

PROJECT REPORT

EAST PALO ALTO INCORPORATION ANALYSIS

BACKGROUND INFORMATION

In August 1980, the Kaiser Foundation awarded a grant to the Institute for the Study of Community Economic Development for purposes of preparing non-partisan, technical reports pertaining to the incorporation of East Palo Alto -- specifically, the legal alternatives, the fiscal feasibility and impacts, and the municipal reorganization of the proposed new city. ISCED contracted with SRI International for the preparation of these studies which were included with the ISCED Project Report submitted to the Foundation in March 1981.

The East Palo Alto Citizens Committee on Incorporation (EPACCI) submitted an incorporation application to the San Mateo Local Agency Formation Commission (LAFCO) on April 10, 1981, which was substantially based upon the SRI International Findings. Between May and December 1981, public hearings were held on the incorporation question by both LAFCO and the Board of Supervisors resulting in an incorporation election in East Palo Alto on April 10, 1982. In this election, the incorporation proposal was defeated by a margin of forty-one votes on one of the four measures included on the ballot.

Beginning in May 1982, EPACCI initiated proceedings to secure the necessary approvals for a new election. A new incorporation application was submitted to LAFCO in October 1982. LAFCO contracted with Angus McDonald and Associates to prepare a revised fiscal analysis on the feasibility of incorporation; this analysis was issued in January 1983. Anticipating the need for an independent review and analysis of this report, the Community Development Institute (formerly ISCED) requested an emergency grant from the Kaiser Foundation; this grant was awarded in December 1982.

The principal analyst for SRI International under the previous contract in 1980-81 was Mr. Tom Fletcher, Director of the Public Policy Analysis Department. Since the summer of 1981, Mr. Fletcher has been on leave from SRI International. However, he is a partner in Public Management Consulting Associates (PMC), and agreed to provide a technical analysis of the McDonald report under the auspices of this firm. In addition, CDI contracted with Mr. Tom Adams, an eminent local attorney, for a legal review of the McDonald report. Based upon their joint findings, EPACCI presented public testimony supported by an empirical and legal data base that resulted in the approval of a June 1983 election.

We are certain that CDI could not have successfully undertaken this project without the emergency grant from the Kaiser Foundation. Whatever the ultimate outcome at the polls in June, the foundation's support provided for an independent empirical assessment of the fiscal data by two eminently qualified professionals.

PROJECT ACTIVITY

Mr. Tom Fletcher of PMC was hired on a short-term contract to prepare an independent analysis of the Angus McDonald report, to contrast the McDonald findings with those contained in a prior SRI Study, and to present his findings to EPACCI, LAFCO, and the Board of Supervisors.

Mr. Tom Adams of Adams, Broadwell & Russel was hired on a short-term contract to provide a legal analysis of the McDonald report and to present his findings to EPACCI, LAFCO, and the Board of Supervisors. His work is substantially reflected in the legal findings adopted by the LAFCO in support of an incorporation election.

PROJECT BUDGET

Mr. Tom Fletcher, PMC	\$2,500.00
Mr. Tom Adams, Attorney	<u>650.00</u>
Total Expenditures	\$3,150.00