

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT

February 9, 2022 (Agenda)

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Agenda Item 9

Dissolution of County Service Area R-10

SYNOPSIS

In August 2021, Contra Costa LAFCO completed its 2nd round *Parks & Recreation Services Municipal Services Review* (MSR) and Sphere of Influence (SOI) updates. The MSR covered all 19 cities, three parks & recreation districts, one regional park district, four community services districts, and eight County Service Areas (CSAs). Consistent with the recommendations in the MSR, the Commission adopted a zero SOI for CSA R-10 in November 2021 signalling future dissolution of this district.

In October 2021, the Commission adopted a resolution initiating dissolution of CSA R-10 and indicating that Contra Costa County would be the successor agency to wind up the affairs of CSA R-10 pursuant to the *Cortese Knox Hertzberg Local Government Reorganization Act of 2000* (CKH). Contra Costa County staff supports the proposed dissolution.

BACKGROUND

History of CSA R-10 - CSA R-10 was formed in 1987 to provide recreation services. CSA R-10 serves the unincorporated Rodeo community and areas northeast of the City of Hercules. Since formation, there have been no boundary changes to CSA R-10. The CSA R-10 service area is approximately 7.37± square miles with an estimated population of 9,141 (2020). The Rodeo community is considered a “disadvantaged community” in that the median household income is less than 80% of the statewide median household income.

For many years, the John Swett Unified School District (JSUSD) provided recreation programs for the Rodeo community. However, over the years JSUSD experienced repeated budget reductions and eventually eliminated its involvement in public recreation programs. With JSUSD’s recreation programs gone, community members set out to find a way to make public recreation available in Rodeo. In 1993, the CSA R-10 Citizens Advisory Committee approached JSUSD regarding a long-term lease (50 years) for use of the Lefty Gomez Ballfield Complex as the site where recreation programs could be provided. JSUSD supported this proposal.

In January 1995, the County and JSUSD entered into a 50-year lease agreement which provides for lease of JSUSD’s real property and facilities (i.e., Lefty Gomez Community Center, two baseball fields, two tennis courts, a playground, picnic and BBQ areas, and a concession stand) to the County. The term of the lease is February 1, 1995, to January 31, 2045. The lease agreement provides that the County pay for all utilities, janitorial service, and maintenance. The lease agreement also includes provisions which allow for either party to cancel the lease with 180 days’ notice. The County intends to provide JSUSD with a notice of lease cancellation following LAFCO’s approval of the dissolution.

Current Status - Regarding facilities and capacity, at an annual net cost, CSA R-10 maintains the Lefty Gomez Community Center building. County staff reported that these facilities are in poor condition and in need of significant investment. Considerable infrastructure needs exist, however, there is currently no available funding. Further, the Community Center is not adequately sized to meet community needs.

As for funding and financial ability of CSA R-10 to provide services, CSA R-10 relies on Community Center rentals to generate revenue and has no other secure source of funding. The recent loss of a lease

with the County Office of Education and insufficient revenues to meet current obligations have resulted in deferred maintenance and ongoing financial burden. Further, the COVID pandemic has severely impacted CSA R-10 revenues. The Rodeo Baseball Association previously provided some maintenance of the ballfields as part of its contract with the County; however, County staff reports that CSA R-10 may also lose this funding. It is recommended that JSUSD contact the Rodeo Baseball Association regarding funding options.

Previously, CSA R-10 had a citizen advisory committee; however, each of the five seats is vacant, and the committee has effectively dissolved.

MSR Findings - The 2021 MSR includes two SOI options for CSA R-10: 1) adopt a zero SOI indicating future dissolution; or 2) retain the existing coterminous SOI. The recommendation was to adopt a zero SOI and dissolve CSA R-10.

In conjunction with the MSR, in November 2021, the Commission adopted a zero SOI for CSA R-10 signaling dissolution. In conjunction with dissolution, the County will be named the successor agency to wind up the affairs of CSA R-10. Following dissolution, maintenance of the facilities will be the responsibility of the JSUSD.

LAFCO staff recently spoke with the JSUSD Superintendent regarding the proposed dissolution. The Superintendent opposes dissolution indicating that the JSUSD has declining enrollment and revenue and that taking over maintenance of the facilities is cost prohibitive.

DISCUSSION

Factors for Consideration - Government Code (GC) §56668 sets forth factors 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 11 tax rate areas: 62007, 62037, 62039, 62042, 62046, 62055, 62056, 62058, 62062, 85014 and 85025. The assessed value for the proposal area is \$846,484,835 based on the 2021 roll. CSA R-10 receives no property or special tax revenue.

Regarding assets and liabilities, CSA R-10 has no assets and no liabilities.

Designation of Successor Agency and Plan for Service - The 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). CSA R-10 is located entirely in unincorporated Contra Costa County; and the County has agreed to be the successor agency.

Because CSA R-10 has no assets and liabilities, the County as successor agency would be responsible for coordinating with JSUSD regarding the Community Center and baseball fields.

