

# Aptos incorporation drive moving forward

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For the last eight months, a group that's studying the possibility of making the Aptos area a city has been holding public meetings, raising funds, and in general looking into the complications of forming and operating a city.

But what the group has done is only the beginning. If Aptos is to become a city, there will be more public meetings, more fund-raising, more studies, and eventually an election before the city could begin operating.

The whole process will take at least another one to two years. During that time, incorporation supporters will have to plead their case to two groups — one large, the other quite small. The approval of both groups is necessary for Aptos to become a city.

The large group is the 12,000

or so registered voters who live in the area that is proposed for incorporation. An election would be called if a quarter of them sign petitions supporting an election, and the city would be formed if a majority of those voting in the election favor incorporation.

But between the petition drive and the election, a small group of public officials will have tremendous influence on the proposed city, including boundaries, revenues, and whether the issue even goes on the ballot.

That group is the Local Agency Formation Commission (LAFCO), made up of two county supervisors (Robley Levy and Gary Patton), the mayors of Watsonville and Santa Cruz (Betty Murphy and John Laird) and one public member (currently Bob Garcia, a former Capitola city

councilman).

If the incorporation supporters are able to gather the required number of signatures on petitions — there's a six-month time limit once the drive starts — it's then up to LAFCO to decide whether an election should be held.

The petition drive could begin early in 1988, providing a preliminary study determines there are no "fatal flaws" in the concept of incorporation.

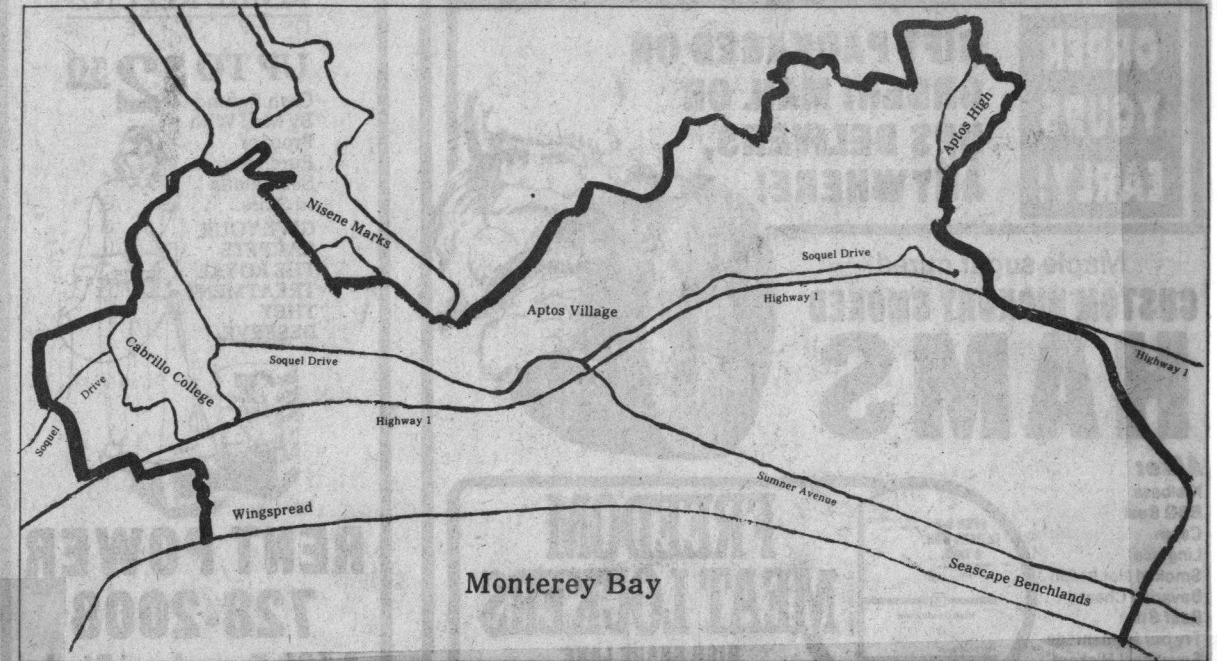
That study was commissioned last month by the Study Group, which spent nearly all of its \$3,380 treasury to hire consultant Walter Kieser.

The study, due to be completed next month, will look at the financial and political realities of incorporation — whether there's support for the idea and how much it will cost to operate the proposed city.

Leaders of the study group have indicated they'll probably drop the incorporation idea if Kieser's study does uncover such a fatal flaw.

But it doesn't look as if it will. At a public meeting last month, Kieser said his initial impression is that there aren't any hidden roadblocks, although he emphasized there was still plenty of studying to do.

If Kieser tells the Study Group that an incorporation effort is viable, a petition drive would probably start soon after, said Tom Carmody, chairman of the Study Group steering committee.



Map shows the proposed boundaries for the city of Aptos.

