.3
Property Transfer Tax	16.1							16.1
Cigarette Tax	48.7							48.7
Alcoholic Beverage Fees	4.4							4.4
Vehicle In-lieu Fees	236.2							236.2
Gax Tax		98.4						98.4
General Revenue Sharing						261.		261.
H.C.D.A.							0.	0.
A.B. 90	50.							50.
Service Charges & Fees	5.	25.	545.	172.	340.			1,087.
<b>Total Fund</b>	<b>\$ 1,551.9</b>	<b>\$ 123.4</b>	<b>\$ 545.</b>	<b>\$ 277.</b>	<b>\$ 340.</b>	<b>\$ 261.</b>	<b>\$ 0.</b>	<b>\$ 3,098.3</b>

**Note: All figures are in thousands of 1979 Dollars.**



FUND / SERVICE CATEGORY REVENUE SOURCE - 1983-84

<u>Revenue Source</u>	<u>General Fund</u>	<u>Gax Tax Fund</u>	<u>Water Fund</u>	<u>Sanitary Fund</u>	<u>Garbage/ Lighting</u>	<u>Revenue Sharing</u>	<u>H.C.D.A. Fund</u>	<u>Total Source</u>
Property Tax	\$ 437.	\$	\$	\$ 105.	\$	\$	\$	\$ 542.
Sales Tax	241.9							241.9
Business License Tax	52.6							52.9
Utility Franchise Tax	374.7							374.7
Licenses and Permits	40.							40.
Fines and Penalties	41.1							41.1
Use of Money & Property	93.5							93.5
Property Transfer Tax	16.4							16.4
Cigarette Tax	50.7							50.7
Alcoholic Beverage Fees	4.4							4.4
Vehicle In-lieu Fees	236.2							236.2
Gax Tax		67.2						67.2
General Revenue Sharing						288.		288.
H.C.D.A.							0.	0.
A.B. 90	0.							0.
Service Charges & Fees	5.	25.2	545.	172.	340.			1,087.
 Total Fund	 \$ 1,593.5	 \$ 92.2	 \$ 545.	 \$ 277.	 \$ 340	 \$ 288.	 \$ 0.	 \$3,135.7

Note: All figures are in thousands of 1979 Dollars.

FUND / SERVICE CATEGORY REVENUE SOURCE - 1984-85

<u>Revenue Source</u>	<u>General Fund</u>	<u>Gax Tax Fund</u>	<u>Water Fund</u>	<u>Sanitary Fund</u>	<u>Garbage/ Lighting</u>	<u>Revenue Sharing</u>	<u>H.C.D.A. Fund</u>	<u>Total Source</u>
Property Tax	\$ 445.	\$	\$	\$ 105.	\$	\$	\$	\$ 550.
Sales Tax	270.9							270.9
Business License Tax	58.9							58.9
Utility Franchise Tax	429.9							429.9
Licenses and Permits	40.							40.
Fines and Penalties	41.1							41.1
Use of Money & Property	96.6							96.6
Property Transfer Tax	17.							17.
Cigarette Tax	52.8							52.8
Alchoholic Beverage Fees	4.4							4.4
Vehicle In-lieu Fees	236.2							236.2
Gax Tax		41.7						41.7
General Revenue Sharing						340.		340.
H.C.D.A.							0.	0.
A.B. 90	0.							0.
Service Charges & Fees	5.	25.	545.	172.	340.			1,087.
<b>Total Fund</b>	<b>\$ 1,697.8</b>	<b>\$ 66.7</b>	<b>\$ 545.</b>	<b>\$ 277.</b>	<b>\$ 340.</b>	<b>\$ 308.</b>	<b>\$ 0.</b>	<b>\$3,234.5</b>

Note: All figures are in thousands of 1979 Dollars.

The following tables illustrate the strength or weakness of any given fund in any given year. For purpose of this calculation it is assumed that the shopping center is not developed in 1983-84. This would reduce sales tax revenues approximately \$50,000. Additionally, there would be a minor effect on other revenues, such as interest.

There occurs at various points deficits in utility funds. Such a deficit would of course be made up from the General Fund. Note that by 1984-85 the Gas Tax-Drainage Fund has barely enough revenue to pay for city-wide overhead. The operating cost for street maintenance would in essence come from other than Gas Tax Funds.

