



Lou Ann Texeira  
*Executive Officer*

**MEMBERS**

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|---|--|
| Donald A. Blubaugh<br><i>Public Member</i>          | Mary N. Piepho<br><i>County Member</i>           |
| Federal Glover<br><i>County Member</i>              | Rob Schroder<br><i>City Member</i>               |
| Michael R. McGill<br><i>Special District Member</i> | Igor Skaredoff<br><i>Special District Member</i> |
|   | Don Tatzin<br><i>City Member</i>                 |

**ALTERNATE MEMBERS**

Candace Andersen  
*County Member*  
 Sharon Burke  
*Public Member*  
 Tom Butt  
*City Member*  
 Stanley Caldwell  
*Special District Member*

February 10, 2016 (Agenda)

February 10, 2016  
 Agenda Item 9

Contra Costa Local Agency Formation Commission  
 651 Pine Street, Sixth Floor  
 Martinez, CA 94553

**Fiscal Year 2016-17 Budget Schedule and Work Plan Preview**

Dear Members of the Commission:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) establishes a specific process for preparing and adopting LAFCO’s budget. Government Code §56381 provides that the Commission shall adopt annually a proposed budget by May 1 and final budget by June 15, following noticed public hearings. Contra Costa LAFCO generally adopts a proposed budget in March and a final budget in May each year.

**WORK PLAN PREVIEW**

In conjunction with a proposed budget, the Commission sets out a work plan in March each year. The work plan typically includes goals and objectives such as preparing Municipal Service Reviews (MSRs)/Sphere of Influence (SOI) updates, updating the Commission’s policies and procedures, and other projects and programs.

In 2013, the Commission participated in a strategic planning session to help identify future goals and objectives. As part of the session, the Commission identified several priorities, including conducting 2<sup>nd</sup> round MSRs, being an active participant in the County’s fire and EMS studies, updating the Commissioner Handbook, and facilitating island annexations. A brief update on some of these activities is provided below.

**MSRs/SOI Updates** - In 2013, the Commission completed its inaugural round of MSRs/SOI updates, and initiated 2<sup>nd</sup> round MSRs. In June 2014, we completed the 2<sup>nd</sup> round water/wastewater MSR/SOI updates covering eight cities, 19 special districts, and private water companies. In November 2015, we completed the 2<sup>nd</sup> round reclamation services MSR/SOI updates covering 14 special districts.

In October 2015, the Commission initiated a 2<sup>nd</sup> round MSR covering Fire Emergency Medical Services (EMS). The project team is currently compiling and summarizing information collected

from the service providers. It is anticipated that the Public Review Draft Fire/EMS MSR report will be released in April 2016.

LAFCO law provides that every five years the Commission shall, as necessary, review and update each SOI [Gov. Code §56425(g)]. The statute also provides that in order to prepare and update an SOI, the Commission shall conduct a MSR.

Services that are potential candidates for a 2<sup>nd</sup> round MSR include healthcare (2007), “city” services including cities and community services districts (2009), park & recreation (2010), cemetery districts (2010), mosquito & vector control (2010) and resource conservation (2010).

Previously, the Commission delayed the healthcare MSR mainly due to the tenuous situation with the West Contra Costa Healthcare District (WCCHCD)/Doctor’s Hospital. In 2014, the WCCHCD Board voted to close Doctor’s Hospital. The hospital officially shut down its operations in April 2015 following years of financial struggles. The District is currently in the process of winding down its activities and selling the hospital property. It would be timely to initiate a 2<sup>nd</sup> round MSR covering health care services, or a special study of governance options for WCCHCD.

**Participation in County Fire and EMS Studies** – In 2014, the County completed two separate studies – *Evaluations & Options Appraisal – Contra Costa County Fire Protection District and EMS Modernization Project Report*. Commissioners and LAFCO staff actively participated in these studies. The Commission appointed Commissioners Blubaugh and Tatzin to represent LAFCO in meetings with the project team and at stakeholder meetings. LAFCO representatives met with the project consultants, attended various community meetings, and provided written comments in response to the draft reports. LAFCO staff also participated in the Contra Costa EMS Ambulance Request for Proposals Development Workshop in September 2014. In 2015, the County Board of Supervisors approved a first-of-its-kind ambulance contract involving a partnership between American Medical Response (AMR) and the Contra Costa County Fire Protection District.

**Policies and Procedures Updates** – In the past several years, the Commission made significant progress updating its policies and procedures, and adopted new *procedures* for the following changes of organization: city annexations/detachments, district annexations/detachments, district mergers, establishment of subsidiary districts, LAFCO-initiated proposals, new or different services, district dissolution, district formation, district consolidation, city consolidation, disincorporation, reorganization and out of agency service; and updated the *Membership and Rules and Procedures* policies. Contra Costa LAFCO now has procedures for each type of change of organization. Most recently, the Commission adopted a legislative policy, and updated its policies to include broadband. Currently, the Policies & Procedures Committee is working on a policy to address agricultural and open space preservation, as part of an ongoing conversation with stakeholders and the Commission. Next in the queue are policies relating to Disadvantaged Unincorporated Communities (DUCs), environmental guidelines, and Procedures for Processing Multi County Boundary Change.

**Island Annexations** - LAFCO continues to work with local agencies to facilitate island annexations.

**Potential New Projects/Budget Options** - In addition to funding to support LAFCO's day-to-day activities, ongoing work on MSRs, and those priorities identified during the Commission's Strategic Planning session, the Preliminary FY 2016-17 Budget will include funding options relating to potential future activities, as summarized below. Details will be provided in March with the FY 2016-17 Preliminary Budget.

- ❖ **LAFCO Office** - Contra Costa LAFCO currently leases office space at 651 Pine Street in Martinez. We have an opportunity to relocate to 40 Muir Road in Martinez. There are several advantages to a possible relocation, including close proximity to the County GIS division with whom we have regular interaction, and the potential to lease additional space than is currently available at 651 Pine Street.
- ❖ **LAFCO Staffing** – Contra Costa LAFCO currently employs two full-time staff – an Executive Officer and an Executive Assistant/LAFCO Clerk. In addition, we contract for a number of services including environmental planning, financial auditing, GIS/mapping, legal, webmaster, MSR and special studies. There may be a desire to expand LAFCO staff in the future, as application activity increases, as we continue/expand our work on policies and procedures, to perhaps take on some inventive projects and programs, and to maintain our current level of involvement at a statewide level with CALAFCO and other stakeholders.
- ❖ **Special Studies** – In addition to LAFCO's ongoing work on 2<sup>nd</sup> round MSRs and SOI updates, there is occasionally the need to conduct a special study (e.g., Mt. Diablo Health Care District). There are presently a number of distressed districts in Contra Costa County, and at least one special district whose situation continues to worsen (Rollingwood Wilart Park Recreation and Park District). It is timely to prepare a special study, including governance options, for this district. Also, should the Commission postpone its 2<sup>nd</sup> round MSR covering healthcare services, it might be timely to conduct a governance option for the West Contra Costa Healthcare District.

## **RECOMMENDATIONS**

1. Provide input as desired;
2. Direct staff to present a Proposed Budget with budget options for review and approval at the March 9, 2016 LAFCO meeting; and
3. Direct staff to present a Final Budget for review and approval at the May 11, 2016 LAFCO meeting.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

- c: All Contra Costa County Cities  
All Contra Costa County Special Districts  
Contra Costa County Administrator  
Contra Costa County Auditor-Controller