

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT

August 8, 2018 (Agenda)

August 8, 2018
Agenda Item 8

LAFCO 18-08 Dissolution of the Rollingwood Wilart Park Recreation & Park District

APPLICANT Contra Costa LAFCO by Resolution adopted January 10, 2018

ACREAGE &
LOCATION The Rollingwood Wilart Park Recreation & Park District (RWPRPD) is located in the unincorporated community of Rollingwood, which is east of the City of San Pablo and south of the City of Richmond as shown on the attached map (Attachment A). The District comprises 113± acres, with a population of approximately 3,000 residents (1,207 registered voters).

SYNOPSIS

The RWPRPD was formed in 1956 to operate and maintain a community center for recreation programs and events. For many years, the District has struggled; and in 2016, the District closed its doors. The District is inactive and the district owned facility - Rollingwood Recreation Center - is no longer in use.

Following discussions with the District and Contra Costa County, both the District and the County indicated their support for dissolving the RWPRPD. On January 10, 2018, LAFCO adopted a resolution initiating proceedings to dissolve the RWPRPD and name the County as successor agency. Since then, LAFCO staff has continued to work with the District and County staff on various matters (i.e., assets, liabilities, etc.).

BACKGROUND

LAFCO Municipal Service Review (MSR) - In 2010, LAFCO completed a countywide MSR covering cemetery, parks and recreation services. In conjunction with the MSR, LAFCO learned that the RWPRPD struggled for years with service, governance and administrative issues. Specifically, the District provides limited services, has no staff, and Board members are performing administrative and operational functions. Since the late 1990s, RWPRPD also experienced accountability challenges; lack of public interest and uncontested elections (one contested election in 1979); a significant decrease in facility rentals; no audited financial statements in over 10 years; and lack of capital planning documents and administrative records. The District currently functions with only three board members.

In conjunction with the 2010 MSR, LAFCO deferred the sphere of influence (SOI) update for the RWPRPD and required the District to provide periodic updates. Since 2010, the District has provided one written update and several verbal updates.

Following the LAFCO MSR, the Contra Costa County Grand Jury, in 2012, issued a report on the RWPRPD noting the District's ongoing challenges and deficiencies and recommending that LAFCO dissolve the District.

Since 2012, LAFCO and the County have continued to work with the RWPRPD. The County Treasurer-Tax Collector holds funds for the District, including property taxes; and the County Auditor maintains an account on behalf of the RWPRPD and administers payment of funds at the direction of the District. The District's primary source of revenue is property tax (in FY 2017-18 the District received about \$31,000); facility rental fees are essentially nonexistent. The District's finances are in order, and the District has no liabilities; the recreation center and land are assets of the District.

LAFCO Special Study – In February 2017, following a public review process, LAFCO completed a special study of the RWPRPD. Berkson Associates prepared the special study. The special study provides findings and a discussion of governance options as summarized below.

Major Findings - Major findings identified in the study include the following:

1. The findings of the study support dissolution of the RWPRPD given the District's ongoing challenges
2. Contra Costa County could be the successor in the event of dissolution
3. Rollingwood is within the City of San Pablo's SOI and could be annexed to the City concurrently with dissolution of the RWPRPD without the need for protest proceedings as the Rollingwood area is an island (less than 150 acres)
4. Rollingwood could be added to the City of Richmond's SOI and annexed to Richmond concurrently with dissolution of the RWPRPD

Governance Options – The study also provided a number of governance options, along with advantages, disadvantages, and the LAFCO process associated with each option. A summary of the governance options is provided below.

