

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MINUTES OF MEETING

May 11, 2011

Board of Supervisors Chambers
Martinez, CA

1. Chair Michael McGill called the meeting to order at 1:30 p.m.
2. The Pledge of Allegiance was recited.
3. Roll was called. A quorum was present of the following Commissioners:
City Members Rob Schroder and Don Tatzin.
County Members Federal Glover and Gayle Uilkema and Alternate Mary Piepho.
Public Member Alternate Sharon Burke.
Special District Members Michael McGill and Dwight Meadows and Alternate George Schmidt.
Present were Executive Officer Lou Ann Texeira, Legal Counsel Sharon Anderson, Planner Nat Taylor, and Clerk Kate Sibley.
4. Approval of the Agenda
Chair McGill asked that Agenda Items 9 and 10 be switched. Upon motion of Tatzin, second by Uilkema, the agenda was adopted with that change.
5. Public Comments
There were no public comments.
6. Approval of April 13, 2011 Meeting Minutes
Upon motion of Schroder, second by Tatzin, the minutes for the April 13, 2011 meeting were approved unanimously.
7. LAFCO 11-02 - Sphere of Influence (SOI) Amendment, Diablo Community Services District (DCSD)
The Executive Officer provided background for this sphere action, which has been requested by landowners in conjunction with a proposal to annex a portion of Mt. Diablo Scenic Blvd to DCSD. The affected properties include a segment of Mt. Diablo Scenic Blvd. This privately owned road provides access to Mt. Diablo State Park; 75-80% of the traffic on the road is estimated to be for the park.

In response to a question from Commissioner Uilkema, staff reported that bringing the road up to standards and maintaining it is under discussion, and that Senator DeSaulnier, Assemblymember Joan Buchanan, Supervisor Piepho and others have expressed an interest in road improvements and maintenance. The County's Public Works Department has estimated that it will cost between \$135,000 and \$500,000 to improve the road.

Iris Obregon, representing Assemblymember Buchanan, stated that their office supports this effort and urges the Commission's approval.

Ron Brown, Executive Director of Save Mount Diablo, also encouraged approval, as his organization has had an ongoing interest and concern in seeing this road improved to improve safety and reduce liability in the event of bicycle and other accidents.

Upon motion of Uilkema, second by Glover, the Commissioners unanimously closed the public hearing; found the proposal categorically exempt from CEQA; and amended the SOI of Diablo Community Services District to include a total of 11± acres (eight parcels).

8. Northeast Antioch Update

The Executive Officer gave an overview and brief chronology of the issues pertaining to the pending annexation of the Northeast Antioch area, and presented the written monthly report submitted by City of Antioch and Contra Costa County staff, noting that the April 25 meeting was attended by Commissioners McNair and Meadows and LAFCO staff.

Commissioner Meadows reported that he was pleased by the meeting, where a great deal was accomplished and a framework for the future annexation of the area was laid out. He feels both the County and the City can emerge as winners. The second meeting will be held on May 23.

In response to a question from Commissioner Uilkema regarding the timeframe, it was reported that by the end of 2011, the framework and application should be in place; by fall of 2012, the City hopes to have the annexation completed.

Upon motion of Glover, second by Tatzin, Commissioners unanimously received and filed the report.

9. Planning Services Contract

The Executive Officer reported that an RFP had been issued for planning and environmental services; five proposals were received, and four were selected by the selection committee for interviews. The committee, consisting of Mona Palacios, Executive Office of Alameda LAFCO, and Keene Simonds, Executive Officer of Napa LAFCO, recommended Lamphier-Gregory, given that firm's familiarity with Contra Costa LAFCO and range of planning and LAFCO experience.

Upon motion of Uilkema, second by Schroder, Commissioners unanimously authorized LAFCO staff to execute a contract with Lamphier-Gregory to provide planning services for the period of July 1, 2011 through June 30, 2013 in an amount not to exceed \$100,000.

10. Financial Audit, Fiscal Year 2009-2010

The Executive Officer introduced Michael O'Connor from R.J. Ricciardi, who prepared the Fiscal Year 2009-2010 audit. O'Connor stated that their opinion on the audit is "unqualified," which means that it is the best opinion they can deliver; there were no material weaknesses and they had no observations or proposals for change. In response to a question from Commissioner Tatzin about LAFCO's OPEB (Other Post-Employment Benefits) liability, O'Connor explained that, while the County shows OPEB as a liability in its reports, LAFCO pays the County annually for its share of the liability. It is only a liability if it is not paid, thus it does not show in LAFCO's audit as a liability. The Chair thanked O'Connor for attending the meeting.

Upon motion of Glover, second by Uilkema, Commissioners unanimously accepted the Fiscal Year 2009-2010 Audit.