Regarding a plan for service, the County will coordinate with the JSUSD regarding the Community Center and baseball fields.

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. In conjunction with today's hearing, LAFCO published a 1/8-page display ad in the newspaper in lieu of individual mailed notices. The display ad was published in the West County Times. 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 of general circulation in lieu of individual notices to landowners and registered voters.

Should dissolution of CSA R-10 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. The protest hearing cannot be conducted less than 30 days after the Commission's approval of the dissolution. In the case of a LAFCO initiated proposal, a protest hearing is required (GC §57008). Due to COVID and in-person meeting restrictions, the protest hearing will be held via Zoom/teleconference.

The Commission has delegated authority to conduct the protest hearing to the LAFCO Executive Officer. Should the Commission approve the dissolution on February 9, 2022, LAFCO staff will conduct a noticed protest hearing in March 2022.

Environmental Impact of the Proposal - The LAFCO initiated proposal to dissolve CSA R-10 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 categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15320 (Class 20 – Changes in Government Organization). 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 financially distressed district and defer to the successor agency to coordinate with the JSUSD regarding assets and liabilities.

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 financially distressed and essentially inactive.
2. Designate Contra Costa County as successor agency to CSA R-10.
3. Find that the project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15320 (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 the LAFCO Resolution approving dissolution of CSA R-10 and setting forth the Commission's terms, conditions, findings, and determinations.

Option 2

DENY the proposal to dissolve CSA R-10.

Option 3

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

RECOMMENDED ACTIONS:

Approve Option 1 to dissolve CSA R-10 and name Contra Costa County as successor agency.

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

Attachments:

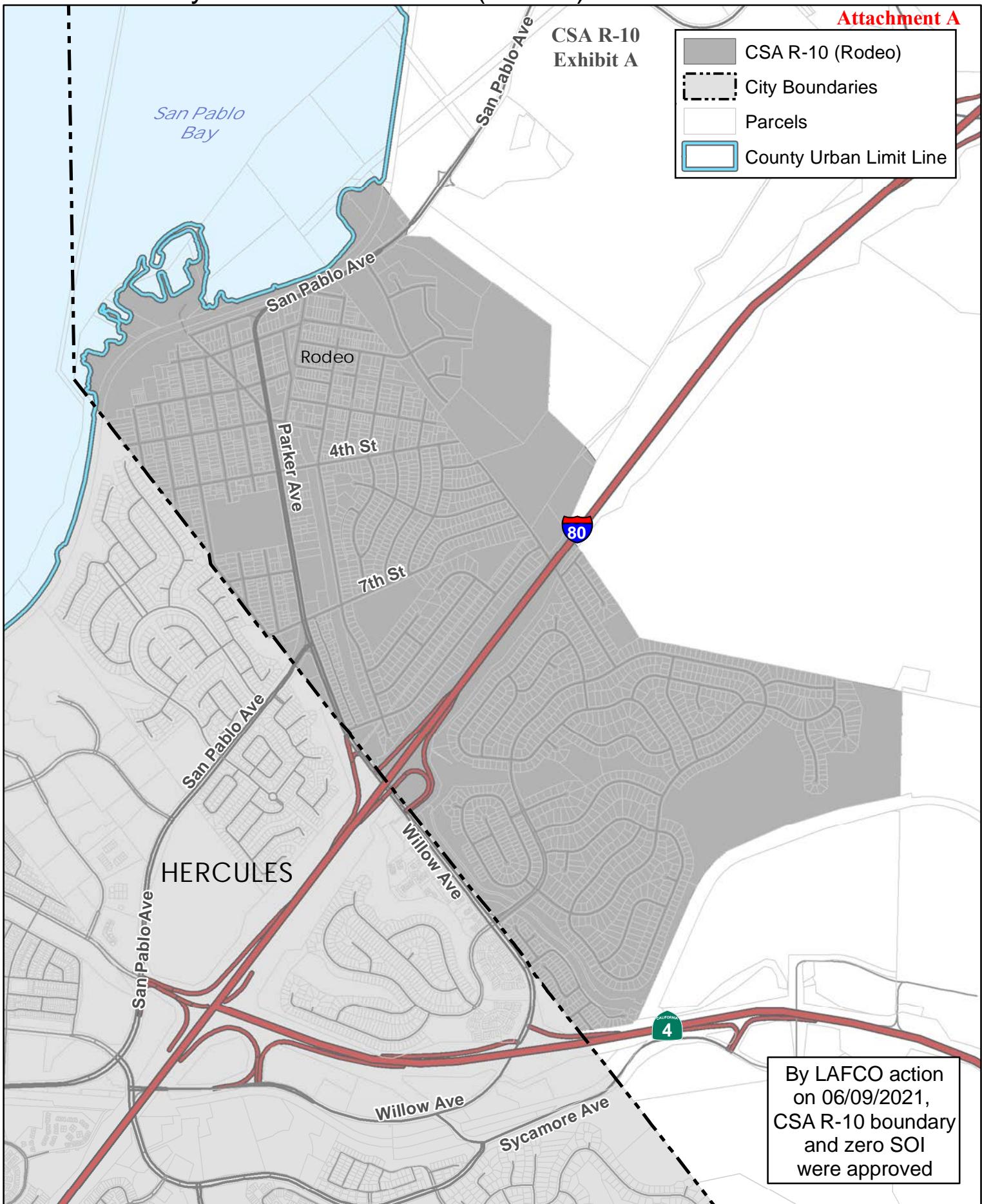
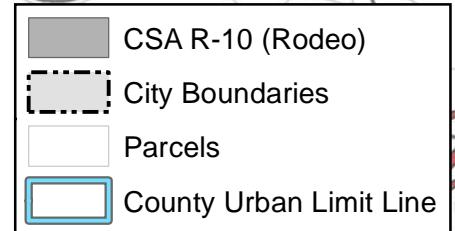
- A. Map of CSA R-10
- B. Factors for Consideration (GC §56668)
- C. Draft LAFCO Resolution Dissolving CSA R-10