1. **Maintain the Status Quo** – Maintaining the status quo does **not** appear to be an option as the District has essentially ceased operations. Use of the facility has been minimal over the past several years; and the current Board has shuttered the facility.
2. **Dissolution with Appointment of Successor to Wind-up Affairs** - Dissolution eliminates the District, and its assets/liabilities would revert to a successor agency to wind up District affairs, or possibly assume services. Property tax would be redistributed to other taxing entities, unless the successor agency takes over ownership and operation of the RWPRPD facility. Contra Costa County qualifies as the successor agency, as there are no cities within the District's boundaries. The successor agency assumes a number of responsibilities as discussed in the study. The successor agency receives the assets of the district (e.g., property tax revenue, Rollingwood Recreation Center), and also assumes any liabilities; RWPRPD currently has no liabilities.
3. **Dissolution and Annexation to the City of San Pablo** – The Rollingwood area is an unincorporated “island” surrounded by the cities of San Pablo and Richmond, and is currently within the City of San Pablo's SOI. Historically, as portions of the RWPRPD service area were annexed to the City of San Pablo, they were detached from RWPRPD, thus reducing the District's size and revenues. Annexation to the City of San Pablo would eliminate the island. Following annexation, the City could extend park and recreation services to the Rollingwood community, and would receive property tax revenue to help support the extension of City services to the area. The City would also receive the Rollingwood Recreation Center, which the City could use or sell.
4. **Dissolution and Annexation to the City of Richmond** - This option would first require an amendment to Richmond's SOI to include Rollingwood, and a corresponding amendment to the City of San Pablo's SOI to remove Rollingwood. Then, LAFCO could simultaneously dissolve the District and annex the territory to the City of Richmond.
5. **Consolidation of RWPRPD with County Service Area (CSA) R-9** - CSA R-9, which is staffed by the County Public Works Department, is contiguous to RWPRPD. The CSA provides park facility operation and maintenance in the unincorporated community of El Sobrante. The 2010 Parks & Recreation MSR considered governance options that included consolidation of RWPRPD with CSA R-9. However, CSA R-9 was also determined to be a candidate for dissolution due to the finding that “CSA R-9 has no regular source of financing, lacks public interest to fill advisory committee positions, and provides minimal services at a less than adequate service level.” For these reasons, consolidation with CSA R-9 is **not** considered a viable option.

- 6. Reorganization of RWPRPD as a Subsidiary District to the City of San Pablo** – The 2010 Parks & Recreation MSR considered the option of RWPRPD as a subsidiary district to the City of San Pablo. However, establishing a subsidiary district would not be possible until at least 70% of the land area and registered voters in Rollingwood are annexed to the City. A subsidiary district would also entail additional management and accounting by the City to manage the subsidiary district. For these reasons listed above, creation of a subsidiary district is **not** considered a viable alternative.

Of the six governance options included in the special study, three are not viable; and the City of Richmond expressed no interest in annexing the Rollingwood community or taking over the RWPRPD and recreation center. The two most feasible options include 1) dissolving the RWPRPD and naming the County as successor, and 2) annexing the Rollingwood community to the City of San Pablo, whereby the City would assume services to the area, including parks and recreation. While LAFCO has authority to dissolve the RWPRPD and name a successor agency to wind up the affairs of the District, LAFCO does not have the authority to initiate an annexation.

In conjunction with LAFCO's special study, the consultant and LAFCO staff met with the San Pablo City Council's Economic Development/Project Management Standing Committee; and subsequently attended a San Pablo City Council meeting. The City acknowledged that it has a need for additional recreational facilities. City staff conducted an inspection of the Rollingwood Recreation Center and found the building to be structurally sound, restrooms in good shape, the interior including the kitchen needs rehabilitation, in need of improvements (i.e., to comply with the ADA, and to the parking lot).

On February 6, 2017, the San Pablo City Council adopted a resolution acknowledging LAFCO's special study of the RWPRPD and the governance options including dissolution of the District, and approved funding for a fiscal analysis and evaluation of the City as a potential successor agency.

In response to a request by LAFCO staff regarding the status of the City's evaluation, LAFCO received a letter from the City on November 7, 2017. The letter indicated that *on November 6, 2017, the San Pablo City Council voted to suspend its analysis and evaluation of San Pablo being a potential successor agency for the RWPRPD. As an alternative, the City is potentially interested in the asset disposition of the RWPRPD multi-purpose facility. The City indicates that annexation or acquisition of this property would be potentially beneficial to the City as a recreation use facility to supplement the City's current community services and recreation programs in the vicinity of the former RWPRPD service area due to its close proximity to San Pablo's municipal boundary. Further, the RWPRPD facility is contiguous to the City of San Pablo's municipal boundary, and is located within the City's SOI. Therefore, if feasible, the City would like to explore with LAFCO the potential annexation and acquisition of the property.*

In 2012, LAFCO identified the Rollingwood area as a small island (under 150 acres) which can be annexed to the City of San Pablo via a streamlined process (i.e., without a protest hearing). Annexation of the RWPRPD facility only is not an option identified in the special study, nor does this option further LAFCO's mission of facilitating logical and orderly service boundaries and eliminating islands. Irrespective of the dissolution of the RWPRPD, the City of San Pablo is not precluded from applying to LAFCO in the future to annex all or a portion of the Rollingwood community. Further, as successor agency, the County would have control over the Rollingwood Recreation Center and could work with the City of San Pablo regarding the potential acquisition and/or use of the recreation center.