The petition drive would be coupled with efforts to spread the word about the incorporation effort and to raise funds for a more detailed study, said Carmody. He estimates the final study would cost about \$10,000 and the petition drive another \$10,000.

The petition drive could begin right away, but the study wouldn't be commissioned until some of the money was raised and Study Group members were confident of getting the rest, Carmody said, adding that Kieser's firm would probably be selected for the in-depth study.

Once the petitions are turned in and certified as valid, LAFCO's involvement begins.

Before LAFCO considers the question, however, the agency's executive director, Pat McCormick, will prepare a financial analysis of the proposed city, similar in scope to the one commissioned by the Study Group.

After McCormick's study, which he estimates will take up to six months, the LAFCO board will hold public hearings and determine whether an election will be held.



Using Kieser's detailed report, the Study Group will propose the city's boundaries and the scope of services it will provide; LAFCO has the power to adjust those proposals before it approves an election.

The Study Group estimates that the city would collect \$4 million in revenues in its first year. The main sources of revenue would be the property tax (\$600,000), sales tax (\$650,000), and motor vehicle in lieu fees (\$1,135,000).

Expenditures would be about \$2.4 million a year; including \$1 million for police (through a contract with the sheriff's office) and \$500,000 for road maintenance and repair. The remaining \$1.6 million would go into reserves and capital improvement funds.

Motor vehicle in lieu (vehicle registration) fees are collected by the state and apportioned to the cities.

Existing cities now get \$30.27 per resident, but new cities get \$90.81 per registered voter for the first eight years of incorporation.

That formula means cities with a high ratio of registered voters to residents, such as Aptos, "come out smelling like a rose," said LAFCO's McCormick.

For that eight-year period, Aptos would be getting slightly more than double what it would get when it reverts to the formula for established cities.

The law serves as an incentive for incorporation backers to encourage voter registration, because the payment is based on the number of registered voters at the time of incorporation.

Incorporation is a particularly touchy issue for county government because of the financial impact it would have on the county. Aside from the motor-vehicle in lieu fees, what the city would gain in revenue would be lost by the county.

Levy, whose supervisorial district includes Aptos, said, "It's very obvious when you create a new city that you'll affect the revenue base of a county."

Levy said she's been following the Study Group's efforts, but refused to be pinned down on how she stands.

"I haven't taken a position pro or con," she emphasized.

Incorporation would not automatically mean increased taxes, because Prop. 13, passed by California voters in 1978, prohibits new taxes without a two-thirds vote of the electorate.

When a city incorporates, property-tax revenue switches from the county to the city. It's up to the county auditor to determine what percentage of the county's property tax goes to the city. That could lead to political difficulties because there are no definitive legal criteria for determining what a fair share is.

Kieser said the allocations given to new cities vary

greatly, and can be influenced by political considerations. County officials who oppose incorporation could conceivably urge an auditor to be stingy when determining the city's share. The percentage of property tax a city gets is set once — there's no provision for changing it from year to year.

The proposed city boundaries would include two major proposed developments, Wingspread and the Seascape benchlands project. Wingspread's plans call for a total of 468 hotel and condominium units, a conference center and performing arts complex on the Porter Sesnon property adjacent to New Brighton State Beach.

The Wingspread project has won conditional approval from the Board of Supervisors and will be considered by the state Coastal Commission, probably early in 1988. If it's approved there, county voters will decide whether it should be built, probably at the June election.

Seascape is planning 298 condominium and motel units, plus conference rooms and restaurants on its benchlands. The project has been approved by the county; it's awaiting consideration by the Coastal Commission.

Both projects would provide significant tax revenues, mainly through the transient-occupancy tax charged for all temporary rental units.

County supervisors have made it clear they're not willing to give up such revenues. In October, the board voted to seek legislation at the state level that would ensure that the county retains the Wingspread revenues.

Board members are scheduled to discuss that issue, along with other legislative matters, this week with State Sen. Henry Mello and Assemblyman Sam Farr.

Supervisor Levy said, "It's very clear that the county intends to protect" the Wingspread revenues.

Wingspread and Seascape are both in the proposed boundaries, but the Study Group did not include any projected revenues from those projects in their budget calculations.

Because both developments are on the edge of the proposed city, they could easily be "drawn out" of the boundaries before the matter goes to a vote.

The proposed city limits would run along the coast from Park Avenue and McGregor Drive in the north to the end of Sumner Avenue in the south, taking in Aptos High School and Cabrillo College. Rolling Green Estates and Huntington Drive would be included.

The existing fire, sanitation and water districts would continue operating as they have been.

The date when a city starts operating is a key financial consideration, McCormick said, because state law requires counties to pay the operating expenses of new cities until the end of the fiscal

year.

Fiscal years end June 30, so it would be to a county's advantage to have a city start toward the end of a fiscal year, while a city would want the opposite.

The final decision will be made by LAFCO.

