

EAST PALO ALTO MUNICIPAL COUNCIL
INCORPORATION STUDY COMMITTEE

A SUMMARY OF THE REPORT ON INCORPORATION - APRIL 1976

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A SUMMARY OF
THE INCORPORATION STUDY

A city government enables the residents of an area to determine the nature and levels of public services needed and the distribution of available local revenues. These decisions are reached through a city council rather than through representation on the County Board of Supervisors. The power to control land use, to tax, and to exercise the police power make city government very important; the lives of people within a community are profoundly affected by the actions of the city.

The area known as East Palo Alto is an unincorporated community of about 18,000, that is governed by the Board of Supervisors of San Mateo County. East Palo Alto communicates its needs to the County government through the East Palo Alto Municipal Advisory Council. The East Palo Alto Council can only act in an advisory capacity and can not enact ordinances nor make the final decision on the nature and level of the public services that its citizens receive.

Complexing the matter are the existence of seven special districts exclusive to the East Palo Alto, each of which deliver certain urban services to the area. Two of the districts are governed by independent elected Boards of Directors.

This fragmentation and overlapping of governmental responsibilities often denies the citizens of East Palo Alto an effective and efficient local government to serve their needs.

The East Palo Alto Municipal Council convened the Incorporation Study Committee in April 1975. Represented on the Citizen's Committee were: The youth, senior citizens, residents at large, property owners, businesspersons, the Ravenswood Elementary School District, Ravenswood Recreation and Park District, East Palo Alto Sanitary District, and the Menlo Park Sanitary District.

THE COMMITTEE PROCESS:

In the early stages the Committee met as a large body, and held weekly meetings; during which, they studied the process of incorporation. They considered the needs of East Palo Alto residents, and how those needs might be met through incorporation. For example, they considered, what is involved in the incorporation process? What will the political impact of incorporation be? In general, the committee determined the structure of their study, how they would proceed to get the information needed. This process covered a five (5) month period, during which the committee determined its goal, which is to insure that the proposed city had a sound financial base and the proper structure to meet the needs of its citizens. The Committee determined to do a thorough study, surveyed twenty (20) cities. They studied these cities to compare the types of services delivered in each city, the cost of those services, and the quality of those services.

In September, 1975, the Committee divided into six (6) Sub-committees which were structured to mirror the departments of a city, each committee studied the area of city government within which it fell.

THE SUB-COMMITTEES:

The General Government Committee's task was to determine the administrative structure, fiscal management, and the support services for the legislative representatives of the proposed city. The goal of the Committee was to determine the form of government the proposed city could have, the costs related to the determined structure, the number of personnel needed to maintain efficient administration and fiscal management control of the specific departments.

THE PUBLIC SAFETY COMMITTEE:

The Public Safety Committee was concerned with areas of city government which provide protection to residents, and prevent property damage. Their study concentrated on the Police Department, Fire Department, animal control, of the twenty cities surveyed, and the East Palo Alto area. Their goal was to determine the type of service, and level of service delivery, required for these departments to function at a satisfactory level, and to identify the sources of revenue to support the operation of the departments.

THE PUBLIC WORKS COMMITTEE:

The Public Works Committee's area of study was engineering and maintenance. The engineering department is responsible for all design, plan checking, and inspection of public works projects. It was also responsible for maintenance of streets, parks, storm drains, sewers, water facilities, and inspection of water quality control. This Committee also determined the structure of the department, the manpower requirements, and associated costs.

THE PLANNING AND ZONING COMMITTEE:

The Planning and Zoning Committee studied the planning and building inspection departments of the cities surveyed, these departments are sometimes referred to as the Department of Community Development. The department's function was to plan future growth and development of the community, inspect dwellings and structures within the city, and to administer the zoning and sign ordinance.

THE SOCIAL AND CULTURAL COMMITTEE:

The Social and Cultural Committee's goal was to identify an improved and enriched recreational and cultural program, which would meet the needs of all the citizens of the proposed city, and to determine the related costs, as well as the identification of sources of funding for such programs.

THE PUBLIC ENTERPRISE COMMITTEE:

The Public Enterprise Committee's area of focus was identification of those areas within city function which have the potential of creating revenue. This committee considered those areas which are not currently a part of another department's budget. For example, they considered, the proposed city could develop off street parking facilities, which would generate monies for the general fund budget. In this way the committee members studied other creative ideas which would produce revenue for the proposed city.