# CASH FLOW SUMMARY - 1980-81

Description	Beginning Cash Balance	Increased By		Decreased By		Estimated Ending Balance
		Revenue	Transfers In	Expenditures	Transfers Out	
General Fund	\$ 0.	\$1,394.1	\$ 456.	\$2,031.	\$ 0.	\$ ( 180.9)
Gas Tax/Drainage Maintenance Fund	0.	183.2	0.	102.9	66.9	13.4
Water Fund	0.	545.	0.	330.	111.5	103.5
Sanitary Fund	0.	277.	0.	236.7	44.6	( 4.3)
Garbage/Lighting Fund	0.	340.	0.	340.	0.	0.
Revenue Sharing Fund	0.	233.	0.	0.	233.	0.
HCDA Fund	0.	300.	0.	0.	0.	300.

Note: All Transfers Out are to the General Fund.

Note: All figures are in thousands of 1979 Dollars.

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# CASH FLOW SUMMARY - 1981-82

Description	Beginning Cash Balance	Increased By		Decreased By		Estimated Ending Balance
		Revenue	Transfers In	Expenditures	Transfers Out	
General Fund	\$ 0.	\$1,472.4	\$ 470.	\$2,031.	\$ 0.	\$ ( 88.6)
Gas Tax/Drainage Maintenance Fund	0.	155.9	0.	102.9	66.9	( 13.9)
Water Fund	0.	545.	0.	330.	111.5	103.5
Sanitary Fund	0.	277.	0.	236.7	44.6	( 4.3)
Garbage/Lighting Fund	0.	340.	0.	340.	0.	0.
Revenue Sharing Fund	0.	247.	0.	0.	247.	0.
HCDA Fund	0.	358.	0	0.	0.	358.

Note: All Transfers Out are to the General Fund.  
Note: All figures are in thousands of 1979 Dollars.

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# CASH FLOW SUMMARY - 1982-83

Description	Beginning Cash Balance	Increased By		Decreased By		Estimated Ending Balance
		Revenue	Transfers In	Expenditures	Transfers Out	
General Fund	\$ 0.	\$1,551.9	\$ 484.	\$2,031.	\$ 0.	\$ 4.9
Gas Tax/Drainage Maintenance Fund	0.	123.4	0.	102.9	66.9	( 46.4)
Water Fund	0.	545.	0.	330.	111.5	103.5
Sanitary Fund	0.	277.	0.	176.7	44.6	55.7
Garbage/Lighting Fund	0.	340.	0.	340.	0.	0.
Revenue Sharing Fund	0.	261.	0.	0.	261.	0.

Note: All Transfers Out are to the General Fund.  
Note: All figures are in thousands of 1979 Dollars.

# CASH FLOW SUMMARY - 1983-84

<u>Description</u>	<u>Beginning Cash Balance</u>	<u>Increased By</u>		<u>Decreased By</u>		<u>Estimated Ending Balance</u>
		<u>Revenue</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfers Out</u>	
General Fund	\$ 0.	\$ 1,593.5	\$ 511.	\$ 2,031.	\$ 0.	\$ 73.5
Gas Tax/Drainage Maintenance Fund	0.	92.2	0.	102.9	66.9	( 77.6)
Water Fund	0.	545.	0.	330.	111.5	103.5
Sanitary Fund	0.	277.	0.	176.7	44.6	55.7
Garbage/Lighting Fund	0.	340.	0.	340.	0.	0.
Revenue Sharing Fund	0.	288.	0.	0.	288.	0.

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Note: All Transfers Out are to the General Fund.  
Note: All figures are in thousands of 1979 Dollars.

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# CASH FLOW SUMMARY - 1984-85

Description	Beginning Cash Balance	Increased By		Decreased By		Estimated Ending Balance
		Revenue	Transfers In	Expenditures	Transfers Out	
General Fund	\$ 0.	\$ 1,697.8	\$ 530.6	\$ 2,031.	\$ 0.	\$ 197.4
Gas Tax/Drainage Maintenance Fund	0.	66.7	0.	102.9	66.5	( 102.7)
Water Fund	0.	545.	0.	330.	111.5	103.5
Sanitary Fund	0.	277.	0.	176.7	44.6	55.7
Garbage/Lighting Fund	0.	340.	0.	340.	0.	0.
Revenue Sharing Fund	0.	308.	0.	0.	308.	0.

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Note: All Transfers Out are to the General Fund.  
Note: All figures are in thousands of 1979 Dollars.

