



**ERA**

**Economics Research Associates**

Technical Background Report

**Fiscal Impact Analysis of the Proposed  
Annexation of the San Mateo County  
Coastside by the Midpeninsula Regional Open  
Space District**

Prepared for the

**Midpeninsula Regional Open Space District**

Submitted by

Economics Research Associates

Approved by the Board of Directors of  
Midpeninsula Regional Open Space District  
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## **Section I**

### **INTRODUCTION**

This fiscal impact analysis was prepared by Economics Research Associates (“ERA”) on behalf of the Midpeninsula Regional Open Space District (“the District”). The analysis examines the potential fiscal impacts of the District’s proposed annexation of the coastal portion of the San Mateo County. The boundaries of the District’s proposed annexation area, herein referred to as the “Coastal Annexation Area”, are defined in the “Service Plan for the San Mateo Coastal Annexation Area” (the “Service Plan”).

This proposed annexation would allow the District to acquire and manage lands within the boundaries of the Coastal Annexation Area and would not interfere with the existing service provision responsibilities of other districts whose jurisdictional boundaries overlap with or are contained within the Coastal Annexation Area. The assumptions used in this fiscal analysis are based on the policies and actions outlined in the Service Plan.

The purpose of this fiscal analysis is to serve as a companion document to the Service Plan and Program Environmental Impact Report (EIR). This document addresses the economic factors, outlined in the Cortese-Knox-Hertzberg Act, that are to be considered in the Local Agency Formation Commission (LAFCo) review of the District annexation proposal. The factors to be considered in this analysis are as follows:

- The ability of the District to provide services within the Coastal Annexation Area and within its existing boundaries, including the sufficiency of revenues for those services following the proposed boundary change.
- The effect of the proposed annexation on adjacent areas’ economic interests.
- The probable effect of the proposed annexation on the cost and adequacy of services and controls in the area and adjacent areas.
- The effect of the proposal on maintaining the economic integrity of agricultural lands.

This document focuses only on the fiscal issues related to the annexation. Comments on issues relating to the District provision of staging areas and trails, as discussed within this document, should be addressed to the Program EIR.

## **REPORT ORGANIZATION**

The primary conclusions of this study are presented in the **Section II** Summary of Findings immediately following this introduction. **Section III** presents an overview of the acquisition and management projections of the proposed Service Plan that were used as the basis of the fiscal impact analysis in this report. **Section IV** presents the fiscal impact analysis of the proposed impacts on existing District services and San Mateo County agencies and districts. A brief review of the potential impacts of optional funding scenarios is included as an Appendix to this document.

**Section II**  
**SUMMARY OF FINDINGS**

The following table summarizes the cumulative net impact of the proposed annexation of the Coastal Annexation Area over a 15-year period in San Mateo County under the Basic Service Plan presented in the Service Plan.

**Summary of the 15-Year Basic Service Plan**

Total One-Time Cost of Acquiring Land and Making it Available to the Public	\$87 Million
Total Increase in District Operating Budget	\$19 Million
Net Decrease in San Mateo County Tax Revenues	\$0.1 Million
Net Service Impact to San Mateo County Service Providers	Insignificant

The implications of these estimated costs on the level of service provision from San Mateo County agencies and districts and on the existing District services are summarized below.

**IMPACT ON EXISTING DISTRICT SERVICES**

ERA analyzed the potential impact on service levels within the existing District boundaries by determining whether adequate cash reserves would be available to cover both the ongoing operating costs of the existing District and the cost of implementing the proposed Basic Service Plan. Based on a review of the projected cash reserves of the District, ERA concludes that the available cash flow is more than adequate to cover the projected expense of implementing the Basic Service Plan. Consequently, the extension of the District boundaries to include the Coastal Annexation Area will have no net impact on the level of service that the District is able to provide within its existing boundaries.

## **IMPACT ON PROPERTY TAX REVENUES OF OTHER SAN MATEO COUNTY AGENCIES AND DISTRICTS**

A typical annexation involves the redistribution of property tax revenues among affected agencies as a result of transfers in service responsibilities. Since the proposed District annexation does not include the transfer of service responsibilities, no redistribution of property tax revenues will occur. However, the District annexation will have an impact on property tax revenues since it is a public agency, and is therefore not required to pay property taxes on the land that it owns, with the exception of lands or improvements that are leased for use as a residence or commercial enterprise on which a possessory interest tax is applicable.

The District has adopted as a permanent policy within the Coastal Annexation Area that it will only acquire lands or interests in lands from willing sellers, without the use of eminent domain, and will therefore acquire property within the Coastal Annexation Area on an opportunity-only basis. In light of this policy, the District cannot determine which parcels within the Coastal Annexation Area will be acquired pursuant to the acquisition projections of the Basic Service Plan.

In order to estimate the potential impact of the proposed annexation on property tax revenues in San Mateo County, ERA randomly selected parcels within the Coastal Annexation Area that are representative of the type of properties that might be acquired by the District. At present, the assessed value of the majority of the land in the Coastal Annexation Area is well below the market value of the land. The average assessed value of the randomly selected sample properties within the Coastal Annexation Area was \$460 per acre, whereas the current market value of the land is estimated to be about \$8,000 per acre in this analysis.<sup>1</sup> In addition, it is anticipated that approximately 80 percent of lands acquired by the District will already have been removed from the tax rolls because the District will be acquiring the lands from non-profits or public agencies. These agencies have expressed an intent to continue land acquisition in the Coastal Annexation Area; this activity is anticipated to occur whether or not the proposed annexation proceeds.

As a result of the low assessed property values, and the fact that that the majority of the land will already be tax-exempt, the potential property tax revenue loss to San Mateo County as a result of District acquisition is not sizeable. To calculate the tax loss

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<sup>1</sup> The estimated market value of the land in the proposed Coastal Annexation Area is based on comparable property sales from November 2000 to the present. The comparables analysis is presented in Section IV.

to other agencies, the ERA assumed land would be acquired according to the Basic Service Plan, and that assessed property values would inflate at a rate two percent annually, under the guidelines of Proposition 13. Based on the above assumptions, the total tax revenue loss to San Mateo County over a 15-year period under the Basic Service Plan is estimated to be \$90,000. This represents an average annual tax loss of \$6,000 to all agencies combined over the 15-year period.

The coastal school districts comprise less than five percent of the total tax revenue loss, which translates to approximately \$4,100 over the 15-year period. This total takes into account the fact that the La Honda-Pescadero Unified School District has become a basic aid district. . Meanwhile, the Cabrillo Unified School District is expected to remain a non-basic aid district. As a basic aid district, La Honda-Pescadero Unified School District will no longer have property tax losses reimbursed by state funds. The General County Fund is estimated to bear 41 percent of the total tax revenue loss, which translates to about \$37,200 over the 15-year period. The remaining 54 percent of revenue losses impact other local districts, including the local library, sanitary, fire, and harbor districts (an estimated combined total of about \$48,900 over 15 years). The estimated loss in tax revenues is unlikely to have a significant impact on the ability of County agencies and districts to maintain their existing levels of service (the maximum annual combined loss, which occurs in year 15, represents only about .016 percent of the Fiscal Year 2001/2002 County General Fund).

## **SERVICE IMPACTS ON OTHER SAN MATEO COUNTY AGENCIES AND DISTRICTS**

ERA contacted all San Mateo County agencies and districts whose sphere of influence is contained within, or borders on, the Coastal Annexation Area to identify the potential effect of the proposed annexation on the cost and adequacy of services that they provide. All of the agencies and districts stated that they would be able to accommodate the estimated increase in service demand following the annexation within their current budget allocations.

### **Section III**

## **BASIC SERVICE PLAN ACQUISITION AND MANAGEMENT PROJECTIONS**

The “Service Plan for the San Mateo Coastal Annexation Area” presents the District’s Basic Service Plan for land and easement acquisition, development, and management programs for fifteen years after annexation. The Basic Service Plan is based on funding only from existing District revenue sources, including anticipated grants and gifts.

### **SERVICE PROVISION ASSUMPTIONS**

ERA worked closely with District staff in order to develop a feasible set of assumptions regarding the amount of land that will be acquired and the level of services that will be provided within the Coastal Annexation Area under the Basic Service Plan. For a more in-depth discussion on the level and type of services provided, including trail miles and staging areas, refer to the Service Plan document.

The District’s acquisition of land within the Coastal Annexation Area will include both fee simple and easement acquisitions. The majority of easement purchases will consist of conservation easements on agricultural properties that will provide for the continuation of agricultural operations on the property but prohibit future non-agricultural development. Additionally, the District plans to take on management responsibilities under contract for open space land within the Coastal Annexation Area that is owned by land trust organizations or other public park agencies.

District staff assumed that the level of services provided on lands within the Coastal Annexation Area would not exceed the level of services provided within the existing District. The assumptions used in this analysis are therefore based on the current level of service provided within existing District boundaries. The provision of services is estimated based on the ratio of staffing, trail miles, and staging areas to the total acres of land managed by the District, which includes both land owned by the District (either in fee or easement) and lands managed under contract.

The following assumptions were applied to determine the level of service that would be provided under the Basic Service Plan:

- One full-time equivalent land management staff person will be provided for every 1,720 acres of land purchased in fee or under management contract.
- One full-time equivalent planning and administrative staff person will be provided at the outset to manage the Coastal Annexation Area. One additional full-time equivalent planning or administrative staff person will be provided for every 3,440 acres of land purchased in fee or under management contract. An additional full-time position will be created for every 5,160 acres of conservation easement.
- Public trails will be provided at a ratio of approximately seven miles per 1,720 acres of fee ownership lands. It is anticipated that approximately one-third of the trails provided will be new trails and the remaining two-thirds will be existing trails formerly used as fire or ranch roads. New trail construction begins three years after acquisition of property. The District will manage 4.7 miles of trail on every 1,720 acres of land under management contract. No new trails will be built on lands under contract. Trails will generally not be built on lands owned in easement unless the easement acquisition includes a trail easement.
- Public staging areas will be provided at the rate of one staging area per 18 miles of trails. New staging areas will be alternate between major staging areas (with a capacity for 50 to 60 cars) and minor staging areas (with a capacity for 12 to 20 cars).
- A temporary office will be provided in the first five years in an existing structure in the coastal area. The location of this office has yet to be determined.

## LAND ACQUISITION AND MANAGEMENT PROJECTIONS

The Basic Service Plan assumes that the District will fund its activities in the Coastal Annexation Area only from existing revenue sources. As shown in the table below, under the Basic Service Plan it is estimated that the District will acquire 1,200 acres of land under fee ownership and 240 acres of land under easement ownership annually in years one through five. During this period, the District will also augment its system lands in the Coastal Annexation Area by taking on management responsibilities under contract for 200 acres each year of open space resource lands that are owned by other land trusts or public agencies. In years one through five, grants and gifts are expected to fund at least 75 percent of the District's coastal fee acquisitions and 90 percent of easements acquisitions.

**Projected Annual New Acres Acquired or Under Management**

	<b>Years 1-5</b>	<b>Years 6-10</b>	<b>Years 11-15</b>
Lands acquired under fee	1,200	200	100
Lands acquired under easement	240	110	10
Lands managed under contract	200	200	100
<b>Total Lands Added per Year</b>	<b>1,640</b>	<b>510</b>	<b>210</b>

After year five all acquisitions will be made through grants and gifts. The District estimates that in the Coastal Annexation Area it will be able to purchase approximately 200 acres of land under fee ownership and 110 acres of land under easement ownership on an annual basis from years six through ten. The District will continue to manage under contract about 200 acres of open space resource lands owned by outside agencies or land trusts annually during this period. From years 11 to 15 the District anticipates purchase of 100 acres of land under fee ownership and 10 acres of land under easement annually, as well as an additional 100 acres per year of land managed under contract.

At the end of the 15-year period, the District will have acquired a total of 7,500 acres of land in fee and 1,800 acres in easement. The total acres of land managed under contract will be 2,500. The total system lands in the Coastal Annexation Area under the Basic Service Plan will be approximately 11,800 acres. Based on this system total, the

District estimates that it will provide approximately 37 miles of public trails and two staging areas (one major and one minor). A summary of the Basic Service Plan at the end of the 15-year period is presented below.

**Summary of Basic Service Plan in Year 15**

Total Acres Acquired in Fee	7,500
Total Acres Acquired in Easement	1,800
Total Acres Managed Under Contract	2,500
Total Trail Miles	37
Total Staging Areas	2

In order to manage the system lands in the Coastal Annexation Area, the District will employ 3.3 full-time equivalent planning and administrative staff and 5.8 full-time equivalent land management staff. Detailed acquisition and management projections are presented in **Table 1**.