COMPLETION OF THE STUDY PROCESS:

The Incorporation Study Committee and its six sub-committees have been studying the feasibility of incorporation for one year. The committee's study was compiled into written reports which were submitted to the community in the form of public hearings. The committee public hearings were held every Tuesday and Thursday night, beginning March 9th and ending March 25, 1976. During these hearings the community interacted with the committee members around the recommendations made regarding the proposed city structure and service delivery. Upon completion of the public hearings, the committees rewrote their reports to include the expressed needs of the residents. Submission of the final committee report to the Municipal Council, in public hearings, which begin April 12, 1976.

We did not include in this report the long (over 15 years), debate and investigations that predate this report. Although most of the findings in the prior reports are still valid, some significant fiscal and legal changes have occurred over the past five years. Changes which call for a fresh look at the facts.

Mention should, however, be made of the "conditions" that the Local Agency Formation Commission (LAFCo) of San Mateo County placed on any application for incorporation of the East Palo Alto area. The then and now Director of LAFCo, B. Sherman Coffman, held forth the following conditions in 1970:

1. Evidence of successful negotiations with property owners and the City of Menlo Park for tentative agreements to detach all of those portions of the City of Menlo Park which were included in the request for a "sphere of influence" by East Palo Alto.
2. Explicit guarantees that a tax base increase and other anticipated governmental resources will be forthcoming upon incorporation.
3. A plan to provide a quality of services equivalent to, or in excess of, the present level of service.

The bulk of the committees reports address the third condition. That is, a plan to deliver to the residents of East Palo Alto a better set of services through a city of their own than is being delivered to them now through the County and the Special Districts.

TWENTY CITIES SURVEYED
POPULATION 14,000-33,000

SAN MATEO COUNTY:

1. Belmont
2. Burlingame
3. Foster City
4. Menlo Park
5. Millbrae
6. San Carlos

CONTRA COSTA COUNTY:

7. El Cerrito
8. Lafayette
9. Martinez
10. Pinole
11. Pittsburg
12. San Pablo

SANTA CLARA COUNTY:

13. Cupertino
14. Los Altos
15. Los Gatos
16. Milpitas

ALAMEDA COUNTY:

17. Albany
18. Newark
19. Pleasanton
20. Union City

* These cities were chosen for study because they are like East Palo Alto in terms of population.

WHAT WOULD A NEW CITY DO AND WHAT WOULD IT LOOK LIKE?

Under the provisions of the State Government Code, general law cities (and that's what the city would be in the beginning) may have either a Council-Manager, or Council-Administrator systems are presently utilized in approximately 80 percent of all California cities and in about 99 percent of our cities over 10,000 population.

In the Mayor-Council form, all department heads report individually to the city council. However, in the Council-Manager and Council-Administrator forms, the administrative responsibility is centralized in a City Manager or City Administrator.

Under a Council-Manager system, the administrative power (e.g. authority to appoint and dismiss employees) is specifically delegated to the City Manager by ordinance. Under the Council-Administrator form, the City Council does not delegate any of its administrative authority to the city administrator; instead, he acts merely as an agent of the Council in performing the Council's administrative functions. In matters of appointment and dismissal, for example, the city administrator may make recommendations to the Council but only the Council may act.

A general law city may establish the Council-Manager form of government at the time of incorporation. The Council-Manager form may also be created subsequent to incorporation by (a) the adoption of an ordinance by the City Council, (b) by the electorate upon referral by the City Council or (c) by the electorate through the initiative process. The Council Administrator system may be established under the City Council's authority to appoint any officers or employees deemed necessary.

Unless the city electorate chooses to elect their council by or from districts, a five member city council is required. The district system of election may be established at the time of incorporation or subsequently by the voters approving an ordinance submitted by the City Council and there may be five, seven or nine Councilmembers. In either system, one of the Councilmembers is selected as mayor either by his fellow councilmembers or directly by the voters.