The Commission considered all of this information in January 2018, and decided to move forward with the proposed dissolution of the RWPRPD and naming the County as successor agency.

DISCUSSION

Factors for Consideration - Government Code (GC) §56668 sets forth factors that the Commission is required to consider in evaluating any change of organization (e.g., dissolution). In the Commission's review and evaluation, no single factor is determinative. In reaching a decision, each is to be evaluated within the context of the overall proposal. These factors are analyzed in Attachment B. In addition, other factors are discussed below.

Tax Rates, Assessed Value, Assets and Liabilities - The subject area includes two tax rate areas: 85089 and 85099. The assessed value for the proposal area is \$145,511,436 based on the 2017-18 roll.

The RWPRPD receives approximately \$31,000 in annual property tax revenue. Following dissolution, and upon the County becoming successor agency, the District's share of the 1% property tax will transfer to the County pursuant to GC §§57450-57463.

Regarding assets and liabilities, the District's main asset is the Rollingwood Recreation Center. Presently, the District has no liabilities.

Designation of Successor Agency and Plan for Service - The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH) provides that should LAFCO dissolve a district, it shall identify the effective date of dissolution, designate a successor agency to wind up the affairs of the extinguished agency, and may apply other terms and conditions with its action pursuant to GC §§56885 – 56890.

If the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is deemed the successor agency pursuant to GC §57451(b). The RWPRPD is located entirely in unincorporated Contra Costa County; and the County has agreed to be the successor agency. In accordance with the CKH, should the Commission dissolve RWPRPD, the District's assets would be distributed to the County and control over all moneys or funds and property would be vested in the County for the purpose of winding up the affairs of the District.

Regarding a plan for service, the County indicates it is diligently seeking a compatible tenant for the Rollingwood Recreation Center; however, if a suitable party is not found, then the County will consider selling the site as surplus property.

Commission Proceedings – A dissolution may be initiated by LAFCO if it is consistent with a recommendation or conclusions of a study prepared pursuant to GC §§56378, 56425, or 56430, and LAFCO makes determinations specified in §56881(b). Sections 56378, 56425, and 56430 require LAFCO to study existing agencies, make determinations regarding SOIs and conduct municipal service reviews.

Section 56881(b) requires LAFCO to make both of the following determinations with regard to the proposed dissolution:

- (1) Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternate means of providing the service.
- (2) A change of organization or reorganization that is authorized by the commission promotes public access and accountability for community service needs and financial resources.

Before LAFCO can dissolve a district, LAFCO must hold a public hearing on the proposed dissolution. In conjunction with today's hearing, LAFCO published a legal notice in the *Contra Costa Times* (all editions), and mailed notices to all landowners and registered voters within the subject area, as well as to all landowners and voters within 300 feet of the subject area. The CKH provides that if the number of mailed notices exceeds 1,000, LAFCO can publish a 1/8-page display ad in the newspaper in lieu of mailed notices. However, given this is a LAFCO initiated proposal, we expanded the public outreach effort to enhance transparency.

Should dissolution of the District be approved, state law requires LAFCO to conduct a protest hearing to allow landowners and voters within the district boundary an opportunity to protest the dissolution. In the case of a LAFCO initiated proposal, a protest hearing is required, and must be held within the affected territory (GC §57008). The protest hearing cannot be conducted less than 30 days after the Commission's approval of the dissolution.

The Commission has delegated authority to conduct the protest hearing to the LAFCO Executive Officer. Should the Commission approve the dissolution on August 8, 2018, LAFCO staff will conduct a noticed protest hearing in early September within the Rollingwood Wilart Park Recreation and Park District.