**Table 1**  
**COASTAL ANNEXATION BASIC SERVICE PLAN ACQUISITION AND MANAGEMENT PROJECTIONS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004-18
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative
<b>Land Added to System</b>																
Lands Acquired in Fee	1,200	1,200	1,200	1,200	1,200	200	200	200	200	200	100	100	100	100	100	7,500
<i>Cumulative Fee Lands</i>	<i>1,200</i>	<i>2,400</i>	<i>3,600</i>	<i>4,800</i>	<i>6,000</i>	<i>6,200</i>	<i>6,400</i>	<i>6,600</i>	<i>6,800</i>	<i>7,000</i>	<i>7,100</i>	<i>7,200</i>	<i>7,300</i>	<i>7,400</i>	<i>7,500</i>	<i>7,500</i>
Lands Acquired w/ Easement	240	240	240	240	240	110	110	110	110	110	10	10	10	10	10	1,800
<i>Cumulative Easement Lands</i>	<i>240</i>	<i>480</i>	<i>720</i>	<i>960</i>	<i>1,200</i>	<i>1,310</i>	<i>1,420</i>	<i>1,530</i>	<i>1,640</i>	<i>1,750</i>	<i>1,760</i>	<i>1,770</i>	<i>1,780</i>	<i>1,790</i>	<i>1,800</i>	<i>1,800</i>
Lands Managed Under Contract	200	200	200	200	200	200	200	200	200	200	100	100	100	100	100	2,500
<i>Cumulative Managed Lands</i>	<i>200</i>	<i>400</i>	<i>600</i>	<i>800</i>	<i>1,000</i>	<i>1,200</i>	<i>1,400</i>	<i>1,600</i>	<i>1,800</i>	<i>2,000</i>	<i>2,100</i>	<i>2,200</i>	<i>2,300</i>	<i>2,400</i>	<i>2,500</i>	<i>2,500</i>
Total Lands Added per Year	1,640	1,640	1,640	1,640	1,640	510	510	510	510	510	210	210	210	210	210	11,800
<b>Total System Lands (cumulative)</b>	<b>1,640</b>	<b>3,280</b>	<b>4,920</b>	<b>6,560</b>	<b>8,200</b>	<b>8,710</b>	<b>9,220</b>	<b>9,730</b>	<b>10,240</b>	<b>10,750</b>	<b>10,960</b>	<b>11,170</b>	<b>11,380</b>	<b>11,590</b>	<b>11,800</b>	<b>11,800</b>
<b>Land Management</b>																
New Trail Miles Built	0	0	0	1.6	1.6	2	1.6	1.6	0.3	0.3	0	0.3	0.3	0.1	0.1	9.7
Existing Trail Miles Incorporated	3.8	3.8	3.8	3.8	3.8	1.1	1.1	1.1	1.1	1.1	0.5	0.5	0.5	0.5	0.5	27.0
Total Trail Miles per Year	3.8	3.8	3.8	5.4	5.4	2.7	2.7	2.7	1.4	1.4	0.8	0.8	0.8	0.6	0.6	36.7
<b>Total Trail Miles (cumulative)</b>	<b>4</b>	<b>8</b>	<b>11</b>	<b>17</b>	<b>22</b>	<b>25</b>	<b>28</b>	<b>30</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>36</b>	<b>37</b>	<b>37</b>
Minor Staging Areas	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
Major Staging Areas	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Total Staging Areas per Year	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	2
<b>Total Staging Areas (cumulative)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>
Total Planning and Admin. Staff (cumulative)	1.0	1.0	1.4	1.8	2.3	2.4	2.5	2.7	2.8	3.0	3.0	3.1	3.1	3.2	3.3	3.3
Total Land Management Staff (cumulative)	0.8	1.6	2.4	3.3	4.1	4.3	4.5	4.8	5.0	5.2	5.3	5.5	5.6	5.7	5.8	5.8
Total Full-Time Equivalent Staff (cumulative)	1.8	2.6	3.8	5.1	6.3	6.7	7.1	7.4	7.8	8.2	8.4	8.5	8.7	8.9	9.1	9.1

Source: Economics Research Associates.

## **Section IV**

### **FISCAL IMPACT ANALYSIS**

This section examines the potential fiscal impacts of the District’s proposed annexation of the Coastal Annexation Area. ERA divided the proposed impacts of the annexation on San Mateo County into the following categories: the ability of the District to continue to provide the same level of service on existing District lands, revenue impacts on San Mateo County agencies and districts, service burdens on San Mateo County agencies and districts, and indirect impacts on San Mateo County.

#### **IMPACT ON EXISTING DISTRICT SERVICE LEVELS**

This section addresses the ability of the District to provide service within the Coastal Annexation Area without impacting the level of services provided within its existing boundaries. One of District’s guiding principles for the Coastal Annexation Area, as outlined in the Service Plan, states “the District shall only acquire lands or enter into management agreements with other public or non-profit entities where such agreement would not result in any negative significant impact to existing services” (see the Service Plan). The District plans to implement this guideline by conducting an assessment prior to entering into any management agreement to ensure that the District does not undertake any project without first having sufficient resources to sustain that project, including a designated revenue source and adequate personnel and equipment.

ERA analyzed the potential impact on service levels within the existing District boundaries by determining whether adequate cash reserves would be available to cover both the ongoing operating costs of the existing District and the cost of implementing the proposed Basic Service Plan. ERA based this analysis on the 15-year Cash Flow Projection for the existing District system, prepared by the District Controller.

### ***Projected Costs of Implementing Basic Service Plan***

ERA estimated the annual cost of implementing the acquisition and management projections for the Basic Service Plan. The cost estimates for staffing and land management equipment and capital outlays are based on current District spending patterns within the existing District boundaries.

Land values in the Coastal Annexation Area are estimated based on the average per acre purchase price for recent land acquisitions in private transactions and by other land trust organizations within the proposed Coastal Annexation Area. Based on an analysis of properties sold between November 2000 and the present, ERA found that smaller acreage properties and properties with high development density typically reflected a higher price per acre, while larger more remote rural lands with lower density development potential reflected a lower price per acre. Properties with coastal views and access or frontage along Highway 1 typically demanded a higher price per acre as well. An analysis of eight sales comparables for properties considered most representative of larger vacant properties in the Coastal Annexation Area and Santa Cruz mountain range west of the District's current boundary along and west of Skyline Boulevard is presented below:

#### **Summary of Sales Comparables**

<b>Property</b>	<b>Acres</b>	<b>Density Credits</b>	<b>Price</b>	<b>Price/Acre</b>	<b>Price/ Credit</b>	<b>Sale Date</b>
1	80		\$720,000	\$9,000		5/30/02
2	62		\$662,500	\$10,748		2/28/02
3	1,118		\$7,000,000	\$6,261		2/8/02
4	3,681	93	\$21,000,000	\$5,705	\$225,806	1/22/02
5	68		\$500,000	\$7,381		6/20/01
6	4,262	34	\$29,750,000	\$6,980	\$875,000	5/8/01
7	44		\$400,000	\$9,091		4/17/01
8	39		\$420,000	\$10,652		2/20/01

As shown, the comparables indicate a price range of \$5,705 to \$10,748 per acre. The higher prices per acre typically corresponded to properties with smaller acreage or with some development. It is anticipated that the majority of acquisitions will be 100-acre and larger properties, with few density credits. Based on this analysis, ERA estimates that average market value for parcels in the Coastal Annexation Area likely to be purchased by the District (large, undeveloped rural properties) is \$8,000 per acre.

The following assumptions were used to project the cost of implementing the Basic Service Plan:

- The current value of the type of land in the Coastal Annexation Area likely to be purchased by the District is estimated to be \$8,000 per acre.
- The value of conservation easements is conservatively estimated to be 80 percent of the cost of fee acquisitions, or \$6,400 per acre.
- All newly acquired open space lands, with the exception of conservation easements, are examined and evaluated for potential environmental contamination and cleared of debris that may cause safety hazards.
- Land management staff salaries are estimated based on a full time Ranger equivalent position.
- Land management staff equipment, including field vehicles, is estimated to be an average of \$17,500 per staff person annually. This cost does not include the basic land management service and supply costs, which are estimated separately at \$13.70 per acre.
- A consulting allowance of \$50,000 per year will be allotted during the first three years for the purpose of formulating policies and creating a Master Plan for the Coastal Annexation Area.
- Planning and administrative staff salaries are estimated based on a full time Planner II equivalent position.
- Planning and administrative overhead is estimated to be equivalent to 20% of total planning and administrative staff salaries and benefits.
- All costs are inflated three percent annually.

A detailed list of the cost estimate assumptions used in the implementation projections is presented in **Table 2**.

### ***Basic Service Plan Cost Projections***

Based on the above assumptions, ERA calculated the cost of implementing the Basic Service Plan. The annual costs of land acquisition, land preparation, and on-going management and staffing are outlined in **Table 3**. The cumulative cost of implementing

**Table 2**  
**DISTRICT FISCAL ANALYSIS COST ASSUMPTIONS**

	<u>Cost per unit 2003</u>	<u>Unit of calculation</u>	<u>One time or annual</u>
<b><u>Staffing and Administration</u></b>			
Initial Field Office Maintenance	\$5,500	first staff person	Annual
Field Office Maintenance	\$1,130	each add. staff person	Annual
Land Management Services and Supplies	\$13.70	acre	Annual
Land Management Staff Salary and Benefits	\$79,100	staff person	Annual
Land Management Staff Equipment	\$17,500	staff person	Annual
New Field Office Construction	\$1,093,000	field office	One Time <sup>1</sup>
Administrative Staff Salary and Benefits	\$84,900	staff person	Annual
Administrative Overhead- Staff Equipment	\$16,200	staff person	Annual
Administrative Overhead- Consulting Fees	\$50,000	annexation area	Annual (until Year 3)
<b><u>Land Acquisition/Preparation</u></b>			
Fee Simple Land Cost	\$8,000	acre	One Time
Conservation Easement Land Cost	\$6,400	acre	One Time
Land Preparation-- Fee Ownership Lands	\$8.20	acre	One Time
Land Preparation-- Lands Managed Under Contract	\$5.50	acre	One Time
New Trail Construction	\$26,000	mile	One Time (starting Year 3)
Minor Staging Area Construction	\$120,200	minor staging area	One Time
Major Staging Area Construction	\$240,400	major staging area	One Time

<sup>1</sup>Field office construction assumed to occur once lands under management reaches 15,000 acres.

Source: Economics Research Associates.

**Table 3**  
**COASTAL ANNEXATION BASIC SERVICE PLAN COST PROJECTIONS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004-18
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative
Inflation Factor	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.558	
<b>Land Acquisition/Preparation</b>																
Fee Ownership Acquisitions	\$9,888,000	\$10,184,640	\$10,490,179	\$10,804,885	\$11,129,031	\$1,910,484	\$1,967,798	\$2,026,832	\$2,087,637	\$2,150,266	\$1,107,387	\$1,140,609	\$1,174,827	\$1,210,072	\$1,246,374	\$68,519,021
Easement Ownership Acquisitions	\$1,582,080	\$1,629,542	\$1,678,429	\$1,728,782	\$1,780,645	\$840,613	\$865,831	\$891,806	\$918,560	\$946,117	\$88,591	\$91,249	\$93,986	\$96,806	\$99,710	\$13,332,747
New Land Preparation	\$11,268	\$11,606	\$11,954	\$12,313	\$12,682	\$3,272	\$3,370	\$3,471	\$3,575	\$3,682	\$1,896	\$1,953	\$2,012	\$2,072	\$2,134	\$87,263
Trail Construction	\$0	\$0	\$0	\$46,821	\$48,226	\$49,673	\$51,163	\$52,698	\$10,177	\$10,483	\$10,797	\$11,121	\$11,455	\$3,933	\$4,051	\$310,596
Minor Staging Area Construction	\$0	\$0	\$0	\$0	\$139,345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,345
Major Staging Area Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$363,627	\$0	\$363,627
<b>Subtotal Acquisition and Preparation</b>	<b>\$11,481,348</b>	<b>\$11,825,789</b>	<b>\$12,180,562</b>	<b>\$12,592,800</b>	<b>\$13,109,929</b>	<b>\$2,804,041</b>	<b>\$2,888,162</b>	<b>\$2,974,807</b>	<b>\$3,019,950</b>	<b>\$3,110,548</b>	<b>\$1,208,671</b>	<b>\$1,244,932</b>	<b>\$1,282,280</b>	<b>\$1,676,509</b>	<b>\$1,352,269</b>	<b>\$82,752,597</b>
<b>Ongoing Management and Staffing</b>																
Field Office Maintenance	\$5,665	\$5,835	\$6,010	\$6,190	\$6,376	\$6,567	\$6,764	\$6,967	\$7,176	\$7,392	\$7,613	\$7,842	\$8,077	\$8,319	\$8,569	\$105,363
Land Mgmt. Services and Supplies	\$23,142	\$47,673	\$73,654	\$101,152	\$130,233	\$142,483	\$155,350	\$168,862	\$183,044	\$197,925	\$207,845	\$218,183	\$228,953	\$240,174	\$251,861	\$2,370,533
Land Management Staff Salary and Benefits	\$66,315	\$136,609	\$211,061	\$289,858	\$373,192	\$406,353	\$441,167	\$477,705	\$516,038	\$556,241	\$585,660	\$616,343	\$648,341	\$681,703	\$716,484	\$6,723,069
Land Management Staff Equipment	\$14,672	\$30,223	\$46,695	\$64,128	\$82,565	\$89,901	\$97,603	\$105,687	\$114,168	\$123,062	\$129,571	\$136,359	\$143,438	\$150,819	\$158,514	\$1,487,405
New Field Office Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Planning and Admin. Staff Salary and Benefits	\$87,447	\$90,070	\$126,214	\$173,334	\$223,167	\$243,811	\$265,493	\$288,256	\$312,146	\$337,210	\$354,386	\$372,290	\$390,949	\$410,393	\$430,651	\$4,105,816
Consulting Fees	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000
Planning and Admin. Overhead	\$16,686	\$17,187	\$24,083	\$33,074	\$42,583	\$46,522	\$50,659	\$55,003	\$59,561	\$64,344	\$67,621	\$71,038	\$74,598	\$78,308	\$82,174	\$783,442
<b>Subtotal Management and Staffing</b>	<b>\$263,927</b>	<b>\$377,597</b>	<b>\$537,718</b>	<b>\$667,735</b>	<b>\$858,115</b>	<b>\$935,637</b>	<b>\$1,017,037</b>	<b>\$1,102,479</b>	<b>\$1,192,133</b>	<b>\$1,286,173</b>	<b>\$1,352,697</b>	<b>\$1,422,055</b>	<b>\$1,494,356</b>	<b>\$1,569,716</b>	<b>\$1,648,253</b>	<b>\$15,725,629</b>
<b>Total Costs</b>	<b>\$11,745,275</b>	<b>\$12,203,386</b>	<b>\$12,718,280</b>	<b>\$13,260,536</b>	<b>\$13,968,045</b>	<b>\$3,739,678</b>	<b>\$3,905,199</b>	<b>\$4,077,286</b>	<b>\$4,212,083</b>	<b>\$4,396,722</b>	<b>\$2,561,369</b>	<b>\$2,666,986</b>	<b>\$2,776,636</b>	<b>\$3,246,225</b>	<b>\$3,000,522</b>	<b>\$98,478,226</b>
<b>Distribution of Funding Sources</b>																
Coastal Funding Measure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants and Gifts	\$8,839,872	\$9,105,068	\$9,378,220	\$9,659,567	\$9,949,354	\$2,751,096	\$2,833,629	\$2,918,638	\$3,006,197	\$3,096,383	\$1,195,978	\$1,231,857	\$1,268,813	\$1,306,878	\$1,346,084	\$67,887,636
General District Budget	\$2,905,403	\$3,098,318	\$3,340,060	\$3,600,969	\$4,018,691	\$988,581	\$1,071,570	\$1,158,648	\$1,205,885	\$1,300,338	\$1,365,390	\$1,435,129	\$1,507,823	\$1,939,348	\$1,654,438	\$30,590,590