c: Distribution

County Service Area R-10 (Rodeo) and Coterminous SOI

Attachment A

CSA R-10
Exhibit A



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 includes the unincorporated Rodeo community. The area comprises 7.37± square miles. The District boundary encompasses primarily residential and commercial uses. The population is approximately 9,141.
(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, baseball fields and other amenities. It is unlikely that CSA R-10 can continue to support these uses due to financial constraints.
(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 CSA R-10 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 includes residential and commercial uses. 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 includes residential and commercial uses. 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.
(h) The proposal's consistency with city or county general and specific plans.	The dissolution will have no effect on the County General Plan.
(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 other than CSA R-10.

FACTOR	COMMENTS
(j) The comments of any affected local agency or other public agency.	The John Swett Unified School District (JSUSD) Superintendent voiced opposition to dissolution of CSA R-10 and lack of resources to maintain R-10 facilities.
(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.	CSA R-10 has no established or secure source of revenue. As successor agency, the County will work with JSUSD on outstanding funding and maintenance issues.
(n) Any information or comments from the landowner or owners, voters, or residents of the affected territory.	In accordance with LAFCO statutes, Contra Costa LAFCO published a display ad in the local newspaper. As of this LAFCO received no formal objections from landowners or registered voters.
(o) Any information relating to existing land use designations.	The County's General Plan designation for the area is primarily Single Family Residential – High Density (SH) and the zoning designation is Planned Unit. 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 and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.	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 CSA R-10 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.

Note:

Subsections (g) - regional transportation plan, (l) water supplies, (m) achieving respective fair shares of regional housing needs, and (q) local hazard mitigation plan are not applicable to this proposal.

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND APPROVING DISSOLUTION OF
COUNTY SERVICE AREA R-10**

WHEREAS, County Service Area (CSA) R-10 is located entirely within unincorporated Contra Costa County in the unincorporated Rodeo community; and

WHEREAS, CSA R-10 comprises $7.37\pm$ square miles with a population of approximately 9,141 residents; and

WHEREAS, CSA R-10 was formed in 1987 to provide recreational services to the Rodeo community; and

WHEREAS, in 2021, the Contra Costa Local Agency Formation Commission (LAFCO) completed its 2nd round countywide Municipal Services Review covering parks and recreation services and learned that CSA R-10 is struggling with finances and the provision of municipal services; and

WHEREAS, on November 10, 2021, LAFCO adopted a resolution initiating dissolution of CSA R-10 pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Section 56000 et seq. of the Government Code); 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 to dissolve CSA R-10; and

WHEREAS, notice of today's Commission hearing was advertised, and a 1/8-page display ad was published in the West County Times pursuant to Government Code section 56157 in lieu of mailed notices due to the number of affected landowners and registered voters exceeding 1,000; 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, LAFCO determines that dissolution of CSA R-10 and naming Contra Costa County as successor agency to wind up the affairs of the district 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.

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

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

DISSOLUTION OF COUNTY SERVICE AREA R-10

2. CSA R-10 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. Contra Costa County shall be the successor agency of CSA R-10 to wind up the affairs of CSA R-10.

Contra Costa LAFCO Resolution
Dissolution of CSA R-10

5. All assets and liabilities associated with CSA R-10 will remain with the property owner – the John Swett Unified School District.
6. In reviewing this proposal, the Commission has considered the factors required by Government Code section 56668.
7. Pursuant to Government Code section 56881(b), Contra Costa LAFCO determines:
 - 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 CSA R-10 is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15320 (Class 20 – Changes to Government Organization).
9. Pursuant to Government Code section 57008, as a proposal initiated by the commission, LAFCO shall hold a public protest hearing on the dissolution of CSA R-10. In light of the COVID pandemic, the protest hearing will be held remotely.
10. The effective date of the dissolution shall be the date of filing the certificate of completion of the proposal.

* * * * *

PASSED AND ADOPTED THIS 9th day of February 2022 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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: February 9, 2022

Lou Ann Texeira, Executive Officer