

Options East Palo Alto faces

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East Palo Alto's fiscal crisis has given rise to debate about whether the city might go bankrupt and whether the county might be forced to take over some of the city services.

Bankruptcy is not a possibility, according to Bill Davis, executive director of the San Mateo County Local Agency Formation Commission (LAFCO).

"I don't know of any procedures for cities to file bankruptcy and get relief from debts," Davis said. "They are always liable for their debts."

The same thing applies to counties, he noted.

"I hear some counties in the upper Sacramento Valley have threatened bankruptcy, but that's a lot of rhetoric. There are no procedures in law to do it," he said.

Other cities have faced problems similar to East Palo Alto and have

recovered, according to Davis.

"Parlier, a small town in the San Joaquin Valley, was going to declare bankruptcy because it didn't have enough revenues to cover expenses," he said. "But the city ended up cutting back on city services, made staff layoffs and contracted with Fresno County for certain services."

By law, the county sheriff is obligated to step in to maintain order if

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a police chief requests help or law enforcement breaks down, according to San Mateo County Sheriff Leonard Cardoza.

Cardoza said in a recent interview that his department would be hard-pressed to resume patrols in East Palo Alto if it had to be done quickly.

He said it would probably require more deputies and non-sworn personnel to cover the politically divided city than the 30 who were assigned in the pre-incorporation era at a cost of about \$1.3 million. Cardoza said he would use as many of East Palo Alto's police officers as could qualify for lateral transfers.

But with only 59 deputies assigned to patrol countywide, Cardoza said he could be faced with reducing patrols or perhaps doing

away with countywide programs like the narcotics task force if he had to provide staff in East Palo Alto quickly.

"It would impact law enforcement countywide," he said.

Cardoza emphasized that he has not even requested contingency plans to re-establish a presence in East Palo Alto and is convinced that the city will weather the storm.

"I see it as a potential problem," he said. "I just don't believe it would happen in 30 days."

Cardoza said he saw Police Chief Danny Nelson at a chiefs' meeting last week and the subject did not even come up. But questioned about the possibility, Cardoza acknowledged that it has been discussed in his department.

Board of Supervisors President Tom Nolan and Supervisor Bill Schumacher Friday met with an East Palo Alto delegation led by the city manager, the mayor and a City Council member.

The city had requested a \$600,000 advance against future property taxes, but the district attorney and the controller's office say there is no legal way such a loan could be made.

Instead, the county has proposed delaying payments on a dispatching contract and leased county office space until April. Nolan said that amounts to a \$318,000 loan.

City Manager Stanley Hall said the city is not on the verge of "bankruptcy," but will have to go on an austere program of "belt-tightening," including possible layoffs and cutbacks in city services.

"Everybody's fear that the city is going down the tubes is unfounded," he said.

Assistant County Manager Paul Scannell, who attended the meeting, said the sheriff under certain circumstances is obligated by law to provide law enforcement.

Supervisor Nolan said "it clearly is in the interest of San Mateo County" that East Palo Alto sur-

vive.

Should the need arise to return to East Palo Alto, Cardoza said he would "look at the existing personnel" and take as many as he could.

Noting the sharp divisions in the city over incorporation, Cardoza said it would be hard to go back in with the manpower he had in 1984-85, when the department last provided service there.

"It's one thing to have an established relationship with the community," he said. "There would be some resistance, I think, to an outside agency coming in that would exert authority."

Cardoza said it would be up to the Board of Supervisors to come up with the money for the 35 or so positions he thinks would be needed.

Cardoza said he is obligated to provide bailiffs for 32 courts, staff existing jails and the new Brendan Maguire Correctional Facility due to open next year, as well as to transport prisoners.

But "if there's a complete breakdown of law enforcement, which I do not anticipate occurring, we would go back in," he said.

Supervisors Schumacher and Nolan said the long-term answer to East Palo Alto's problem is building up the city's tax base, such as with the proposed DeMonet development in the Whiskey Gulch area.

"This has to be the sense of direction, for East Palo Alto to build up a tax base," Schumacher said.

Nolan said he is very concerned about the impact on the county if it had to take over law enforcement in East Palo Alto again and said the county has much at stake.

Fire protection is provided by the Menlo Park Fire Department. The county already operates some social service offices and a branch library in the city.

Another question raised in East Palo Alto is whether the city should disincorporate and go back completely under the county's wing.

Disincorporation would be just the reverse of incorporation and would take about as long, Davis explained.

A petition for disincorporation, supported by 25 percent of the registered voters in the city, would have to be submitted to LAFCO. LAFCO would study the proposal and hold hearings. It then could either reject disincorporation, or if it approves of the idea, could send the proposal on to the county Board of Supervisors. The supervisors would then call an election, with a majority vote needed to win.

"Then East Palo Alto would be an unincorporated area of the county again, without its own City Council," Davis said.

He stressed disincorporation is a procedure in state law but is used very rarely because it's such a traumatic step for a community to take.

He's only heard of one disincorporation in the past 20 years.