Source: Economics Research Associates.

the Basic Service Plan over a 15-year period is estimated to be about \$98.5 million. Of this total, approximately \$82.8 million will be used for land acquisition and preparation. The remaining \$15.7 million will be used for ongoing management and staffing.

The majority of funding needed to cover the costs of implementing the Basic Service Plan will come from existing District revenue sources. Entry fees for public recreation use of District lands have generally not been charged in the past and are not an anticipated source of revenue in the future. As discussed in the previous section, the District assumes that vast majority of land acquisition in years one through five will be covered by grants and gifts. Beginning in year six, District tax revenues available for borrowing for acquisition will be fully committed District-wide and all acquisitions will be funded purely through grants and gifts. Site preparation, trail and staging area construction, and on-going management and staffing costs will continue to be funded from District general revenues in years one through 15.

#### ***Projected Impact on the District Cash Flow***

The District controller prepares a long-term projection of District operating revenues and expenses on an annual basis to determine the available cash flow. ERA reviewed the projected expenses in the Basic Service Plan and the most recent version of this cash flow projection to determine if funds will be available to maintain service levels within the existing district boundaries while providing the anticipated level of service within the Coastal Annexation Area.

The District's 15-year Cash Flow Projection (from May 2003) estimates that tax revenues will grow at approximately three percent annually from 2004 to 2007 and five percent thereafter, not including grants and gifts for acquisition. Operating expenses within the existing District boundaries, including staffing, land management, and debt service, are estimated to increase at a rate of seven percent annually after 2004, including both inflation and real growth in expenditures. Operating revenues exceed operating expenses and will continue to do so, despite the differential in the rate of growth. Cash reserves will be augmented by note proceeds the first year. Open space acquisitions within the existing District boundaries are assumed to be funded through existing revenue, borrowing, the surplus in cash reserves, and outside grants and gifts.

**Table 4** presents the District's available cash flow under the Basic Service Plan. As shown in the table, the projected cash reserves are more than adequate to cover the estimated expense of implementing the plan. As a result, ERA concludes that the

**Table 4**  
**DISTRICT 15-YEAR CASH FLOW PROJECTION UNDER BASIC SERVICE PLAN**  
(in \$ Thousands)

	Year 1 2004	Year 2 2005	Year 3 2006	Year 4 2007	Year 5 2008	Year 6 2009	Year 7 2010	Year 8 2011	Year 9 2012	Year 10 2013	Year 11 2014	Year 12 2015	Year 13 2016	Year 14 2017	Year 15 2018
Beginning Cash	\$26,843	\$37,198	\$23,830	\$11,690	\$10,794	\$9,781	\$10,331	\$10,470	\$10,787	\$10,885	\$10,672	\$10,090	\$8,525	\$8,339	\$8,791
<b>Existing District Operating Revenues</b>															
Tax Revenue	\$19,588	\$20,176	\$20,781	\$21,404	\$22,475	\$23,598	\$24,778	\$26,017	\$27,318	\$28,684	\$30,118	\$31,624	\$33,205	\$34,865	\$36,609
Development Grants	\$237	\$182	\$187	\$193	\$202	\$212	\$223	\$234	\$246	\$258	\$271	\$285	\$299	\$314	\$329
Acq. Grants/Gifts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Income	\$800	\$830	\$490	\$275	\$225	\$210	\$215	\$220	\$225	\$220	\$210	\$195	\$160	\$160	\$170
Other Income	\$960	\$974	\$989	\$1,004	\$1,019	\$1,034	\$1,050	\$1,065	\$1,081	\$1,098	\$1,114	\$1,131	\$1,148	\$1,165	\$1,182
<b>Total Revenues</b>	<b>\$21,585</b>	<b>\$22,162</b>	<b>\$22,447</b>	<b>\$22,876</b>	<b>\$23,921</b>	<b>\$25,055</b>	<b>\$26,266</b>	<b>\$27,537</b>	<b>\$28,870</b>	<b>\$30,260</b>	<b>\$31,713</b>	<b>\$33,234</b>	<b>\$34,812</b>	<b>\$36,504</b>	<b>\$38,291</b>
<b>Existing District Operating Expenses</b>															
Operating Expenses	\$7,989	\$8,548	\$9,147	\$9,787	\$10,472	\$11,205	\$11,989	\$12,829	\$13,727	\$14,687	\$15,716	\$16,816	\$17,993	\$19,252	\$20,600
Property Management	\$128	\$132	\$136	\$140	\$144	\$148	\$153	\$157	\$162	\$167	\$172	\$177	\$182	\$188	\$194
Major Improvements	\$2,338	\$700	\$721	\$743	\$780	\$819	\$860	\$903	\$948	\$995	\$1,045	\$1,097	\$1,152	\$1,210	\$1,270
Coastal Management/ Staffing	\$263	\$375	\$533	\$658	\$847	\$923	\$1,003	\$1,088	\$1,176	\$1,269	\$1,335	\$1,403	\$1,474	\$1,549	\$1,626
Debt Service	\$7,882	\$8,065	\$8,260	\$9,571	\$9,730	\$9,910	\$10,122	\$11,243	\$10,760	\$8,854	\$9,028	\$6,806	\$6,696	\$11,854	\$8,275
Total Existing District Expense	\$18,600	\$17,820	\$18,796	\$20,898	\$21,973	\$23,005	\$24,127	\$26,220	\$26,773	\$25,973	\$27,296	\$26,299	\$27,497	\$34,053	\$31,965
<b>Operating Cash Flow</b>	<b>\$2,985</b>	<b>\$4,342</b>	<b>\$3,651</b>	<b>\$1,977</b>	<b>\$1,948</b>	<b>\$2,050</b>	<b>\$2,139</b>	<b>\$1,317</b>	<b>\$2,098</b>	<b>\$4,287</b>	<b>\$4,418</b>	<b>\$6,935</b>	<b>\$7,314</b>	<b>\$2,451</b>	<b>\$6,326</b>
<b>Coastal Annexation Area Expenditures</b>															
Note Proceeds (Net)	\$25,000														
Coastal Land Purchase	\$11,470	\$11,814	\$12,169	\$12,534	\$12,910	\$2,751	\$2,834	\$2,919	\$3,006	\$3,096	\$1,196	\$1,232	\$1,269	\$1,307	\$1,346
Portion Covered by Acquisition Grants/Gifts	\$8,840	\$9,105	\$9,378	\$9,660	\$9,949	\$2,751	\$2,834	\$2,919	\$3,006	\$3,096	\$1,196	\$1,232	\$1,269	\$1,307	\$1,346
Net Coastal Acquisitions	\$2,630	\$2,709	\$2,790	\$2,874	\$2,960	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Coastal Acquisitions	\$15,000	\$15,000	\$13,000	\$0	\$0	\$1,500	\$2,000	\$1,000	\$2,000	\$4,500	\$5,000	\$8,500	\$7,500	\$2,000	\$6,000
Ending Cash	\$37,198	\$23,830	\$11,690	\$10,794	\$9,781	\$10,331	\$10,470	\$10,787	\$10,885	\$10,672	\$10,090	\$8,525	\$8,339	\$8,791	\$9,117
Required Reserves	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$1,666	\$0	\$0	\$0	\$0
Available Cash	\$34,998	\$21,630	\$9,490	\$8,594	\$7,581	\$8,131	\$8,270	\$8,587	\$8,685	\$8,472	\$8,424	\$8,525	\$8,339	\$8,791	\$9,117
<b>Cumulative New Land</b>	<b>\$17,630</b>	<b>\$35,339</b>	<b>\$51,130</b>	<b>\$54,004</b>	<b>\$56,964</b>	<b>\$58,464</b>	<b>\$60,464</b>	<b>\$61,464</b>	<b>\$63,464</b>	<b>\$67,964</b>	<b>\$72,964</b>	<b>\$81,464</b>	<b>\$88,964</b>	<b>\$90,964</b>	<b>\$96,964</b>

Source: District Controller 15-year projections (May 2003), Economics Research Associates.

extension of District boundaries to include the Coastal Annexation Area will have no net impact on the level of service that the District is able to provide within its existing boundaries.

## **REVENUE IMPACTS ON OTHER SAN MATEO COUNTY AGENCIES AND DISTRICTS**

The proposed extension of District boundaries to include the Coastal Annexation Area will have an impact on the revenue generating capabilities of San Mateo County agencies and districts as a result of its impact on property tax revenues. Collectively, public agencies in San Mateo County receive property taxes equivalent to one percent of the assessed value of all privately owned parcels in San Mateo County. This one percent is shared between County agencies, schools, and other districts. The percentage share of property tax revenue received by each agency or district in the County varies between parcels, depending on the tax rate area where the parcel is located.

A typical annexation involves the redistribution of property tax revenues among affected agencies as a result of transfers in service responsibilities. Since the proposed District annexation does not include the transfer of service responsibilities, no redistribution of property tax revenues will occur. However, as a public agency, the District is not required to pay property taxes on the land that it owns, with the exception of lands that are leased for use as a residential or commercial enterprise on which a Possessory Interest Tax is applied.<sup>2</sup> Under the stipulations of Proposition 218, the District does continue to pay all special assessments levied on parcels that are under its ownership. Some property acquired by the District in the Coastal Annexation Area will result in a net reduction in the property tax base of San Mateo County. A significant amount of land acquired will be from land trusts, non-profit organizations, and public agencies, and the majority of that land has already been removed from the tax rolls. This analysis estimates the potential reduction in property tax revenues to each agency and district in San Mateo County as a result of property acquisition by the District.

The analysis does not include the property tax reductions in the Coastal Annexation area on lands managed by the District that are owned by other land trust

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<sup>2</sup> Possessory interest tax applies to properties where there is a private enterprise or private residence on publicly-owned, non-taxable property. Therefore, as an example, District acquisitions of properties with cattle grazing rights would still be subject to the County's possessory interest tax. Unlike property taxes, the possessory interest tax is assessed on the unsecured tax roll.

organizations or public agencies. Approximately 80 percent of the properties purchased by land trust organizations already qualify for property tax exemptions. Acquisition by other land trust organizations and public agencies within the Coastal Annexation Area is independent of the District's operations and would likely occur whether or not the annexation proposal proceeds and the District was capable of assuming land management responsibilities for lands owned by other land trust organizations or agencies.

### ***Tax Revenue Estimation Methodology***

The District has adopted as a permanent policy within the Coastal Annexation Area that it will only acquire lands or interests in lands from willing sellers, without the use of eminent domain (see the Service Plan) and will therefore acquire property within the Coastal Annexation Area on an opportunity-only basis. In light of this policy, the District cannot determine which parcels within the Coastal Annexation Area will be acquired pursuant to the acquisition projections of the Basic Service Plan.