Environmental Impact of the Proposal - The LAFCO initiated proposal to dissolve RWPRPD and name Contra Costa County as successor agency is a jurisdictional change and has no physical effects on land use or the environment. As Lead Agency, LAFCO finds the project exempt pursuant to the California Environmental Quality Act (CEQA) pursuant to Class 20 – Changes in Government Organization (section 15320). The LAFCO Environmental Coordinator reviewed the document and finds it adequate for LAFCO purposes.

CONCLUSION

One of the fundamental goals of LAFCOs is to ensure the efficient and effective provision of municipal services in an accountable manner. The proposed dissolution will terminate a struggling and inactive district, thereby allowing the County to take over the maintenance and operations of the Rollingwood Recreation Center and resume use of the center as a community resource.

Approval of this proposal will promote more accessible, responsive, transparent governance and accountability for the utilization of the recreation center as community resource.

ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and any testimony or additional materials that are submitted the Commission should consider approving one of the following options:

- Option 1**
1. Approve the dissolution and required findings as proposed pursuant to the following:
 - a. The affected territory is located entirely within an unincorporated area of Contra Costa County.
 - b. The reason for the proposal is to dissolve a district that is essentially inactive, has struggled for years with administration, governance and is no longer providing services.
 2. Designate Contra Costa County as successor agency to the RWPRPD.

3. Find that the project is Categorically Exempt pursuant to the California Environmental Quality Act (CEQA) Class 20 – Changes to Government Organization.
4. Find that the subject territory is inhabited, and the proposal is subject to protest proceedings to be conducted no less than 30 days following the Commission's approval of the proposal.
5. Adopt LAFCO Resolution No. 18-08A (Attachment C) approving the dissolution and setting forth the Commission's terms, conditions, findings and determinations.

Option 2 DENY the proposal to dissolve the RWPRPD.

Option 3 If the Commission needs more information, CONTINUE this matter to a future meeting.

RECOMMENDED ACTIONS:

Approve Option 1 to dissolve the RWPRPD and name Contra Costa County as successor agency

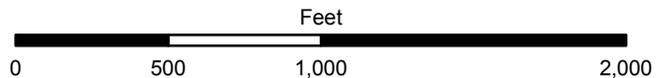
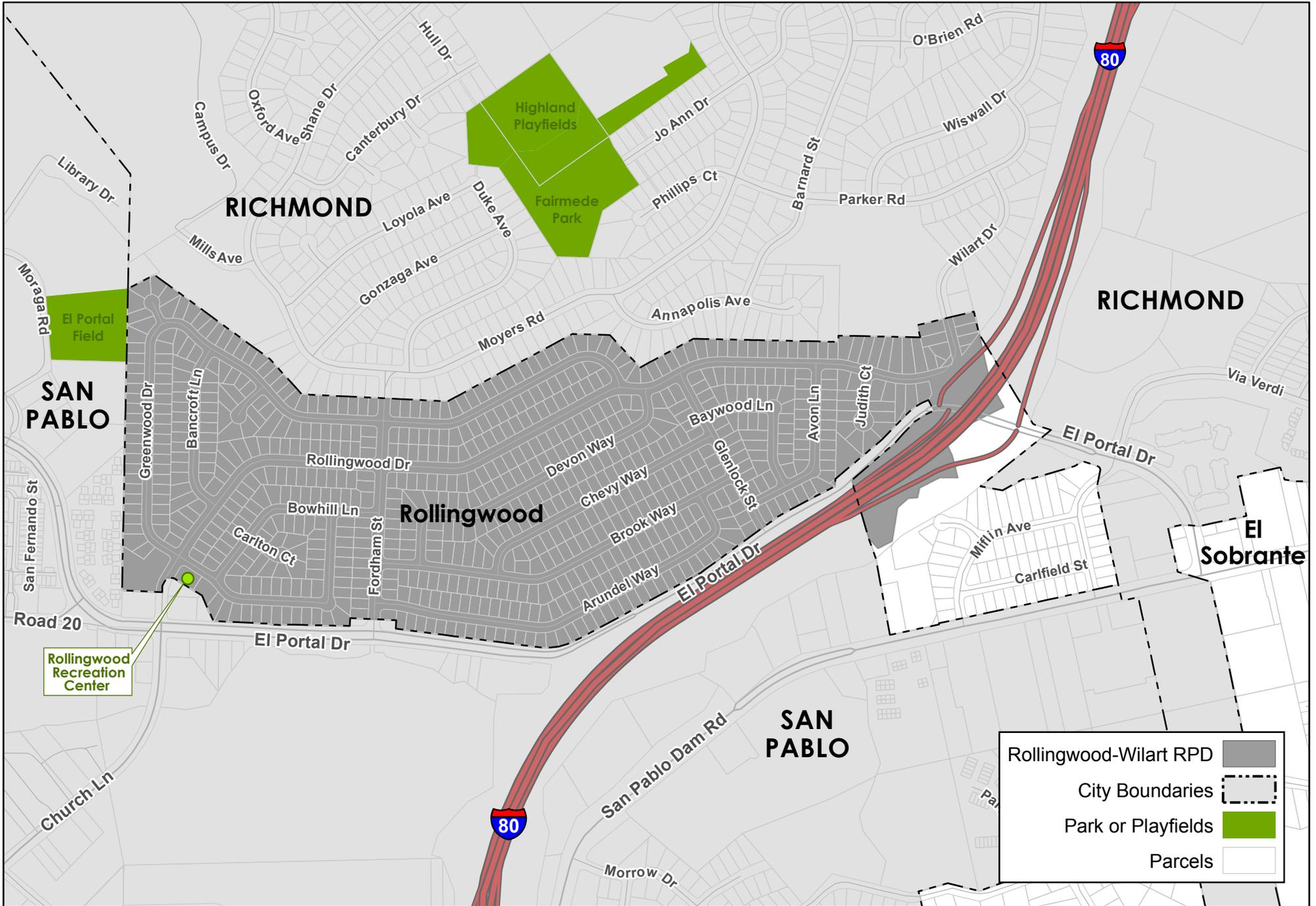
LOU ANN TEXEIRA, EXECUTIVE OFFICER
CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

