

Angus McDonald & Associates

2150 Shattuck Avenue Berkeley, California 94704
Telephone (415) 548-5831

MEMORANDUM

October 13, 1981

TO: B. Sherman Coffman
San Mateo County Local Agency Formation Commission

FROM: Angus N. McDonald *AMC*

SUBJECT: Consolidation of East Palo Alto Sanitary
District to the West Bay Sanitary District
East Palo Alto Spheres of Influence; 851.06

You have asked that we supplement our October 9, 1981 analysis. We tested the case of incorporation of the entire area (East and West of Bayshore), but we assumed that the responsibilities of the East Palo Alto Sanitary District would be assumed by the West Bay Sanitary District. The District has a property tax base that could be used for general governmental purposes by a new city. If the East Palo Alto Sanitary District was consolidated with West Bay, the following items would be eliminated from the budget of the new city:

- the District's property tax
- the surplus of revenues over direct costs
- the administrative costs for sewer service charged to the Utility Fund and credited to the General Fund.

The results of the revised assumption are shown in Table 1. Incorporation of even the full size city would not be feasible without the transfer of the property tax from the East Palo Alto Sanitary District to the new city. As you know, the only reason for recommending inclusion of the East Palo Alto Sanitary District within the city is related to finances. Considerations relating to the efficient delivery of governmental services suggest that the District be consolidated with the West Bay Sanitary District.

Table 1

FUND BALANCES FOR A CITY OF EAST PALO ALTO
 WITHOUT EAST PALO ALTO SANITARY DISTRICT
 (In thousands of dollars)

	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86*</u>	<u>1986/87*</u>
<u>Starting Fund Balance (July 1)</u>					
General Fund	0	266	7	(246)	
Road Fund	0	185	161	119	
Utility Funds	0	47	47	47	
<u>Annual Fund Balance Change</u>					
General Fund					
Revenues	867	1,904	1,910		
Expenditures	601	2,383	2,383		
Interfund Transfers	0	220	220		
Net Annual Change	266	(259)	(259)		
Road Fund					
Revenues	185	178	160		
Expenditures	0	122	122		
Interfund Transfers	0	(80)	(80)		
Net Annual Change	185	(24)	(24)		
Utility Funds					
Revenues	856	949	949		
Expenditures	809	809	809		
Interfund Transfers	0	(140)	(140)		
Net Annual Change	47	0	0		
<u>Year End Fund Balance (June 30)</u>					
General Fund	266	7	(246)		
Road Fund	185	161	119		
Utility Funds	47	47	47		
TOTAL	498	215	(80)		

* Not Applicable

Note: The city boundaries include the entire area east and west of Bayshore.

Source: McDonald & Associates