State law provides that the government of a general law city is vested in the City Council, a City Clerk, a City Treasurer, a Chief of Police, a Fire Chief and other subordinate officers and employees as may be prescribed. Both the City Clerk and City Treasurer are elected unless at the time of incorporation, or subsequently at an election, the offices are made appointive. The City Council is also required to appoint a Chief of Police. It may, but is not required to, appoint a City Attorney, a Superintendent of Streets, and a Civil Engineer, as well as any other subordinate officers and employees deemed necessary.

Considering these legal constraints, the Committees then determined the form and city functions they felt would serve the community of East Palo Alto best.

THE COMMITTEES RECOMMENDED:

- . A City Manager Form of Government
- . Making the City Clerk and the Treasurer Appointive Officers
- . The Appointment of a Chief of Police
- . The Appointment of a Public Works Director
- . The Establishment of Both a Planning Commission and a Parks and Recreation Commission.
- . The Appointment of a Community Planning Director
- . The Appointment of a City Attorney.

THEY DID NOT MAKE RECOMMENDATIONS ON:

- . The Name of the New City
- . The Number of Council Members
- . Whether the Election of Council Members is at-Large or by District.

The City would provide if the Committees' recommendations are adopted: Police Services, Public Works (road, sewers, street, lighting and water), Parks and Recreation Services, Planning and Building Inspection.

The City would not provide fire protection leaving that to the Menlo Park Fire District.

HOW LONG WOULD IT TAKE AND WHAT'S INVOLVED IN INCORPORATION?

Any community of at least 500 inhabitants which is located entirely within one County with a population of less than 2,000,000 and any community which contains 500 registered voters in a County of more than 2,000,000 population, may incorporate as a city. The process of incorporation requires:

1. Hearing, review and approval of the incorporation application by the Local Agency Formation Commission;
2. Petition by the 25% of the landowners or 25% of the registered voters of the area;
3. Hearing by the County Board of Supervisors; and,
4. An election by registered voters of the area.

An incorporation procedure, from the time it is begun by its proponents to the time the new city comes into being, may require from 12 to 18 months or more.

Figure 1 on the next page is a time schedule which describes the incorporation process. It should be noted that:

- a). The schedule describes the maximum time necessary. The process can be stepped up at certain key points to reduce the actual time needed by four or five months, and
- b). The schedule is one that is designed for a November election, independent of which year is chosen for the application submission.

A November election is important because the new city has no real expenses until July 1st of the next year, but during that time, the city will receive monies from the State and the Federal governments in excess of \$500,000, which it can use as "start up money" or as reserves.

44 O.K. by BOARD of Supervisors to circuit
petition

FIGURE 1-D

120 DAY PETITION PERIOD

SIGNED BY 20 % of REGISTERED VOTERS
or 20 % of PROPERTY OWNERSHIP

FINAL DATE FOR SUBMISSION OF SIGNATURE
CERTIFICATION BY COUNTY CLERK
1st PUBLIC HEARING BY BOARD OF SUPER

LAST PUBLIC HEARING BY BOARD OF SUPER
SET DATE FOR ELECTION

LAST DAY FOR CANDIDATES FOR CITY OFFICE

ELECTION DAY
CERTIFICATION
CITY OFFICIAL TAKE OFFICE

if negative
1 yr. delay
before
resubmission

if negative
2 yr. delay
before
resubmission

FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER

MARCH
APRIL
MAY
JUNE
JULY
AUG
SEPT
OCTOBER
NOVEMBER
DECEMBER
JANUARY

PERIOD FOR COORDINATION
WITH LAFCO STAFF

PERIOD FOR SUBMISSION
ON INCORPORATION PROPOSAL

EARLIEST DATE TO
SUBMIT EIR

EARLIEST ENVIRONMENTAL
ASSESSMENT MEETING
LAFCO STAFF DECISION
ON EIR
APPEALS DEADLINE EIR

LATEST DATE TO
SUBMIT EIR

LATEST APPEALS
DATE EIR

LAST DATE TO SUBMIT INCORPORATION
PROPOSAL
NOTIFICATION OF PUBLIC HEARINGS LAFCO

FIRST PUBLIC HEARING LAFCO

LAST PUBLIC HEARING LAFCO

LAFCO DECISION

if negative
minimum of 1 yr.
delay before
resubmission

OFFICIAL NOTIFICATION OF LAFCO DECISION

COULD EAST PALO ALTO AFFORD TO INCORPORATE?