In order to estimate the potential impact of the proposed annexation on property tax revenues in San Mateo County, ERA randomly selected parcels within the Coastal Annexation Area that are representative of the type of properties that might be acquired by the District. The following criteria were used to select parcels:

- Undeveloped land or land developed with few structures or improvements.
- Minimum size of 100 acres.<sup>3</sup>
- Land that is contiguous with other District lands along and west of Skyline Ridge or adjacent to other large public open space lands.
- Land that is not presently owned by any open space land trust or other public agency.

ERA applied the above criteria to a Geographic Information Systems (GIS) database of San Mateo County parcels, developed by the Green Info Network based on data from the County Assessor's office. Using the GIS system, ERA was able to extract the subset of parcels that met the above criteria that are located within the Coastal Annexation Area. ERA selected a final group of 15 parcels from this subset based on

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<sup>3</sup> Although the District anticipates typically acquiring parcels as small as 40 acres, the majority of acquisitions will be properties of 100 acres or more.

their geographic distribution within the Coastal Annexation Area in order to get a representative mix of the entire area. The selected group of parcels is referred to herein as the “sample parcels”.

The selection of properties for the purpose of this tax revenue analysis was completely hypothetical. The inclusion of the sample parcels in this analysis in no way indicates any future plans by the District to acquire them. District staff had no input in the selection of these parcels other than establishing the original criteria by which they were selected.

ERA received information on the assessed value and assigned tax rate area of each sample parcel from the County Assessor’s Office. ERA applied the assessed property values to the tax rate distribution within each tax rate area in order to calculate the total loss in property tax revenues for each San Mateo County agency or district that receives a share of the revenues within the included tax rate areas. For parcels acquired in easement, it was assumed that the assessed value would fall to half of the current assessed value due to restrictions on the use of the land under the conservation easement. ERA performed this analysis for the total estimated acreage acquired in fee and easement under the Basic Service Plan.

ERA also considered what effect, if any, the coastal area annexation would have on tax revenues in conjunction with various allocations of those revenues to the State Educational Revenue Augmentation Fund (ERAF). There is a reduction in property taxes to each agency or district that occurs as a result of the share of property taxes that are directed to the ERAF. The County contributes a share of the total property tax revenues to the ERAF. This share is then distributed to local schools. The percentage of revenue allotted to each agency or district in the County within each tax rate area is reduced by their share of the required contribution to the ERAF. The ERAF does not impact the net tax revenues received within the County, but shifts a minor portion of some of the tax revenues to a few school districts.

### ***Property Tax Revenue Loss***

At the present, the assessed value of the majority of the land in the Coastal Annexation Area is well below the market value of the land. The average assessed value of the sample properties was \$460 per acre, whereas the current market value of the land is estimated at \$8,000 per acre in this analysis based on recent land acquisitions by land trust organizations.

The method by which property tax revenues are allocated to public school districts varies according to whether the district is a “revenue limit” district or a “basic aid” district. Revenue limits for school districts are based on the amount the district was spending on general education in 1972. Property taxes are part of each district’s revenue limit income, in varying amounts depending on a formula set by the California State Legislature in 1978. In most school districts, property tax revenues are not sufficient to reach the revenue limit, in which case state funds cover the shortfall. These school districts, often referred to as “revenue limit” districts, would not be impacted by a decline in local property tax revenues, because any decline would be offset by the state. In some school districts, on the other hand, property taxes meet or exceed their revenue limit. These districts are allowed to keep the additional revenue (and are guaranteed an additional \$120 per pupil in state “basic aid”). These “basic aid” districts, consequently, are the only districts that might be impacted by a loss in property tax revenue, to the extent that district revenues from property taxes exceed the revenue limit. The Sequoia High School and Portola Valley Elementary districts are basic aid districts, and could therefore be impacted by a reduction in property tax revenues. These relatively affluent districts only border the annexation area, and very little coastside property contribute to their districts.

The Cabrillo School District is a revenue-limit district (not a basic aid district). The La Honda- Pescadero School District is currently a basic aid district. ERA’s estimates of fiscal impact assumes that the La Honda-Pescadero Unified School District is a basic aid district, and therefore will lose a total of about \$4,100 in property tax revenue over 15 years without state reimbursement. However, the Cabrillo Unified School District will remain a revenue-limit district, or non-basic aid district, and will consequently not lose tax revenue. The San Mateo Community College District currently receives funds from property taxes and ERAF. However, unlike the school districts, ERA estimates that any loss in revenue by the college district would still be covered by state funds.

As a result of the low assessed property values total property tax revenue loss to San Mateo County from the proposed District acquisitions will not be sizeable. Under the Basic Service Plan, ERA estimates that San Mateo County agencies will lose approximately \$6,000 in annual tax revenues, on average, over the 15-year period.

To calculate the total tax revenue loss over a 15-year period, ERA assumed that the assessed property value would inflate at a rate of two percent annually, under the

guidelines of Proposition 13. Based on the above assumptions, the total tax revenue loss to all San Mateo County service providers combined over a 15-year period under the Basic Service Plan is estimated to be about \$90,200.

The LaHonda-Pescadero Unified School District comprises less than five percent of the total tax revenue loss, which translates to approximately \$4,100 over the 15-year period. The County General Fund comprises 41 percent of the total tax revenue loss, which translates to about \$37,200 and the remaining 54 percent of revenue losses impact other local districts, including the local library, sanitary, fire, and harbor districts. **Table 5** presents a detailed account of the total estimated property tax revenue loss under the Basic Service Plan to each San Mateo County agency or district. As can be seen, the projected property tax losses to any one agency are relatively small.

## **SERVICE COST IMPACTS ON OTHER SAN MATEO COUNTY AGENCIES AND DISTRICTS**

ERA contacted all San Mateo County districts and municipalities whose sphere of influence is contained within or borders on the Coastal Annexation Area to identify the potential effect of the proposed annexation on the cost and adequacy of services that they provide. This section addresses this issue from the perspective of the potential change in demand for services and not in terms of the estimated reduction in tax revenues. A summary of the interviews with each district or agency is presented below.

### ***Police Service***

The San Mateo County Sheriff's Department provides police service in the Coastal Annexation Area. The services provided by the San Mateo County Sheriff's Department on coastal open space lands include crime deterrence and search and rescue. ERA talked to the San Mateo County Sheriff, the head of the Coastal Police Substation, and staff in the Search and Rescue Division regarding the potential impacts of the proposed annexation.

The Sheriff anticipates that there will be an increase in the number of service calls they receive on the parcels purchased by the District as a result of the increase in public access to these lands. However, they do anticipate that an active management program on the part of the District will help to reduce the overall service impact on their department. At the present time, the Sheriff's Department does not anticipate the need to hire additional staff as a result of the proposed annexation. The staffing needs of the

**Table 5**  
**ESTIMATED TAX LOSS DUE TO DISTRICT ACQUISITION UNDER THE BASIC SERVICE PLAN**  
**BASED ON ANALYSIS OF SAMPLE PROPERTIES<sup>1</sup>**

Revenue Recipient	Annual Tax	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004-18
	Loss per Acre	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative <sup>2</sup>
General County	\$2,127	\$511	\$1,021	\$1,532	\$2,042	\$2,553	\$2,638	\$2,723	\$2,808	\$2,893	\$2,978	\$3,021	\$3,063	\$3,106	\$3,149	\$3,191	\$37,229
Free Library District	\$0.349	\$84	\$167	\$251	\$335	\$418	\$432	\$446	\$460	\$474	\$488	\$495	\$502	\$509	\$516	\$523	\$6,102
Cabrillo Unified School District <sup>3</sup>	\$2.390	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
La Honda-Pescadero Unified School District <sup>4</sup>	\$0.232	\$56	\$111	\$167	\$223	\$278	\$288	\$297	\$306	\$316	\$325	\$330	\$334	\$339	\$343	\$348	\$4,061
Sequoia High School	\$0.341	\$82	\$164	\$245	\$327	\$409	\$423	\$436	\$450	\$464	\$477	\$484	\$491	\$498	\$505	\$511	\$5,966
Portola Valley Elementary	\$0.462	\$111	\$222	\$332	\$443	\$554	\$572	\$591	\$609	\$628	\$646	\$655	\$665	\$674	\$683	\$692	\$8,078
San Mateo Junior College	\$0.609	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bay Area Air Pollution District	\$0.019	\$4	\$9	\$13	\$18	\$22	\$23	\$24	\$25	\$25	\$26	\$26	\$27	\$27	\$28	\$28	\$326
Montara Sanitary District	\$0.231	\$55	\$111	\$166	\$222	\$277	\$286	\$296	\$305	\$314	\$323	\$328	\$333	\$337	\$342	\$346	\$4,041
Mosquito Abatement District	\$0.004	\$1	\$2	\$3	\$4	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$73
Sequoia Hospital District	\$0.032	\$8	\$15	\$23	\$31	\$38	\$40	\$41	\$42	\$43	\$45	\$45	\$46	\$47	\$47	\$48	\$559
Half Moon Bay Fire District	\$0.429	\$103	\$206	\$309	\$412	\$514	\$532	\$549	\$566	\$583	\$600	\$609	\$617	\$626	\$634	\$643	\$7,502
County Fire Protection	\$0.576	\$138	\$277	\$415	\$553	\$692	\$715	\$738	\$761	\$784	\$807	\$819	\$830	\$842	\$853	\$865	\$10,089
County Harbor District	\$0.032	\$8	\$15	\$23	\$30	\$38	\$39	\$40	\$42	\$43	\$44	\$45	\$46	\$46	\$47	\$47	\$553
Resource Conservation District	\$0.004	\$1	\$2	\$3	\$4	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$67
County Education Tax	\$0.316	\$76	\$152	\$228	\$304	\$380	\$392	\$405	\$418	\$430	\$443	\$449	\$456	\$462	\$468	\$475	\$5,538
Point Montara Fire District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Half Moon Bay	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Coastside County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Granada Sanitary District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewer Authority Mid-Coastside	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Peninsula Health Care District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Skyline County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Pacifica	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
North Coast County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Woodside Fire Protection District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Tax Revenue Losses</b>	<b>\$8.15</b>	<b>\$1,237</b>	<b>\$2,474</b>	<b>\$3,710</b>	<b>\$4,947</b>	<b>\$6,184</b>	<b>\$6,390</b>	<b>\$6,596</b>	<b>\$6,802</b>	<b>\$7,009</b>	<b>\$7,215</b>	<b>\$7,318</b>	<b>\$7,421</b>	<b>\$7,524</b>	<b>\$7,627</b>	<b>\$7,730</b>	<b>\$90,184</b>

<sup>1</sup> Based on a randomly selected sample of parcels. The actual distribution of impacts between agency and districts may be different.

<sup>2</sup> Assumes that in years 1-15, 80% of lands acquired in fee will already have been removed from the tax rolls (purchased from private non-profit organizations or agencies).

<sup>3</sup> This assumes that Cabrillo Unified School District will remain a revenue-limit (non-basic aid) district. As a result, the property tax loss associated with the proposed annexation will be offset by state funds, resulting in no revenue loss to the school district.

<sup>4</sup> This assumes that the La Honda-Pescadero Unified School District is a basic aid district. As a result, the property tax loss associated with the proposed annexation will not be offset by state funds, resulting in some revenue loss to the school district.

Source: San Mateo County Assessor's Office, Economics Research Associates.

Sheriff's Department will likely be reevaluated following the proposed annexation based on any significant change in the demand for services on the coast.

The Search and Rescue Division of the Sheriff's Department does not anticipate a significant increase in the demand for their services. According to the staff, the primary need for search and rescue services comes from people going into areas where they are not permitted to go, such as private lands, which have unmarked hazards. On the District system lands, areas of public access are well defined, which reduces trespass into dangerous areas. However, they do anticipate a slight increase in the need for their services due to increased public access to open space areas. The overall cost to their division is not anticipated to increase significantly as a result of the proposed annexation.

### ***Fire Protection Service***

Fire protection service within the Coastal Annexation Area is handled by two separate agencies, the Half Moon Bay and Point Montara Fire Protection Districts (which are jointly administered by the Half Moon Bay Fire Chief) and the California Department of Forestry and Fire Protection. The fire protection agencies provide two forms of service on coastal open space lands: fire fighting and search and rescue medical first response. ERA talked to the Half Moon Bay Fire Chief and the California Department of Forestry San Mateo County Battalion Chief regarding the potential impacts of the proposed annexation.

### ***The Half Moon Bay and Point Montara Fire Protection Districts***

The Half Moon Bay and Point Montara Fire Protection Districts provide the primary fire protection service to the City of Half Moon Bay and the unincorporated communities in coastal San Mateo County. According the Fire Chief, the Fire Protection District has already established a working relationship with the District on lands within existing District boundaries. District staff has been helpful in the past in providing immediate response to search and rescue calls on their property and the facilitating access to their lands. The Fire Chief anticipates that there will be an increase in service calls due to increased public access following annexation. The Fire District presently has adequate staff and equipment to respond to these calls within their current budget.