Attachments:

- A. Map of RWPRPD
- B. Factors for Consideration (GC §56668)
- C. Draft LAFCO Resolution No. 18-08A

c: Distribution

LAFCO 18-08 – Rollingwood Wilart Park Recreation & Park District Dissolution



Factors for Consideration (California Government Code §56668)

FACTOR	COMMENTS
(a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.	The subject area is within the SOI of the City of San Pablo. The area comprises 113± acres and approximately 740 parcels. Land uses are primarily built out residential (high density) and a small section of public land. The population is approximately 3,000 (1,207 registered voters).
(b) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. "Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.	There is a potential need for operation of the community center, as in years past, the facility used for classes and various community events. It is unlikely that the District Board will emerge to resume operation of the community center. The County, as successor, would have such responsibility and is capable of assuming this role.
(c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.	It is not anticipated that dissolution of the District would affect adjacent areas or the local government structure of the County.
(d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377. <i>(Note: Section 56377 encourages preservation of agricultural and open space lands)</i>	The subject area is built out residential. The dissolution would have no effect on development or on policies and priorities in Section 56377.
(e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.	The subject area is built out (single family residential development). The dissolution would have no effect on agricultural lands.
(f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.	The parcels that comprise the subject territory have specific boundary lines that are certain and identifiable.
(g) A regional transportation plan adopted pursuant to Section 65080.	N/A
(h) The proposal's consistency with city or county general and specific plans.	The dissolution will have no effect on the County General Plan.

FACTOR	COMMENTS
(i) The sphere of influence (SOI) of any local agency which may be applicable to the proposal being reviewed.	The dissolution will have no effect on the SOIs of any local agency.
(j) The comments of any affected local agency or other public agency.	As of this writing, no agency comments were received.
(k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.	The RWPRPD is not currently providing any services. As successor, the County would receive the District's assets, which include the annual property tax allocation and any rental/usage fees associated with rental/use of the Rollingwood Recreation Center.
(l) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.	N/A
(m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.	N/A
(n) Any information or comments from the landowner or owners, voters, or residents of the affected territory.	In lieu of publishing a display ad in the local newspaper, which is allowed for mailed notices which exceed 1,000, LAFCO mailed individual notices to each landowner and registered voter within the District, and to each landowner and registered voter within 300 feet of the District's boundary. As of this writing, no comments were received.
(o) Any information relating to existing land use designations.	The County's General Plan designation for the area is Single Family Residential – High Density (SH) and the zoning designation is Single Family Residential – lot size 6,000 square foot minimum (R-6). No changes to the present or planned land uses will result from this change of organization.
(p) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.	The dissolution will have no effect on environmental justice or to the fair treatment of people of all races, cultures and incomes.
56668.5. The commission may, but is not required to, consider the regional growth goals and policies established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or subregional basis. This section does not grant any new powers or authority to the commission or any other body to establish regional growth goals and policies independent of the powers granted by other laws.	Dissolution of the RWPRPD will not affect or be affected by Plan Bay Area, in that the Plan focuses on Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs); and the affected territory is neither.