During the fiscal year 1976, (running from July 1, 1975 to June 30, 1976), East Palo Alto residents and property owners will have paid out \$4.56 million dollars or about 12% of the community's annual income in property taxes and fees to support the local government agencies, mainly the County and various schools and special districts which provide services to the community.

In particular they will have paid our \$662,189 in property taxes and \$963,077 in fees to seven special districts and a county service area agency that provide urban services almost exclusively to East Palo Altoans. Included in the service are: police protection, garbage collection, water, sewers, street lighting, parks, recreation and storm drainage maintenance.

The rest of the monies paid out by East Palo Alto residents goes to support a variety of local government services that are both local and county-wide, such as schools and junior colleges, health, welfare, the courts, fire protection, roads engineering, air pollution control, land use planning, libraries, mosquito abatement and harbor maintenance.

If the area of East Palo Alto were an incorporated general law city, it would pick-up additional monies from the state and federal governments, as well as, fees and charges for services either now rendered by the County or are not now being delivered to the area.

The state's contribution to East Palo Alto would range between \$300,000 and \$700,000 annually. The annual amount would be dependent upon the number of registered voters residing in the area. Each voter would count as three people in the "official" population of the city used to calculate the amount of money that the State will send to the community each year. That "Official" population would hold until the 1980 census figures were certified in 1981 or 1982.

Of the available state money (known as subventions) about (2/3) two-thirds would be available to be used for any municipal service, the remaining one-third (1/3) would be available only for road maintenance and construction.

The city would probably pull in an additional \$200,000 annually from fees and charges that presently being collected from the community's residents and businesses by the County or are not now being charged by any agency.

The Federal government would contribute about \$160,000 in general revenues sharing money and about \$150,000 from the CETA Program.

If the present reserves and grants held by the special districts exclusive to East Palo Alto are combined with all of the available revenues the city would have a total budget of between \$3.3 million and \$3.7 million.

The seven special districts and one service area exclusive in their operations to the East Palo Alto area estimated their expenditures in FY 1976 at \$2.3 million dollars.

The County of San Mateo spends over and above the property tax and fees collected in East Palo Alto an additional \$815,000 in services for East Palo Alto. This expense would cease

upon East Palo Alto incorporation. When the loss, in subventions and fees that East Palo Alto incorporation would cause the County, are subtracted from the drop in expenditures, the County would benefit by \$498,000.

The Redevelopment Agency of San Mateo County currently spends about \$1.2 million each year in East Palo Alto. This activity would continue under a joint powers agreement between the County and the city. The Redevelopment Agency is funded entirely by federal Housing and Community Development Funds.

The recommendations of the committees for the "normal" city services, that is, those that are funded by general fund revenues are:

GENERAL GOVERNMENT:

Management Staff and Council	\$380,745
Planning Director and Commission	66,380
	<u>\$447,125</u>

PUBLIC SAFETY:

Police	\$783,651
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PUBLIC WORKS:

Water	\$397,747
Sanitary	329,580
Street Lighting	45,971
Drainage	9,227
Roads	117,519
Corporation Yard	74,000
Public Works Director	50,800
	<u>\$1,035,874</u>

PLANNING AND ZONING:

Planning	\$108,200
Building Inspection	34,003
	<u>\$142,203</u>

SOCIAL AND CULTURAL:

Recreation and Parks

TOTAL

\$261,114
\$2,669,967

(Exclusive of special programs to be funded by special Federal and State Grants.)

If the overlap of the General Government and Planning and Zoning recommendations are eliminated, the Community Planning Director and the Planning Commission, this would reduce the total budget by \$66,380 to \$2,603,587.

Looking at "General Fund" items only, that is, taking out the roads expenses of \$117,519 which would be amply funded by state subventions, the General Fund Expenditures would be \$2,345,407.

Looking then at the revenues available for "populations" of 18,000 and 30,000 (6,000 and 10,000 registered voters respectively), there would be general fund revenues available of \$2,216,520 and \$2,312,205 respectively.

The Committees' total recommendations would therefore call for an additional \$128,887 to \$23,102 depending on the final "population" achieved.

If a budget close to the Committee's report were adopted, the slight amount of revenues needed to cover the higher expenditures could be obtained through contract negotiations with the County, particularly for police and public works services.