11. Adoption of Final Fiscal Year 2011-2012 LAFCO Budget

The Executive Officer presented the final budget for FY 2011-2012, pointing out modifications made since the proposed budget was approved in March, including the establishment of two new funds, one for fixed assets (due to the purchase of a stand-alone server for electronic document

storage) and an OPEB Trust Fund of \$10,000 based on the estimated unfunded liability of these costs.

Staff also proposed a change in the focus of a training session; rather than presenting a LAFCO 101 session, staff has been discussing with Bill Chiat development of a strategic workshop specifically for Contra Costa LAFCO Commissioners that will focus on the uniqueness of LAFCO decisions, emerging issues/hot topics, and adaptive challenges. Commissioners discussed other training ideas including a possible workshop that could be offered to other LAFCOs. Staff was asked to bring further details in June.

There were no public speakers on this item.

Upon motion of Tatzin, second by Uilkema, Commissioners unanimously adopted the Final Budget for FY 2011-12 and authorized staff to distribute the Final Budget to the County, cities, and independent special districts as required by Government Code Section 56381.

12. Mt. Diablo Health Care District

Chair McGill announced that before beginning this item, he wanted to acknowledge that he is a member of the board of the Contra Costa Taxpayers Association (CCTA).

The Executive Officer reported that LAFCO had received correspondence from the CCTA raising concerns regarding the governance and operations of the Mt. Diablo Health Care District (MDHCD) and calling for LAFCO to initiate a study to pursue dissolution of the District. Similar concerns have been raised in three Grand Jury reports.

Staff provided background relating to the District, noting it was formed as a hospital district in 1948; in 1996, the District faced bankruptcy and entered into a Community Benefit Agreement with John Muir Health (JMH), and transferred its assets to JMH. The District has been challenged with board turnover, dissension, and other operational issues including significant expenditures for a lawsuit against JMH and Board member health benefit costs.

The Chair opened the discussion. Commissioner Schroder stated that his father is also on the board of CCTA. Commissioner Schroder asked for clarification on the MDHCD retiree medical liability and District revenues. Staff answered that a small number of board members are currently receiving or will receive lifetime health care benefits. Further, MDHCD receives a portion of the 1% property tax; there are no other special assessments or taxes. The District also receives some funding from JMH and other non-tax sources.

Commissioners had questions relating to the dissolution process and the naming and role of a successor agency. Staff noted that should LAFCO proceed with dissolution, it can designate a successor agency for one of two purposes: 1) to continue the services; or 2) to wind up the District's business. A special study would likely be needed to evaluate the District's assets and liabilities. Commissioner Piepho inquired about the public's interest in dissolution.

The Chair opened the public hearing.

Kristine Hunt, Executive Director of CCTA, stated that the MDHCD provides very little value in exchange for the tax dollars it collects, that it selectively follows the laws, and that it is basically in trouble.

Richard Soderholm, speaking for himself, recounted his experiences in helping to draft two of the three Grand Jury reports and stated that he has attended MDHCD meetings since then. He

commented on the embezzlement by then-board member Gregory Lemmons earlier this year and other challenges the District has faced.

Wendy Lack, resident within the MDHCD area, stated that she applied unsuccessfully for a position on the board but has continued to attend meetings for the past year and believes that the services offered by MDHCD (primarily CPR training in area schools) could be performed by another agency, and that residents deserve better.

Roy Larkin, Secretary-Treasurer of MDHCD, noted that only two board members will receive health care, and that liability decreases with each year's payment to the fund. The CPR program is building after a slow start. In response to a question about meeting notices, Larkin stated that anyone can email the district (at info@mtdiablohealthcaredistrict.ca.gov) to be added to the email notification list.

Further discussion ensued regarding the cost of a special study in relation to action on MDHCD, timeline, and related issues.

Upon motion of Tatzin, second by Burke, Commissioners unanimously directed staff to create a timeline predicated on an election measure in November 2012, with steps to be taken for dissolution and including responsibilities and an estimated budget, to be brought back to the July 13 LAFCO meeting.

Commissioner Glover added that the report should include a section on the work that the District performs in order to provide a more comprehensive picture of the District.

13. Commissioner Comments and Announcements

Commissioner Meadows stated that his district, Contra Costa Resource Conservation District, is in the process of submitting salary information to the *Contra Costa Times*; they did not get the initial request for this information.

Chair McGill asked that staff agendize for the June meeting an update on East Contra Costa Fire Protection District (ECCFPD). Commissioner Piepho acknowledged that the City of Brentwood is considering the possibility of detaching from the ECCFPD.

14. Staff Announcements and Pending Projects

Staff drew Commissioners' attention to correspondence received, pending projects, the CALAFCO legislative update, news articles, and the updated LAFCO Directory of Local Agencies.

The meeting was adjourned at 3:16 p.m.

Final Minutes Approved by the Commission on June 8, 2011.

AYES: Burke, Glover, McGill, Schmidt, Schroder, Tatzin, Uilkema

NOES:

ABSTAIN:

ABSENT: McNair (M), Meadows (M)

By  _____
Executive Officer