### ***The California Department of Forestry and Fire Protection***

The California Department of Forestry and Fire Protection provides fire protection service for areas in San Mateo County not served by other fire districts. According to the Battalion Chief, they also have an already established working relationship with the District on lands within existing District boundaries. The Battalion Chief anticipates that there will be a slight increase in the number of service calls they will receive each year in the Coastal Annexation Area as a result of the annexation. The California Department of Forestry currently has more than enough capacity to respond to these calls within their current budget.

### ***Parks Departments***

Public parks and beaches in the Coastal Annexation Area are managed by San Mateo County or the California State Parks Department, depending on the ownership of the land. These departments are responsible for the management of existing parklands, acquisition of new park properties, and long-term planning of the park system.

### ***San Mateo County Parks and Recreation Department***

The San Mateo County Parks and Recreation Division is responsible for the management of County-owned parks and reserves. ERA spoke with the Director of the Division about the potential impacts of the proposed annexation. According to the Director, the mission of the Parks and Recreation Division differs from the District's in that it focuses on more intense recreational use than does the District. The District has worked jointly with the Parks and Recreation Division in the past, including Bay Trail extensions, acquisition of Edgewood County Park, and taking on management responsibilities under contract for a small area of County park lands that were not designated for active recreation. The County has since transferred that property to the District. The Director also commented that the County Park Division's Recreation and Parks Needs Assessment for the Midcoast Area will assist in identifying the potential for future partnership opportunities and San Mateo County will work with the District to ensure that services are provided in a complementary manner.

### ***California State Parks Department***

The California State Parks Department is responsible for the on-going management of State Parks in California. ERA spoke with the Superintendent of the

Department about the potential impacts of the proposed annexation. According to the Superintendent, the State Parks Department has no operational overlap with the District despite the fact that the District owns some lands that are directly adjacent to State Parks. The Department does not anticipate any service impact as a result of the proposed annexation.

In the future, there is the potential that the District could enter into a partnership with the California State Parks Department to take on management responsibilities under contract for State Park lands that are not designated for active recreation. The partnership would be similar in nature to the District's partnership agreements with the San Mateo County Parks and Recreation Department.

### ***Local Water and Sanitary Districts***

A number of different water and sanitary districts operate within the Coastal Annexation Area. These districts primarily serve the urbanized portions of the coastal San Mateo County. ERA contacted each district about the potential impacts of the proposed annexation on their ability to continue to provide the same level of service within their existing sphere of influence.

#### ***Coastside County Water District***

The Coastside County Water District provides potable water and water for fire suppression within the City of Half Moon Bay urban service area. ERA spoke with the General Manager about the potential impacts of the proposed annexation. According to the General Manager, the operations of the District in the Coastal Annexation Area will not result in a net increase in demand for their services.

#### ***Skyline County Water District***

The Skyline County Water District provides water service for domestic, commercial, and public authority customers and for fire suppression in the unincorporated Skyline Ridge area of San Mateo County. The Skyline County Water District boundaries border the Coastal Annexation Area and are within the boundaries of the existing District. ERA spoke with the General Manager about the potential impacts of the proposed annexation. According to the General Manager, the operations of the District in the Coastal Annexation Area will not have a significant impact on the services provided by the Skyline County Water District.

### ***Granada Sanitary District***

The Granada Sanitary District provides sewage treatment and disposal services for the unincorporated communities of El Granada, Miramar, Princeton-By-the-Sea, and the Frenchman's Creek subdivision. ERA spoke with district staff about the potential impacts of the proposed annexation. According to staff, the operations of the District in the Coastal Annexation Area will not result in a net increase in demand for their services and may potentially result in lower demand than anticipated in the future.

### ***Montara Sanitary District***

The Montara Sanitary District provides sewage treatment and disposal services for the unincorporated communities of Montara, Moss Beach, and the Half Moon Bay Airport. ERA spoke with the district administrator about the potential impacts of the proposed annexation. According to the district administrator, the operations of the District in the Coastal Annexation Area will not result in a net increase in demand for their services.

### ***Sewer Authority Mid-Coastside***

The Sewer Authority Mid-Coastside is a joint-powers agency formed by agreement between the City of Half Moon Bay, the Granada Sanitary District, and the Montara Sanitary District. The agency provides sewage collection, treatment and disposal and operates the collection systems of member agencies. ERA spoke with the General Manager about the potential impacts of the proposed annexation. According to the General Manager, the operations of the District in the Coastal Annexation Area will not have a significant impact on their services.

### ***Local School Districts***

The primary issue of concern to local school districts is the reduction in tax revenues that will occur as a result of District acquisitions in the Coastal Annexation Area. Because the La Honda-Pescadero Unified School District has become a basic aid district, any losses resulting in a reduction in local property tax revenues would no longer be offset by state funds. However, Cabrillo Unified School District, as a revenue-limit district, would receive state funds to offset the loss in revenue. ERA contacted both districts to determine if there were any other service provision issues that could potentially affect them as a result of the proposed annexation.

### ***Cabrillo Unified School District***

The Cabrillo Unified School District is located in the northern portion of the Coastal Annexation Area. The School District currently operates four elementary schools, one intermediate school, one high school, a continuation school, and an adult education program. ERA spoke with the Superintendent of the School District about the potential impacts of the proposed annexation. According to the Superintendent, the operations of the District in the Coastal Annexation Area will not have a significant impact on their ability to maintain their current level of services.

### ***La Honda-Pescadero Unified School District***

The La Honda-Pescadero Unified School District is located in the southern portion of the Coastal Annexation Area. The School District currently operates one elementary school, one combined elementary and intermediate school, one high school, and a continuation school. ERA spoke with the Superintendent of the School District about the potential impacts of the proposed annexation in 2001. At that time, the Superintendent did not believe that the operations of the District in the Coastal Annexation Area would have a significant impact on their ability to maintain their current level of services at that time. The Superintendent did express concern that due to increased acquisition by the District and other land trust organizations, future population growth within the School District boundaries may be lower than initially projected. The Superintendent was also concerned that this may result in a situation where the School District population is not sizeable enough to justify the existing schools. Given the district's new status as a basic aid district, the impact of proposed annexation on service levels may also be different, as the losses in revenue will no longer be reimbursable by the state.

### ***Other Agencies***

#### ***City of Half Moon Bay***

The City of Half Moon Bay is an incorporated municipality that is completely contained within the Coastal Annexation Area. ERA spoke with the City Manager about the potential impacts of the proposed annexation. According to the City Manager, the operations of the District in the Coastal Annexation Area will have not have a significant impact on the level of service demand within the municipality.

### ***San Mateo County Harbor District***

The San Mateo County Harbor District is responsible for operating and maintaining harbor and marina facilities in San Mateo County. ERA spoke with the General Manager about the potential impacts of the proposed annexation. According to the General Manager, the operations of the District in the Coastal Annexation Area will not have a significant impact on the services they provide.

### ***San Mateo County Resource Conservation District***

The San Mateo Resource Conservation District provides policy direction, information, and technical assistance to agricultural property owners in San Mateo County. ERA spoke with the President of the Resource Conservation District Board about the potential impacts of the proposed annexation. According to the President, the operations of the District in the Coastal Annexation Area will not have a significant impact on the services they provide.

### ***Special Districts Governed by the County Board of Supervisors***

The special districts governed by the County Board of Supervisors in the Coastal Annexation Area include County Service Area Numbers 6, 7, 11, and 12 and the Granada, Montara, and Pescadero highway lighting districts. The San Mateo County Public Works Department manages these districts. ERA spoke with Public Works staff about the potential impacts of the proposed annexation. According to Public Works, the operations of the District in the Coastal Annexation Area will not have a significant impact on the services provided by these special districts.

### ***Citizens Utility Company***

The Citizens Utility Company is a private utility provider that operates in the coastal portion of San Mateo County and is the primary utility provider to Montara, Moss Beach, and the Half Moon Bay Airport. The company headquarters are located in Sacramento. ERA spoke with the General Manager of the company and the Superintendent of the San Mateo County office about the potential impacts of the proposed annexation. The proposed annexation will not impact the current level of service provided by the company in the coastal annexation area. The company is currently at capacity with its ability to serve its existing connections on the San Mateo County coast and therefore their primary concern is future access to potential water

sources in undeveloped lands within the coastal annexation area. The company has a Draft Master Plan for utility provision currently being reviewed by the Public Utilities Commission that identifies potential water sources on the coast. If the District acquires property that has been identified in the plan, the Citizens Utility Company will need to negotiate access for drilling wells and monitoring wells with the District (as it would with a private landowner).

### ***Border Districts/Agencies***

#### ***City of Pacifica***

The City of Pacifica is an incorporated municipality that is located directly north of the Coastal Annexation Area. ERA spoke with the City Manager about the potential impacts of the proposed annexation. According to the City Manager, the operations of the District in the Coastal Annexation Area will not have a significant impact on the level of service demand within the municipality.

#### ***Woodside Fire Protection District***

The Woodside Fire Protection District provides fire prevention and suppression and emergency medical services in the City of Woodside and in unincorporated San Mateo County. The Fire Protection District's boundaries are adjacent to the Coastal Annexation Area and are within the boundaries of the existing District. ERA spoke with the Fire Chief about the potential impacts of the proposed annexation. According to the Fire Chief, the Fire Protection District is occasionally called on to respond to calls in other jurisdictions. The Fire Chief anticipates a slight increase in the number of search and rescue calls that they respond to outside of their jurisdiction as a result of the increased public access that will accompany the proposed annexation. The Fire Protection District currently has more than enough capacity to respond to these calls within their current budget.

#### ***North Coast Water District***

The North Coast County Water District provides potable water and water for fire suppression within the City of Pacifica, San Pedro Park, and a portion of San Bruno. The North Coast County Water District boundaries are adjacent to the northern border of the Coastal Annexation Area. ERA spoke with the General Manager about the potential

impacts of the proposed annexation. According to the General Manager, the operations of the District in the Coastal Annexation Area will not have a significant impact on the services provided by the North Coast County Water District.

#### ***Peninsula Health Care District***

The Peninsula Health Care District owns a hospital that provides medical service to cities on the Bay side of San Mateo County and to northern Skyline and other unincorporated areas. The boundaries of the Peninsula Health Care District border on the northern portion of Coastal Annexation Area. ERA spoke with the Peninsula Health Care District Secretary about the potential impacts of the proposed annexation. According to the Secretary, a portion of the people injured on District lands in the Coastal Annexation Area will be taken to Peninsula Health Care District hospital, which will result in an increase in emergency room traffic. The hospital currently has more than enough capacity to treat these additional patients within their current budget.

#### ***Sequoia Hospital District***

The Sequoia Hospital District owns a hospital that provides medical service to cities on the Bay side of San Mateo County and other unincorporated areas. The boundaries of the Sequoia Hospital District border on the southern portion of the Coastal Annexation Area. ERA spoke with the Administrative Director about the potential impacts of the proposed annexation. According to the Administrative Director, a portion of the people injured on District lands in the Coastal Annexation Area will be taken to the Sequoia Hospital District hospital, which will result in an increase in emergency room traffic. The hospital currently has more than enough capacity to respond to treat these additional patients within their current budget.

#### ***Border School Districts***

Sequoia High School and Portola Valley Elementary border the annexation area and derive little of their revenue from coastside property taxes. As discussed previously, these affluent school districts are basic aid school districts that receive most of their funding from local sources, and could lose a small amount of revenue as a result of reduced property tax revenues.

## **INDIRECT IMPACTS**

The following section briefly addresses potential indirect economic impacts of the District's annexation of the Coastal Annexation Area.

### ***Impact on Agriculture***

During the public scoping process for the proposed Service Plan there has been some concern raised by agricultural property owners that the expansion of the District boundaries to the San Mateo Coast may result in a significant reduction in the concentration of agricultural properties. The Service Plan directly addresses this concern through the no eminent domain, willing-seller policy and by defining program guidelines and policies for land management practices that will not have "an adverse significant impact on the physical and economic integrity of prime agricultural lands on or contiguous to properties owned or managed by the District" (see pages 11-12 of the Service Plan). Additionally, the Service Plan includes acquisition of conservation easements from willing sellers over private agricultural properties, which will promote the economic vitality of continued agricultural operations on these properties.

Based on these policies, ERA does not believe that the proposed annexation will have a significant negative impact on agricultural vitality in the Coastal Annexation Area. To the contrary, the annexation seeks as one its goals to promote the preservation of agriculture in the Coastal Annexation Area. For a complete discussion on issues related to agriculture, please refer to the policies of the Service Plan and the analysis in the Environmental Impact Report.

### ***Impact on Coastal Tourism***

The availability of additional public open space resources within the Coastal Annexation Area may potentially stimulate an increase in tourism along the San Mateo Coast. However, according to District staff, the majority of users on the District lands are residents of San Mateo and Santa Clara Counties and new open space resources within the Coastal Annexation Area are likely to attract a similar mix of users since the majority of the newly acquired lands will be adjacent to existing District properties. As a result, the potential impact on coastal tourism is unlikely to be large.