The following tables illustrate the city's cash flow situation if the city incorporates July, 1981 and assumes municipal services July, 1982. For purposes of this calculation it is assumed that the shopping center is not developed. Further, it is assumed that start up cost is \$500,000 and is paid entirely from General Fund revenues prior to the start of the 1982-83 fiscal year. Therefore, the General Fund beginning cash balance in 1982-83 is \$500,000 less than revenues accumulated in 1981-82. Interest from investment of contingency funds has not been calculated. Finally, for purposes of the calculations it is assumed that the independent special districts continue to operate as such until July, 1982.

There is, of course, no real surplus of funds, even though the Cash Flow Summaries indicate considerable General Fund contingencies. As the Fiscal Analysis points out, there are numerous necessary and desirable unbudgeted Capital Improvement projects which have been identified. The cost of those projects exceed by several times the indicated contingencies.

# CASH FLOW SUMMARY - 1982-83

Description	Beginning Cash Balance	Increased By		Decreased By		Estimated Ending Balance
		Revenue	Transfers In	Expenditures	Transfers Out	
General Fund	\$ 0.	\$1,551.9	\$ 484.	\$2,031.	\$ 4.9 <sup>A</sup>	\$ 0.
Gas Tax/Drainage Maintenance Fund	0.	123.4	46.4	102.9	66.9 <sup>B</sup>	0.
Water Fund	0.	545.	0.	330.	111.5 <sup>B</sup>	103.5 <sup>D</sup>
Sanitary Fund	0.	277.	0.	176.7	44.6 <sup>B</sup>	55.7 <sup>D</sup>
Garbage/Lighting Fund	0.	340	0.	340.	0.	0.
Revenue Sharing Fund	0.	261.	0.	0.	261. <sup>B</sup>	0.
General Fund Contingencies	647.3	0.	4.9	0.	0.	652.2
Gas Tax Fund Contingencies	130.9	0.	0.	0.	46.4 <sup>C</sup>	84.5

A: To General Fund Contingencies

B: To General Fund

C: To Gas Tax /Drainage Maintenance Fund

D: Reserved for Water and Sanitary Capital Improvements

Note: All figures are in thousands of 1979 Dollars.



# CASH FLOW SUMMARY - 1983-84

Description	Beginning Cash Balance	Increased By		Decreased By		Estimated Ending Balance
		Revenue	Transfers In	Expenditures	Transfers Out	
General Fund	\$ 0.	\$1,593.5	\$ 511.	\$ 2,031.	\$ 73.5 <sup>A</sup>	\$ 0.
Gas Tax/Drainage Maintenance Fund	0.	92.2	77.6	102.9	66.9 <sup>B</sup>	0.
Water Fund	0.	545.	0.	330.	111.5 <sup>B</sup>	103.5 <sup>D</sup>
Sanitary Fund	0.	277.	0.	176.7	44.6 <sup>B</sup>	55.7 <sup>D</sup>
Garbage/Lighting Fund	0.	340.	0.	340.	0.	0.
Revenue Sharing Fund	0.	288.	0.	0.	288. <sup>B</sup>	0.
General Fund Contingencies	652.2	0.	73.5	0.	0.	725.7
Gas Tax Fund Contingencies	84.5	0.	0.	0.	77.6 <sup>C</sup>	6.9

A: To General Fund Contingencies.

B: To General Fund.

C: To Gas Tax /Drainage Maintenance Fund.

D: Reserved for Water and Sanitary Capital Improvements.

Note: All figures are in thousands of 1979 Dollars.

# CASH FLOW SUMMARY - 1984-85

Description	Beginning Cash Balance	Increased By		Decreased By		Estimated Ending Balance
		Revenue	Transfers In	Expenditures	Transfers Out	
General Fund	\$ 0.	\$1,697.8	\$ 530.6	\$2,031.	\$ 197.4 <sup>A</sup>	\$ 0.
Gas Tax/Drainage Maintenance Fund	0.	66.7	103.1	102.9	66.9 <sup>B</sup>	0.
Water Fund	0.	545.	0.	330.	111.5 <sup>B</sup>	0.
Sanitary Fund	0.	277.	0.	176.7	44.6 <sup>B</sup>	55.7 <sup>D</sup>
Garbage/Lighting Fund	0.	340.	0.	340.	0.	103.5 <sup>D</sup>
Revenue Sharing Fund	0.	308.	0.	0.	308. <sup>B</sup>	0.
General Fund Contingencies	725.7	0.	197.4	0.	97. <sup>C</sup>	826.1
Gas Tax Fund Contingencies	6.9	0.	0.	0.	6.9 <sup>C</sup>	0.

A: To General Fund Contingencies.

B: To General Fund.