If LAFCO approves the election, it's then up to the county Board of Supervisors to set an election date. The election would be canceled if a majority of registered voters in the proposed city file written protests against the incorporation. Such an effort would take 6,000 signatures, probably far more than the actual number of votes it would take to defeat the incorporation at the polls, given the fact that not all registered voters actually vote.

If the issue finally goes on the ballot, voters will be faced with two campaigns at once: one for the incorporation question, and the other for seats on the first city council.

If the incorporation goes through, the city pays the election costs. If it doesn't, the county pays.

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When Kieser spoke at a public meeting organized by the Study Group in November, he said Aptos was "incredibly underserved" on police protection.

Incorporation backers project a \$1 million contract with the Sheriff's Office, which would provide more than double the service now provided to the area by the sheriff. The Aptos force would have 17 officers, overseen by a lieutenant.

Although they'd still be employees of the Sheriff's Office, the deputies serving Aptos could wear different uniforms, if the city council so chose, and drive different cars. (The Study Group has suggested that the city buy its own cars.)

By contracting with the county, the city would save on some overhead costs, said Sheriff Al Noren.

"I'm not pushing the idea," he said, "but it's a logical way to go."

"A sheriff is in many ways more responsive than a chief of police. If I don't keep all the people happy, I don't get re-elected."

But a chief of police, Noren said, may only feel responsible to the city council members who have the power to hire and fire him.

## The people behind the cityhood drive

Ever since he moved to Aptos seven years ago, Doug McConnell has heard occasional talk about the idea of incorporating.

But that's all it was — talk at various civic and social events, but no serious efforts.

Early this year, McConnell and a handful of others decided to see if there was community support for the idea.

McConnell has been active in conservative political causes, but he didn't want the incorporation idea to be linked to one political group.

"My thought was that it was only going to work if we got general interest," McConnell said. He checked with the various improvement associations and community groups, he said, and found there was a lot of support for the idea of a study.

Those informal efforts soon led to the formation of the Aptos Incorporation Study Group, which gathered preliminary information and started holding public meetings.

Others involved in the initial efforts included Terry Pershall, manager of Founder's Title; Ken Fleissner, an agent at Pacific Realty in Aptos; Vince Casey, then president of the Rio del Mar Improvement Association; and Tom Carmody, a member of the board of the Seascape Improvement Association.

Terry Stigall, assistant finance director for the city of Watsonville and an Aptos resident, helped compile figures for a proposed city budget.

Also helping were Dick Jamison, former Santa Cruz County personnel director, and Ken Neary, a retired Cabrillo College instructor.

Vic Marani, aide to State Sen. Henry Mello and recently elected member of the Pajaro Valley school district board, was asked by the group to help organize the first few public meetings.

The Study Group has a steering committee of about 25 people and an executive committee of eight.

## Will the third try be the charm?

The current study of Aptos incorporation is the third such effort, and the first not sponsored by the Aptos Chamber of Commerce.

In 1971, a study was done by the chamber, with the conclusion that there wasn't enough support for cityhood. There was no petition drive to put the issue on the ballot.

In 1980, the chamber sponsored such a drive, but it fell 200 signatures short of the 2,100 needed to put it on the ballot.

Glenn Specht, who led that petition drive, said one reason it failed was that "people were concerned about adding layers of government."

Less than two years earlier, California voters approved Prop. 13, which set limits on taxation and prohibited any government agency from increasing taxes without a two-thirds vote of the electorate.

That meant that incorpora-

tion wouldn't mean increased taxes, but some people had difficulty believing that, said Specht.

There was also some skepticism about the estimates of how much it would cost to run a city government, she said, because they were compiled by local people rather than an outside consultant.

A consultant has been hired for the current incorporation study; his initial report on the feasibility of cityhood will be ready in January.

Specht, a member of the Incorporation Study Group's executive committee, believes there's more support for cityhood now than there was in 1980.

"Could we have done worse (with a city) than under county government in the last seven years? The answer is no," she said. "It would have been very affordable."

The executive committee is composed of Pat Manning, president of Aptos Neighbors, a community group; Glenn Specht, leader of the unsuccessful 1980 incorporation drive; Howard Scherer, a marketing consultant and the group's fund-raising leader; treasurer Mary Bergthold; Buzz Haines, current president of the Rio del Mar Improvement Association; Carmody; Casey; and McConnell.

For the initial fund-raising effort, the group set a \$100 maximum per donation and raised \$3,380, most of which went to consultant Walt Kieser for a preliminary feasibility study.

"We had more individuals than businesses contributing," Carmody said. Whether the limit will be raised for the main fund-raising effort is something the steering committee will discuss, he said.

About the time the public meetings were held this summer, the Seascape Improvement Association sent questionnaires to its members, asking whether they favored incorporation.

Of 78 responses, 46 opposed cityhood, said Helen Cheney, president of the group.

"Many of them said they'd like to have more information about it," she added.

—Lane Wallace

## REFERENCE

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Aptos, California 95003