However, it is important to note that to the extent the increase in publicly accessible open space increases visitors, this will have a positive net benefit to the local

economy resulting from expenditures in the local economy on goods and services by open space users. Open space users, including local residents and tourists, spend money in the local economy on non-durable goods, such as gas, food, and lodging during their visits to open space areas. A portion of these expenditures represents net new expenditures in the local economy that would not have occurred without the presence of the open space resource. A recent study of the regional economic impact of the East Bay Regional Park District, prepared by Economic and Planning Systems, estimates that the average per visitor expenditure on non-durable goods near regional open space resources is \$4.85. At the present time, it is not possible to estimate the magnitude of the net increase in expenditures resulting from visitation to District lands in the Coastal Annexation Area. Expenditures resulting from the increase in open space would generally occur in existing commercial concentrations and gateway locations, such as Half Moon Bay, Princeton, and Pacifica.

### ***Impact on Property Values***

According to a recent study commissioned by the National Recreation and Park Association (NRPA), proximity to public open space results in a positive net impact on property values. This positive impact generally affects properties that are within 2,000 feet (or approximately one-third of a mile) from public open space resources. However, this impact varies on a case by case basis depending on specific site characteristics. Based on empirical evidence, the study concluded that the magnitude of the increase in property values could be as high as 20 percent, depending on the property's proximity to the public open space resource. The regional economic impact study of the East Bay Regional Park District further supports the finding that proximity to public open space has a positive impact on property values, stating that properties adjacent to large parks and open spaces can derive as much as 30 percent of their value from these amenities. This study estimates that properties within one-half mile of an open space resource experience an average overall value contribution of between 5.0 and 7.5 percent.

The District's presence in the Coastal Annexation Area will not necessarily result in a net increase in open space resources but will instead ensure that a portion of the existing open space in the area will be preserved in perpetuity and will be accessible to the public. As a result, the proposed annexation of the Coastal Annexation Area will likely have a positive impact on the property values of surrounding properties. This will in turn have a positive net impact on property tax revenues in San Mateo County. The

actual impact on property values will depend on the specific circumstance of each parcel and the open space resource it abuts. It is not possible to estimate the approximate magnitude of this increase at the present time, but to the extent it occurs over the long run, it will help to offset the minimal losses in property tax revenues to the San Mateo County agencies and districts that are estimated in this analysis.

# APPENDIX

## FISCAL IMPACTS OF OPTIONAL FUNDING SCENARIOS

Following the annexation, the District may consider placing a voter-approved funding measure on the ballot, either District-wide or only within the Coastal Annexation Area. The Service Plan presents two possible optional funding scenarios to the Basic Service Plan based on voter approval of this funding measure. Optional Funding Scenario 1 assumes a voter-approved funding measure is approved only within the Coastal Annexation Area. Optional Funding Scenario 2 assumes a voter-approved funding measure is approved District-wide. This Appendix to the fiscal impact study analyzes the potential impact of the optional funding scenarios.

### *Summary of Acquisition and Management Assumptions and Costs*

The following table summarizes and compares the level of acquisition and service provision that will be provided under the Basic Service Plan and the two optional funding scenarios at the end of the 15-year period. The acquisition and management assumptions for the optional funding scenarios are summarized in detail below.

#### **Comparison of Basic Service Plan and Optional Funding Scenarios in Year 15**

	<b>Basic Service Plan</b>	<b>Optional Funding Scenario 1</b>	<b>Optional Funding Scenario 2</b>
Total Acres Acquired in Fee	7,500	7,900	9,750
Total Acres Acquired in Easement	1,800	1,800	2,200
Total Acres Managed Under Contract	2,500	2,500	2,500
Total Trail Miles	37	38	45
Total Staging Areas	2	2	2

### ***Optional Funding Scenario 1***

Optional Funding Scenario 1 assumes that a funding measure will be approved in year three or four within the Coastal Annexation Area only, providing an additional source of funding for acquisition and management. Revenue from the ballot measure is assumed to become available in year five, with spending beginning in year six.

In years one through five the rate of land acquisition and increase in management of lands under contract is assumed to be the same as in the Basic Service Plan. During years six through ten, the District anticipates purchase of approximately 230 acres of land under fee ownership and 110 acres of land under easement ownership annually. Lands managed under contract are expected to increase at a rate of approximately 200 acres per year during this period. In years 11 through 15, it is estimated that about 150 acres of land would be acquired under fee ownership and about 10 acres would be acquired under easement ownership annually. The District would also take on management responsibility for an additional 100 acres each year.

Over the 15-year period, a total of 7,900 acres would be acquired under fee ownership, and 1,800 under easement ownership. The total system lands in the Coastal Annexation Area would increase to approximately 12,200 acres. Based on this system total, the District estimates that it will provide approximately 38 miles of public trails and two public staging areas (one minor staging area and one major staging area). In order to manage the system lands in the Coastal Annexation Area, the District will employ 3.4 planning and administrative staff full-time equivalents and 6.0 land management staff full-time equivalents. A detailed outline of the Optional Funding Scenario 1 acquisition and management projections is presented in **Table 6**.

The projected annual costs of land acquisition, land preparation, and on-going management and staffing under Optional Funding Scenario 1 are outlined in **Table 7**. The cumulative cost of implementing this scenario over a 15-year period is estimated to be about \$103 million. Of this total, approximately \$87 million will be used for land acquisition and preparation. The remaining \$16 million will be used for on-going management and staffing.

The funding sources used to implement Optional Funding Scenario 1 will be the same as in the Basic Service Plan in years one through five. The funding measure is assumed to produce \$350,000 in revenues each year, beginning in year six. Of this total, \$50,000 will be allocated annually to operations in the Coastal Annexation Area and the

**Table 6**  
**COASTAL ANNEXATION ACQUISITION AND MANAGEMENT PROJECTIONS - OPTIONAL FUNDING SCENARIO 1**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004-18
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative
<b>Land Added to System</b>																
Lands Acquired in Fee	1,200	1,200	1,200	1,200	1,200	230	230	230	230	230	150	150	150	150	150	7,900
<i>Cumulative Fee Lands</i>	<i>1,200</i>	<i>2,400</i>	<i>3,600</i>	<i>4,800</i>	<i>6,000</i>	<i>6,230</i>	<i>6,460</i>	<i>6,690</i>	<i>6,920</i>	<i>7,150</i>	<i>7,300</i>	<i>7,450</i>	<i>7,600</i>	<i>7,750</i>	<i>7,900</i>	<i>7,900</i>
Lands Acquired w/ Easement	240	240	240	240	240	110	110	110	110	110	10	10	10	10	10	1,800
<i>Cumulative Easement Lands</i>	<i>240</i>	<i>480</i>	<i>720</i>	<i>960</i>	<i>1,200</i>	<i>1,310</i>	<i>1,420</i>	<i>1,530</i>	<i>1,640</i>	<i>1,750</i>	<i>1,760</i>	<i>1,770</i>	<i>1,780</i>	<i>1,790</i>	<i>1,800</i>	<i>1,800</i>
Lands Managed Under Contract	200	200	200	200	200	200	200	200	200	200	100	100	100	100	100	2,500
<i>Cumulative Managed Lands</i>	<i>200</i>	<i>400</i>	<i>600</i>	<i>800</i>	<i>1,000</i>	<i>1,200</i>	<i>1,400</i>	<i>1,600</i>	<i>1,800</i>	<i>2,000</i>	<i>2,100</i>	<i>2,200</i>	<i>2,300</i>	<i>2,400</i>	<i>2,500</i>	<i>2,500</i>
Total Lands Added per Year	1,640	1,640	1,640	1,640	1,640	540	540	540	540	540	260	260	260	260	260	12,200
<b>Total System Lands (cumulative)</b>	<b>1,640</b>	<b>3,280</b>	<b>4,920</b>	<b>6,560</b>	<b>8,200</b>	<b>8,740</b>	<b>9,280</b>	<b>9,820</b>	<b>10,360</b>	<b>10,900</b>	<b>11,160</b>	<b>11,420</b>	<b>11,680</b>	<b>11,940</b>	<b>12,200</b>	<b>12,200</b>
<b>Land Management</b>																
New Trail Miles Built	0	0	0	1.6	1.6	1.6	1.6	1.6	0.3	0.3	0.3	0.3	0.3	0.2	0.2	10
Existing Trail Miles Incorporated	<u>3.8</u>	<u>3.8</u>	<u>3.8</u>	<u>3.8</u>	<u>3.8</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>29</u>
Total Trail Miles per Year	3.8	3.8	3.8	5.4	5.4	2.8	2.8	2.8	1.5	1.5	1.0	1.0	1.0	0.9	0.9	38
<b>Total Trail Miles (cumulative)</b>	<b>4</b>	<b>8</b>	<b>11</b>	<b>17</b>	<b>22</b>	<b>25</b>	<b>28</b>	<b>31</b>	<b>32</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>38</b>
Minor Staging Areas	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
Major Staging Areas	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total Staging Areas per Year	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	2
<b>Total Staging Areas (cumulative)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Total Planning and Admin. Staff (cumulative)	1.0	1.0	1.4	1.8	2.3	2.4	2.6	2.7	2.9	3.0	3.1	3.1	3.2	3.3	3.4	3.4
Total Land Management Staff (cumulative)	0.8	1.6	2.4	3.3	4.1	4.3	4.6	4.8	5.1	5.3	5.5	5.6	5.8	5.9	6.0	6.0
Total Full-Time Equivalent Staff (cumulative)	1.8	2.6	3.8	5.1	6.3	6.7	7.1	7.5	7.9	8.3	8.5	8.8	9.0	9.2	9.4	9.4

Source: Economics Research Associates.

**Table 7**  
**COASTAL ANNEXATION COST PROJECTIONS - OPTIONAL FUNDING SCENARIO 1**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004 to 2018
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative
Inflation Factor	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.558	
<b>Land Acquisition/Preparation</b>																
Fee Ownership Acquisitions	\$9,888,000	\$10,184,640	\$10,490,179	\$10,804,885	\$11,129,031	\$2,197,056	\$2,262,968	\$2,330,857	\$2,400,783	\$2,472,806	\$1,661,081	\$1,710,913	\$1,762,240	\$1,815,108	\$1,869,561	<b>\$72,980,108</b>
Easement Ownership Acquisitions	\$1,582,080	\$1,629,542	\$1,678,429	\$1,728,782	\$1,780,645	\$840,613	\$865,831	\$891,806	\$918,560	\$946,117	\$88,591	\$91,249	\$93,986	\$96,806	\$99,710	<b>\$13,332,747</b>
New Land Preparation	\$11,268	\$11,606	\$11,954	\$12,313	\$12,682	\$3,565	\$3,672	\$3,783	\$3,896	\$4,013	\$2,464	\$2,538	\$2,614	\$2,692	\$2,773	<b>\$91,835</b>
Trail Construction	\$0	\$0	\$0	\$46,821	\$48,226	\$49,673	\$51,163	\$52,698	\$10,177	\$10,483	\$10,797	\$11,121	\$11,455	\$7,865	\$8,101	<b>\$318,579</b>
Minor Staging Area Construction	\$0	\$0	\$0	\$0	\$139,345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$139,345</b>
Major Staging Area Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$353,036	\$0	\$0	<b>\$353,036</b>
<b>Subtotal Acquisition and Preparation</b>	<b>\$11,481,348</b>	<b>\$11,825,789</b>	<b>\$12,180,562</b>	<b>\$12,592,800</b>	<b>\$13,109,929</b>	<b>\$3,090,907</b>	<b>\$3,183,634</b>	<b>\$3,279,143</b>	<b>\$3,333,416</b>	<b>\$3,433,419</b>	<b>\$1,762,933</b>	<b>\$1,815,821</b>	<b>\$2,223,331</b>	<b>\$1,922,471</b>	<b>\$1,980,145</b>	<b>\$87,215,649</b>
<b>Ongoing Management and Staffing</b>																
Field Office Maintenance	\$5,665	\$5,835	\$6,010	\$6,190	\$6,376	\$6,567	\$6,764	\$6,967	\$7,176	\$7,392	\$7,613	\$7,842	\$8,077	\$8,319	\$8,569	<b>\$105,363</b>
Land Mgmt. Services and Supplies	\$23,142	\$47,673	\$73,654	\$101,152	\$130,233	\$142,973	\$156,361	\$170,424	\$185,189	\$200,687	\$211,638	\$223,066	\$234,989	\$247,426	\$260,399	<b>\$2,409,006</b>
Land Management Staff Salary and Benefits	\$66,315	\$136,609	\$211,061	\$289,858	\$373,192	\$408,000	\$444,561	\$482,948	\$523,238	\$565,511	\$598,391	\$632,735	\$668,601	\$706,050	\$745,143	<b>\$6,852,215</b>
Land Management Staff Equipment	\$14,672	\$30,223	\$46,695	\$64,128	\$82,565	\$90,265	\$98,354	\$106,847	\$115,761	\$125,113	\$132,387	\$139,986	\$147,921	\$156,206	\$164,855	<b>\$1,515,977</b>
New Field Office Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Planning and Admin. Staff Salary and Benefits	\$87,447	\$90,070	\$126,214	\$173,334	\$223,167	\$244,695	\$267,314	\$291,070	\$316,010	\$342,185	\$361,219	\$381,087	\$401,822	\$423,459	\$446,032	<b>\$4,175,124</b>
Consulting Fees	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$150,000</b>
Planning and Admin. Overhead	\$16,686	\$17,187	\$24,083	\$33,074	\$42,583	\$46,691	\$51,007	\$55,540	\$60,299	\$65,293	\$68,925	\$72,716	\$76,673	\$80,801	\$85,108	<b>\$796,667</b>
<b>Subtotal Management and Staffing</b>	<b>\$263,927</b>	<b>\$377,597</b>	<b>\$537,718</b>	<b>\$667,735</b>	<b>\$858,115</b>	<b>\$939,192</b>	<b>\$1,024,361</b>	<b>\$1,113,795</b>	<b>\$1,207,673</b>	<b>\$1,306,181</b>	<b>\$1,380,175</b>	<b>\$1,457,432</b>	<b>\$1,538,083</b>	<b>\$1,622,261</b>	<b>\$1,710,105</b>	<b>\$16,004,352</b>
<b>Total Costs</b>	<b>\$11,745,275</b>	<b>\$12,203,386</b>	<b>\$12,718,280</b>	<b>\$13,260,536</b>	<b>\$13,968,045</b>	<b>\$4,030,099</b>	<b>\$4,207,995</b>	<b>\$4,392,938</b>	<b>\$4,541,089</b>	<b>\$4,739,600</b>	<b>\$3,143,107</b>	<b>\$3,273,253</b>	<b>\$3,761,414</b>	<b>\$3,544,732</b>	<b>\$3,690,251</b>	<b>\$103,220,000</b>
<b>Distribution of Funding Sources</b>																
Coastal Funding Measure	\$0	\$0	\$0	\$0	\$0	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	<b>\$3,500,000</b>
Grants and Gifts	\$8,839,872	\$9,105,068	\$9,378,220	\$9,659,567	\$9,949,354	\$2,871,096	\$2,953,629	\$3,038,638	\$3,126,197	\$3,216,383	\$1,315,978	\$1,351,857	\$1,388,813	\$1,426,878	\$1,466,084	<b>\$69,087,636</b>
General District Budget	\$2,905,403	\$3,098,318	\$3,340,060	\$3,600,969	\$4,018,691	\$809,003	\$904,366	\$1,004,300	\$1,064,892	\$1,173,217	\$1,477,129	\$1,571,395	\$2,022,600	\$1,767,855	\$1,874,167	<b>\$30,632,364</b>