C: To Gas Tax / Drainage Maintenance Fund.

D: Reserved for Water and Sanitary Capital Improvements.

Note: All figures are in thousands of 1979 Dollars.

The following sheet shows the  
budget requirements by activity  
and budget category if East Palo  
Alto assumed municipal operations  
in 1982-83.

# SUMMARY OF REQUIREMENTS BY ACTIVITY AND BUDGET CATEGORY

1982-1983

BUDGET CATEGORY	General Government	Police Services	Community Development	Community Services	Public Works	Total Category
Salaries and Employee Benefits	\$ 222,220	\$ 905,743	\$ 127,934	\$ 85,289	\$ 311,726	\$1,652,912
Contract Services and Supplies	262,900	0	0	60,000	450,000	772,900
Other Services and Supplies	69,265	282,750	39,937	35,500	97,314	524,766
Capital Outlay/ Debt Service	0	0	0	0	30,000	30,000
ACTIVITY REQUIREMENTS	<u>\$ 554,385</u>	<u>\$1,188,493</u>	<u>\$ 167,871</u>	<u>\$ 180,789</u>	<u>\$ 889,040</u>	<u>\$2,980,578</u>
Staffing	9	37	5	4	15	70

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Section F. APPENDIX B. LETTER FROM ANGUS McDONALD AND  
ASSOCIATES TO THOMAS W. FLETCHER, DIRECTOR,  
CENTER FOR PUBLIC POLICY ANALYSIS, STANFORD  
RESEARCH INTERNATIONAL



# Angus McDonald & Associates

2150 Shattuck Avenue Berkeley, California 94704  
Telephone (415) 548-5831

January 13, 1981

Thomas W. Fletcher, Director  
Center for Public Policy Analysis  
SRI International  
333 Ravenswood Avenue  
Menlo Park, California 94025

Dear Mr. Fletcher:

Thank you for the opportunity to comment on your recently published report, Analysis of Draft Environmental Impact Report to the Menlo Park/East Palo Alto and Districts Sphere of Influence Study (EIR). I have also reviewed the East Palo Alto Municipal Council's staff analysis, which was the quantitative basis for your report.

Our East Palo Alto Fiscal Analysis is well summarized by the following conclusion it contained:

"The fiscal analysis of East Palo Alto indicates that incorporation at the present time, given the assumptions we have made concerning municipal service costs and revenues, is infeasible. The analysis does provide a basis for further study and also makes explicit the key obstacles facing East Palo Alto.

Different conclusions about the costs of municipal services can be debated endlessly. We feel that the cost estimates provided, while not beyond reproach, are generally representative of the effort required to maintain existing service standards and to make necessary, generally minor improvements. However, lower levels of service or costs below our estimates would result in an improved fiscal balance. On the revenue side, we feel our estimates to be representative of a best case assumption concerning East Palo Alto. Achieving these revenues would require a concerted effort on the part of the community to improve property value and, most importantly, recover sales tax revenues which currently finance public services in Menlo Park, Palo Alto, other nearby areas."

January 13, 1981  
Mr. Thomas W. Fletcher  
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While our fiscal analysis produced a negative conclusion, it opened the door to more detailed analysis of problem areas. Our fiscal analysis was subjected to extremely close scrutiny by the East Palo Alto Municipal Council staff, who subsequently revised the fiscal analysis. This effort applied the same methodology as applied during the initial fiscal analysis, applying different assumptions and making significant corrections to our analysis of sewer plant capital improvements and water costs. My review of the staff analysis indicates that it is an accurate and professionally sound document. This means that if the assumptions made in the staff analysis prove correct, that a City of East Palo Alto could be fiscally feasible.

It must be noted that feasibility is dependent upon new special taxes and possibly increased service fees being approved in East Palo Alto. I recommend strongly that any decision to incorporate be contingent upon voter approval of special taxes, at the same time as the incorporation election. I suggest that approval be sought for a set of special taxes that, at maximum, would raise the amounts required under our assumptions. Our original estimate of the total additional revenue or special taxes required was approximately \$100 per household in 1979/80. If the collectively more optimistic assumptions of the staff analysis (with which you apparently concur) come to pass, the rate for the special tax levies can be lowered. If they do not, or if the adopted 1981/82 state budget reduces funding available to cities, the new city may still be financially feasible.

If you have further questions, please feel free to call.

Yours very truly,

ANGUS McDONALD & ASSOCIATES, INC.



Walter F. Kieser

cc: Kenneth Goode  
B. Sherman Coffman  
Gordon Shriver