RESOLUTION NO. 18-08A**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND APPROVING DISSOLUTION OF THE
ROLLINGWOOD WILART PARK RECREATION & PARK DISTRICT**

WHEREAS, on January 10, 2018, Contra Costa Local Agency Formation Commission (LAFCO) adopted a resolution initiating dissolution of the Rollingwood Wilart Park Recreation & Park District (RWPRPD) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Section 56000 et seq. of the Government Code); and

WHEREAS, the Executive Officer has issued a certificate of filing deeming the application complete; and

WHEREAS, at the time and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal; and

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations therein, and the report and related information have been presented to and considered by the Commission; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental document or determination, Spheres of Influence and related information; and

WHEREAS, the RWPRPD is located entirely within unincorporated Contra Costa County, east of the City of San Pablo and south of the City of Richmond; and

WHEREAS, the RWPRPD comprises 113± acres, with a population of approximately 3,000 residents; and

WHEREAS, the RWPRPD was formed in 1956 to operate and maintain a community center for recreation programs and events; and

WHEREAS, in 2010, LAFCO completed a countywide Municipal Services Review covering cemetery, parks and recreation services and learned that the RWPRPD was struggling with service, governance and administrative matters; and

WHEREAS, in February 2017, the Commission completed a special study of the RWPRPD, which identified findings and governance options, including dissolution; and

WHEREAS, LAFCO determines that dissolution of the RWPRPD and naming Contra Costa County as successor agency is in the best interest of the affected area and the total organization of local governmental agencies within Contra Costa County; and

WHEREAS, Contra Costa County has agreed to be the successor agency; and

WHEREAS, the RWPRPD does not oppose the dissolution.

NOW, THEREFORE, the Contra Costa Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. The subject proposal is assigned the distinctive short-form designation:

DISSOLUTION OF THE ROLLINGWOOD WILART PARK RECREATION & PARK DISTRICT

2. RWPRPD is located entirely within unincorporated Contra Costa County. The boundaries of the affected territory are found to be definite and certain as approved and set forth in Attachment A, attached hereto and made a part hereof.
3. The proposal was initiated by LAFCO, the subject territory is inhabited, and the proposal is subject to protest proceedings.
4. Notice of the Commission's hearing regarding this proposal was advertised in the *Contra Costa Times*, and notices were mailed to all landowners and registered voters within the subject area, as well as landowners and voters within 300 feet of the subject area and affected and interested agencies and individuals.
5. Contra Costa County shall be the successor agency of RWPRPD and all assets and liabilities of RWPRPD shall be transferred to Contra Costa County pursuant to Government Code sections 57450-57463.
6. In reviewing this proposal, the Commission has considered each of the factors required by Government Code section 56668.
7. Pursuant to Government Code section 56881(b) Contra Costa LAFCO determinations:
 - i. Public service costs of the LAFCO initiated dissolution are likely to be less than or substantially similar to the costs of alternate means of providing the service.
 - ii. The dissolution authorized by the Commission promotes public access and accountability for community service needs and financial resources.
8. The Commission finds that dissolution of the RWPRPD is Categorically Exempt pursuant to the California Environmental Quality Act Class 20 – Changes to Government Organization.
9. Pursuant to Government Code section 57008, for any proposal initiated by the commission, LAFCO shall hold a public protest hearing in the affected territory.
10. The effective date of the dissolution shall be the date of filing the certificate of completion of the proposal.

* * * * *

PASSED AND ADOPTED THIS 8th day of August 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

MICHAEL R. MCGILL, CHAIR, CONTRA COSTA LAFCO

I hereby certify that this is a correct copy of a resolution passed and adopted by this Commission on the date stated.

Dated: August 8, 2012

Lou Ann Texeira, Executive Officer