Source: Economics Research Associates.

remaining \$300,000 will be allocated to acquisition, for a total of \$3.5 million over ten years. Under this scenario, the increased funding for acquisition (\$300,000, annually) is assumed to generate matching grants and gifts equal to 40 percent of increased funding (about \$120,000 each year, beginning in year six). This increases total funding from grants and gifts over the 15-year period to about \$69 million. The remainder of costs will be funded by District general revenues, a total of about \$31 million over 15 years.

### ***Optional Funding Scenario 2***

Optional Funding Scenario 2 assumes that in year three or four a funding measure will be approved District-wide, a portion of which will be allocated for acquisition and management in the Coastal Annexation Area. The revenue from the ballot measure will become available in year five and spending will begin in year six.

In years one through five, the rate of land acquisition (including the management of lands under contract) will be the same as in the Basic Service Plan. During years six through ten, the District anticipates purchase of approximately 400 acres of land under fee ownership and 150 acres of land under easement ownership annually. Lands managed under contract are expected to increase at a rate of approximately 200 acres per year during the period. In years 11 through 15, it is estimated that about 350 acres of land would be acquired under fee ownership and about 50 acres would be acquired under easement ownership annually. The District would also take on management responsibility for an additional 100 acres each year during years 11 to 15.

Under Optional Funding Scenario 2, the District is expected to acquire a total of 9,750 acres of land in fee and 2,200 acres in easement over the 15-year period. The total acres of land managed under contract will be about 2,500. The total system lands in the Coastal Annexation Area under Optional Funding Scenario 2 will be approximately 14,450 acres in year 15. Based on this system total, the District estimates that it will provide approximately 45 miles of public trails and two public staging areas (one minor staging areas and one major staging area). In order to manage the system lands in the Coastal Annexation Area, the District will employ 4.0 planning and administrative staff full-time equivalents and 7.1 land management staff full-time equivalents. A detailed outline of the Optional Funding Scenario 2 acquisition and management projections is presented in **Table 8**.

The annual costs of land acquisition, land preparation, and on-going management and staffing under Optional Funding Scenario 2 are outlined in **Table 9**. The cumulative

**Table 8**  
**COASTAL ANNEXATION ACQUISITION AND MANAGEMENT PROJECTIONS - OPTIONAL FUNDING SCENARIO 2**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004-18
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative
<b>Land Added to System</b>																
Lands Acquired in Fee	1,200	1,200	1,200	1,200	1,200	400	400	400	400	400	350	350	350	350	350	9,750
<i>Cumulative Fee Lands</i>	<i>1,200</i>	<i>2,400</i>	<i>3,600</i>	<i>4,800</i>	<i>6,000</i>	<i>6,400</i>	<i>6,800</i>	<i>7,200</i>	<i>7,600</i>	<i>8,000</i>	<i>8,350</i>	<i>8,700</i>	<i>9,050</i>	<i>9,400</i>	<i>9,750</i>	<i>9,750</i>
Lands Acquired w/ Easement	240	240	240	240	240	150	150	150	150	150	50	50	50	50	50	2,200
<i>Cumulative Easement Lands</i>	<i>240</i>	<i>480</i>	<i>720</i>	<i>960</i>	<i>1,200</i>	<i>1,350</i>	<i>1,500</i>	<i>1,650</i>	<i>1,800</i>	<i>1,950</i>	<i>2,000</i>	<i>2,050</i>	<i>2,100</i>	<i>2,150</i>	<i>2,200</i>	<i>2,200</i>
Lands Managed Under Contract	200	200	200	200	200	200	200	200	200	200	100	100	100	100	100	2,500
<i>Cumulative Managed Lands</i>	<i>200</i>	<i>400</i>	<i>600</i>	<i>800</i>	<i>1,000</i>	<i>1,200</i>	<i>1,400</i>	<i>1,600</i>	<i>1,800</i>	<i>2,000</i>	<i>2,100</i>	<i>2,200</i>	<i>2,300</i>	<i>2,400</i>	<i>2,500</i>	<i>2,500</i>
Total Lands Added per Year	1,640	1,640	1,640	1,640	1,640	750	750	750	750	750	500	500	500	500	500	14,450
<b>Total System Lands (cumulative)</b>	<b>1,640</b>	<b>3,280</b>	<b>4,920</b>	<b>6,560</b>	<b>8,200</b>	<b>8,950</b>	<b>9,700</b>	<b>10,450</b>	<b>11,200</b>	<b>11,950</b>	<b>12,450</b>	<b>12,950</b>	<b>13,450</b>	<b>13,950</b>	<b>14,450</b>	<b>14,450</b>
<b>Land Management</b>																
New Trail Miles Built	0	0	0	1.6	1.6	2	1.6	1.6	0.5	0.5	1	0.5	0.5	0.5	0.5	12
Existing Trail Miles Incorporated	<u>3.8</u>	<u>3.8</u>	<u>3.8</u>	<u>3.8</u>	<u>3.8</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>33</u>
Total Trail Miles per Year	3.8	3.8	3.8	5.4	5.4	3.2	3.2	3.2	2.1	2.1	1.7	1.7	1.7	1.7	1.7	45
<b>Total Trail Miles (cumulative)</b>	<b>4</b>	<b>8</b>	<b>11</b>	<b>17</b>	<b>22</b>	<b>25</b>	<b>29</b>	<b>32</b>	<b>34</b>	<b>36</b>	<b>38</b>	<b>39</b>	<b>41</b>	<b>43</b>	<b>45</b>	<b>45</b>
Minor Staging Areas	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
Major Staging Areas	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total Staging Areas per Year	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	2
<b>Total Staging Areas (cumulative)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Total Planning and Admin. Staff (cumulative)	1.0	1.0	1.4	1.8	2.3	2.5	2.7	2.9	3.1	3.3	3.4	3.6	3.7	3.8	4.0	4.0
Total Land Management Staff (cumulative)	0.8	1.6	2.4	3.3	4.1	4.4	4.8	5.1	5.5	5.8	6.1	6.3	6.6	6.9	7.1	7.1
Total Full-Time Equivalent Staff (cumulative)	1.8	2.6	3.8	5.1	6.3	6.9	7.4	8.0	8.5	9.1	9.5	9.9	10.3	10.7	11.1	11.1

Source: Economics Research Associates.

**Table 9**  
**COASTAL ANNEXATION COST PROJECTIONS - OPTIONAL FUNDING SCENARIO 2**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004 to 2018
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative
Inflation Factor	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.558	
<b>Land Acquisition/Preparation</b>																
Fee Ownership Acquisitions	\$9,888,000	\$10,184,640	\$10,490,179	\$10,804,885	\$11,129,031	\$3,820,967	\$3,935,596	\$4,053,664	\$4,175,274	\$4,300,532	\$3,875,855	\$3,992,130	\$4,111,894	\$4,235,251	\$4,362,309	<b>\$93,360,209</b>
Easement Ownership Acquisitions	\$1,582,080	\$1,629,542	\$1,678,429	\$1,728,782	\$1,780,645	\$1,146,290	\$1,180,679	\$1,216,099	\$1,252,582	\$1,290,160	\$442,955	\$456,243	\$469,931	\$484,029	\$498,550	<b>\$16,836,995</b>
New Land Preparation	\$11,268	\$11,606	\$11,954	\$12,313	\$12,682	\$5,230	\$5,387	\$5,548	\$5,715	\$5,886	\$4,734	\$4,876	\$5,022	\$5,173	\$5,328	<b>\$112,725</b>
Trail Construction	\$0	\$0	\$0	\$46,821	\$48,226	\$49,673	\$51,163	\$52,698	\$16,962	\$17,471	\$17,995	\$18,535	\$19,091	\$19,664	\$20,254	<b>\$378,551</b>
Minor Staging Area Construction	\$0	\$0	\$0	\$0	\$139,345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$139,345</b>
Major Staging Area Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$323,077	\$0	\$0	\$0	\$0	\$0	<b>\$323,077</b>
<b>Subtotal Acquisition and Preparation</b>	<b>\$11,481,348</b>	<b>\$11,825,789</b>	<b>\$12,180,562</b>	<b>\$12,592,800</b>	<b>\$13,109,929</b>	<b>\$5,022,160</b>	<b>\$5,172,825</b>	<b>\$5,328,010</b>	<b>\$5,450,533</b>	<b>\$5,937,127</b>	<b>\$4,341,539</b>	<b>\$4,471,785</b>	<b>\$4,605,939</b>	<b>\$4,744,117</b>	<b>\$4,886,440</b>	<b>\$111,150,903</b>
<b>Ongoing Management and Staffing</b>																
Field Office Maintenance	\$5,665	\$5,835	\$6,010	\$6,190	\$6,376	\$6,567	\$6,764	\$6,967	\$7,176	\$7,392	\$7,613	\$7,842	\$8,077	\$8,319	\$8,569	<b>\$105,363</b>
Land Mgmt. Services and Supplies	\$23,142	\$47,673	\$73,654	\$101,152	\$130,233	\$146,409	\$163,438	\$181,357	\$200,204	\$220,019	\$236,102	\$252,951	\$270,599	\$289,079	\$308,423	<b>\$2,644,435</b>
Land Management Staff Salary and Benefits	\$66,315	\$136,609	\$211,061	\$289,858	\$373,192	\$417,335	\$463,791	\$512,659	\$564,041	\$618,045	\$665,233	\$714,696	\$766,528	\$820,826	\$877,693	<b>\$7,497,883</b>
Land Management Staff Equipment	\$14,672	\$30,223	\$46,695	\$64,128	\$82,565	\$92,331	\$102,609	\$113,420	\$124,788	\$136,736	\$147,175	\$158,119	\$169,586	\$181,599	\$194,180	<b>\$1,658,824</b>
New Field Office Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Planning and Admin. Staff Salary and Benefits	\$87,447	\$90,070	\$126,214	\$173,334	\$223,167	\$250,491	\$279,253	\$309,515	\$341,342	\$374,800	\$402,557	\$431,641	\$462,108	\$494,014	\$527,420	<b>\$4,573,372</b>
Consulting Fees	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$150,000</b>
Planning and Admin. Overhead	\$16,686	\$17,187	\$24,083	\$33,074	\$42,583	\$47,797	\$53,285	\$59,059	\$65,132	\$71,517	\$76,813	\$82,363	\$88,176	\$94,264	\$100,638	<b>\$872,658</b>
<b>Subtotal Management and Staffing</b>	<b>\$263,927</b>	<b>\$377,597</b>	<b>\$537,718</b>	<b>\$667,735</b>	<b>\$858,115</b>	<b>\$960,929</b>	<b>\$1,069,140</b>	<b>\$1,182,978</b>	<b>\$1,302,685</b>	<b>\$1,428,509</b>	<b>\$1,535,493</b>	<b>\$1,647,611</b>	<b>\$1,765,074</b>	<b>\$1,888,101</b>	<b>\$2,016,922</b>	<b>\$17,502,535</b>
<b>Total Costs</b>	<b>\$11,745,275</b>	<b>\$12,203,386</b>	<b>\$12,718,280</b>	<b>\$13,260,536</b>	<b>\$13,968,045</b>	<b>\$5,983,089</b>	<b>\$6,241,965</b>	<b>\$6,510,988</b>	<b>\$6,753,218</b>	<b>\$7,365,636</b>	<b>\$5,877,032</b>	<b>\$6,119,396</b>	<b>\$6,371,012</b>	<b>\$6,632,218</b>	<b>\$6,903,362</b>	<b>\$128,653,437</b>
<b>Distribution of Funding Sources</b>																
Coastal Funding Measure	\$0	\$0	\$0	\$0	\$0	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	<b>\$22,500,000</b>
Grants and Gifts	\$8,839,872	\$9,105,068	\$9,378,220	\$9,659,567	\$9,949,354	\$3,551,096	\$3,633,629	\$3,718,638	\$3,806,197	\$3,896,383	\$1,995,978	\$2,031,857	\$2,068,813	\$2,106,878	\$2,146,084	<b>\$75,887,636</b>
General District Budget	\$2,905,403	\$3,098,318	\$3,340,060	\$3,600,969	\$4,018,691	\$181,993	\$358,335	\$542,350	\$697,021	\$1,219,252	\$1,631,054	\$1,837,538	\$2,052,199	\$2,275,341	\$2,507,279	<b>\$30,265,801</b>

Source: Economics Research Associates.

cost of implementing this scenario over a 15-year period is estimated to be about \$129 million. Of this total, approximately \$111 million will be used for land acquisition and preparation, and the remaining \$17.5 million will be used for ongoing management and staffing.

For years one through five, the funding sources used to implement the Optional Funding Scenario 2 will be the same as in the Basic Service Plan. It is assumed that the District-wide revenue funding measure will generate \$3 to \$4 million annually beginning in year six, of which \$2.25 million will be allocated to the Coastal Annexation Area each year (\$250,000 for operations and \$2 million for acquisition). Acquisition funds will be augmented by 40 percent from matching grants and gifts (in addition to grants and gifts assumed under the Basic Service Plan). Total funds from grants and gifts over the fifteen-year period are expected to be about \$76 million. The remaining \$30 million of management costs will be funded by District general revenues.

#### ***Revenue Impacts on Other San Mateo County Agencies and Districts***

ERA estimated tax revenue losses to San Mateo County agencies and districts from each of the optional funding scenarios using the same methodology used to calculate revenue losses under the Basic Service Plan. In Optional Funding Scenario 1, the average annual tax revenue loss over the 15-year period is estimated to be about \$6,100, and in Optional Funding Scenario 2, the average annual tax revenue loss is estimated to be \$6,800. Over a 15-year period, the total tax revenue loss under Optional Funding Scenario 1 is estimated to be about \$92,000 and the loss under Optional Funding Scenario 2 is estimated to be about \$102,000. **Tables 10 and 11** present a detailed account of the total estimated property tax revenue loss under each optional funding scenario to each San Mateo County agency or district.

#### ***Service Cost Impacts on Other San Mateo County Agencies and Districts***

The potential service cost impacts of the optional funding scenarios on other San Mateo County agencies and districts would not differ significantly from those experienced under the Basic Service Plan.

#### ***Indirect Impacts***

The potential indirect fiscal impacts of the optional funding scenarios would not differ significantly from those experienced under the Basic Service Plan.

**Table 10**  
**ESTIMATED TAX LOSS DUE TO DISTRICT ACQUISITION - OPTIONAL FUNDING SCENARIO 1**  
**BASED ON ANALYSIS OF SAMPLE PROPERTIES<sup>1</sup>**

Revenue Recipient	Annual Tax	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004-18
	Rate per Acre	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative <sup>2</sup>
General County	\$2.127	\$511	\$1,021	\$1,532	\$2,042	\$2,553	\$2,651	\$2,749	\$2,846	\$2,944	\$3,042	\$3,106	\$3,170	\$3,234	\$3,297	\$3,361	\$38,059
Free Library District	\$0.349	\$84	\$167	\$251	\$335	\$418	\$434	\$450	\$467	\$483	\$499	\$509	\$520	\$530	\$540	\$551	\$6,238
Cabrillo Unified School District <sup>3</sup>	\$2.390	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
La Honda-Pescadero Unified School District <sup>4</sup>	\$0.232	\$56	\$111	\$167	\$223	\$278	\$288	\$297	\$306	\$316	\$325	\$330	\$334	\$339	\$343	\$348	\$4,061
Sequoia High School	\$0.341	\$82	\$164	\$245	\$327	\$409	\$425	\$440	\$456	\$472	\$487	\$498	\$508	\$518	\$528	\$539	\$6,099
Portola Valley Elementary	\$0.462	\$111	\$222	\$332	\$443	\$554	\$575	\$596	\$618	\$639	\$660	\$674	\$688	\$702	\$715	\$729	\$8,258
San Mateo Junior College	\$0.609	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bay Area Air Pollution District	\$0.019	\$4	\$9	\$13	\$18	\$22	\$23	\$24	\$25	\$26	\$27	\$27	\$28	\$28	\$29	\$29	\$333
Montara Sanitary District	\$0.231	\$55	\$111	\$166	\$222	\$277	\$288	\$298	\$309	\$320	\$330	\$337	\$344	\$351	\$358	\$365	\$4,131
Mosquito Abatement District	\$0.004	\$1	\$2	\$3	\$4	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$7	\$75
Sequoia Hospital District	\$0.032	\$8	\$15	\$23	\$31	\$38	\$40	\$41	\$43	\$44	\$46	\$47	\$48	\$49	\$50	\$50	\$571
Half Moon Bay Fire District	\$0.429	\$103	\$206	\$309	\$412	\$514	\$534	\$554	\$574	\$593	\$613	\$626	\$639	\$652	\$664	\$677	\$7,670
County Fire Protection	\$0.576	\$138	\$277	\$415	\$553	\$692	\$718	\$745	\$771	\$798	\$824	\$842	\$859	\$876	\$894	\$911	\$10,313
County Harbor District	\$0.032	\$8	\$15	\$23	\$30	\$38	\$39	\$41	\$42	\$44	\$45	\$46	\$47	\$48	\$49	\$50	\$566
Resource Conservation District	\$0.004	\$1	\$2	\$3	\$4	\$5	\$5	\$5	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$6	\$69
County Education Tax	\$0.316	\$76	\$152	\$228	\$304	\$380	\$394	\$409	\$423	\$438	\$453	\$462	\$471	\$481	\$490	\$500	\$5,661
Point Montara Fire District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Half Moon Bay	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Coastside County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Granada Sanitary District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewer Authority Mid-Coastside	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Peninsula Health Care District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Skyline County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Pacifica	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
North Coast County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Woodside Fire Protection District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Tax Revenue Losses</b>	<b>\$8.15</b>	<b>\$1,237</b>	<b>\$2,474</b>	<b>\$3,710</b>	<b>\$4,947</b>	<b>\$6,184</b>	<b>\$6,420</b>	<b>\$6,655</b>	<b>\$6,891</b>	<b>\$7,127</b>	<b>\$7,362</b>	<b>\$7,515</b>	<b>\$7,667</b>	<b>\$7,819</b>	<b>\$7,971</b>	<b>\$8,124</b>	<b>\$92,103</b>

<sup>1</sup> Based on a randomly selected sample of parcels. The actual distribution of impacts between agency and districts may be different.

<sup>2</sup> Assumes that in years 1-15, 80% of lands acquired in fee will already have been removed from the tax rolls (purchased from private non-profit organizations or agencies).

<sup>3</sup> This assumes that Cabrillo Unified School District will remain a revenue-limit (non-basic aid) district. As a result, the property tax loss associated with the proposed annexation will be offset by state funds, resulting in no revenue loss to the school district.

<sup>4</sup> This assumes that the La Honda Pescadero Unified School District is a basic aid district. As a result, the property tax loss associated with the proposed annexation will not be offset by state funds, resulting in some revenue loss to the school district.

Source: San Mateo County Assessor's Office, Economics Research Associates.

**Table 11**  
**ESTIMATED TAX LOSS DUE TO DISTRICT ACQUISITION - OPTIONAL FUNDING SCENARIO 2**  
**BASED ON ANALYSIS OF SAMPLE PROPERTIES<sup>1</sup>**

Revenue Recipient	Annual Tax	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004-18
	Rate per Acre	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Cumulative <sup>2</sup>
General County	\$2.127	\$511	\$1,021	\$1,532	\$2,042	\$2,553	\$2,723	\$2,893	\$3,063	\$3,234	\$3,404	\$3,553	\$3,702	\$3,851	\$3,999	\$4,148	\$42,228
Free Library District	\$0.349	\$84	\$167	\$251	\$335	\$418	\$446	\$474	\$502	\$530	\$558	\$582	\$607	\$631	\$656	\$680	\$6,921
Cabrillo Unified School District <sup>3</sup>	\$2.390	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
La Honda-Pescadero Unified School District <sup>4</sup>	\$0.232	\$56	\$111	\$167	\$223	\$278	\$297	\$316	\$334	\$353	\$371	\$388	\$404	\$420	\$436	\$453	\$4,607
Sequoia High School	\$0.341	\$82	\$164	\$245	\$327	\$409	\$436	\$464	\$491	\$518	\$545	\$569	\$593	\$617	\$641	\$665	\$6,767
Portola Valley Elementary	\$0.462	\$111	\$222	\$332	\$443	\$554	\$591	\$628	\$665	\$702	\$739	\$771	\$803	\$835	\$868	\$900	\$9,162
San Mateo Junior College	\$0.609	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bay Area Air Pollution District	\$0.019	\$4	\$9	\$13	\$18	\$22	\$24	\$25	\$27	\$28	\$30	\$31	\$32	\$34	\$35	\$36	\$370
Montara Sanitary District	\$0.231	\$55	\$111	\$166	\$222	\$277	\$296	\$314	\$333	\$351	\$369	\$386	\$402	\$418	\$434	\$450	\$4,584
Mosquito Abatement District	\$0.004	\$1	\$2	\$3	\$4	\$5	\$5	\$6	\$6	\$6	\$7	\$7	\$7	\$8	\$8	\$8	\$83
Sequoia Hospital District	\$0.032	\$8	\$15	\$23	\$31	\$38	\$41	\$43	\$46	\$49	\$51	\$53	\$56	\$58	\$60	\$62	\$634
Half Moon Bay Fire District	\$0.429	\$103	\$206	\$309	\$412	\$514	\$549	\$583	\$617	\$652	\$686	\$716	\$746	\$776	\$806	\$836	\$8,510
County Fire Protection	\$0.576	\$138	\$277	\$415	\$553	\$692	\$738	\$784	\$830	\$876	\$922	\$963	\$1,003	\$1,043	\$1,084	\$1,124	\$11,443
County Harbor District	\$0.032	\$8	\$15	\$23	\$30	\$38	\$40	\$43	\$46	\$48	\$51	\$53	\$55	\$57	\$59	\$62	\$628
Resource Conservation District	\$0.004	\$1	\$2	\$3	\$4	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$7	\$7	\$7	\$7	\$76
County Education Tax	\$0.316	\$76	\$152	\$228	\$304	\$380	\$405	\$430	\$456	\$481	\$506	\$528	\$551	\$573	\$595	\$617	\$6,281
Point Montara Fire District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Half Moon Bay	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Coastside County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Granada Sanitary District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewer Authority Mid-Coastside	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Peninsula Health Care District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Skyline County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Pacifica	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
North Coast County Water District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Woodside Fire Protection District	\$0.000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Tax Revenue Losses</b>	<b>\$8.15</b>	<b>\$1,237</b>	<b>\$2,474</b>	<b>\$3,710</b>	<b>\$4,947</b>	<b>\$6,184</b>	<b>\$6,596</b>	<b>\$7,009</b>	<b>\$7,421</b>	<b>\$7,833</b>	<b>\$8,245</b>	<b>\$8,606</b>	<b>\$8,967</b>	<b>\$9,328</b>	<b>\$9,688</b>	<b>\$10,049</b>	<b>\$102,294</b>

<sup>1</sup> Based on a randomly selected sample of parcels. The actual distribution of impacts between agency and districts may be different.

<sup>2</sup> Assumes that in years 1-15, 80% of lands acquired in fee will already have been removed from the tax rolls (purchased from private non-profit organizations or agencies).

<sup>3</sup> This assumes that Cabrillo Unified School District will remain a revenue-limit (non-basic aid) district. As a result, the property tax loss associated with the proposed annexation will be offset by state funds, resulting in no revenue loss to the school district.

<sup>4</sup> This assumes that the La Honda Pescadero Unified School District is a basic aid district. As a result, the property tax loss associated with the proposed annexation will not be offset by state funds, resulting in some revenue loss to the school district.

Source: San Mateo County Assessor's Office, Economics Research Associates.