



## **NOTICE AND AGENDA FOR REGULAR MEETING**

DATE/TIME: Wednesday, December 13, 2017, 1:30 PM

PLACE: Board of Supervisors Chambers  
651 Pine Street, Martinez, CA 94553

**NOTICE IS HEREBY GIVEN** that the Commission will hear and consider oral or written testimony presented by any affected agency or any interested person who wishes to appear. Proponents and opponents, or their representatives, are expected to attend the hearings. From time to time, the Chair may announce time limits and direct the focus of public comment for any given proposal.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by LAFCO to a majority of the members of the Commission less than 72 hours prior to that meeting will be available for public inspection in the office at 651 Pine Street, Six Floor, Martinez, CA, during normal business hours as well as at the LAFCO meeting.

All matters listed under CONSENT ITEMS are considered by the Commission to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member of the Commission or a member of the public prior to the time the Commission votes on the motion to adopt.

For agenda items not requiring a formal public hearing, the Chair will ask for public comments. For formal public hearings the Chair will announce the opening and closing of the public hearing.

If you wish to speak, please complete a speaker's card and approach the podium; speak clearly into the microphone, start by stating your name and address for the record.

### **Campaign Contribution Disclosure**

If you are an applicant or an agent of an applicant on a matter to be heard by the Commission, and if you have made campaign contributions totaling \$250 or more to any Commissioner in the past 12 months, Government Code Section 84308 requires that you disclose the fact, either orally or in writing, for the official record of the proceedings.

### **Notice of Intent to Waive Protest Proceedings**

In the case of a change of organization consisting of an annexation or detachment, or a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area, it is the intent of the Commission to waive subsequent protest and election proceedings provided that appropriate mailed notice has been given to landowners and registered voters within the affected territory pursuant to Gov. Code sections 56157 and 56663, and no written opposition from affected landowner or voters to the proposal is received before the conclusion of the commission proceedings on the proposal.

### **American Disabilities Act Compliance**

LAFCO will provide reasonable accommodations for persons with disabilities planning to attend meetings who contact the LAFCO office at least 24 hours before the meeting, at 925-335-1094. An assistive listening device is available upon advance request.

**As a courtesy, please silence your cell phones during the meeting.**

## **DECEMBER 13, 2017 CONTRA COSTA LAFCO AGENDA**

1. Call to Order and Pledge of Allegiance
2. Roll Call
3. Adoption of Agenda
4. Public Comment Period (please observe a three-minute time limit):  
Members of the public are invited to address the Commission regarding any item that is not scheduled for discussion as part of this Agenda. No action will be taken by the Commission at this meeting as a result of items presented at this time.
5. Approval of Minutes for the November 8, 2017 regular LAFCO meeting

### **SPHERE OF INFLUENCE/BOUNDARY CHANGES**

6. ***LAFCO 17-02 – 151 Circle Drive Annexation to City of Walnut Creek and Detachment from County Service Area (CSA) P-6*** – consider boundary changes to City of Walnut Creek and CSA P-6 comprising 0.179± acres located at 151 Circle Drive in unincorporated Walnut Creek (APN 184-211-031); and consider related actions under the California Environmental Quality Act (CEQA). ***Public Hearing***
7. ***LAFCO 17-05 – West County Wastewater District (WCWD) Annexation No. 316 – Goodrick Avenue*** - consider annexation of 13.891± acres to WCWD located adjacent to 2601 Goodrick Avenue in unincorporated North Richmond (APNs 408-090-049/050); and consider related actions under CEQA. ***Public Hearing***
8. ***LAFCO 17-08 – Tuscany Meadows Reorganization – Annexations to Cities of Antioch and Pittsburg, Contra Costa Water District (CCWD) and Delta Diablo (DD) and Corresponding Detachment from County Service Area (CSA) P-6*** – consider boundary changes to the cities of Antioch and Pittsburg, CCWD, DD, and CSA P-6, and related actions under CEQA. The subject area includes two parcels (APNs 089-150-015/016) and adjacent road rights-of-way, and is generally located near the southeast corner of the City of Pittsburg, bounded on the north by Buchanan Road, on the east by the Contra Costa Canal, on the south by Black Diamond Estates Residential Subdivision, and on the west by the Highlands Ranch Residential Development. ***Public Hearing***

### **MUNICIPAL SERVICE REVIEWS (MSRs)/SPHERE OF INFLUENCE (SOI) UPDATES**

9. ***Healthcare Services MSR/SOI Updates (2<sup>nd</sup> Round)*** – receive overview of the Public Review Draft MSR, along with public comments, and provide input. The MSR covers three districts and Contra Costa County health services. ***Public Hearing***

### **BUSINESS ITEMS**

10. ***Commissioner Terms*** – receive an update regarding Commissioner terms and vacancies; provide direction regarding Public Member (Alternate) recruitment process; and appoint screening committee.
11. ***Recognition of Outgoing Commissioner*** - the Commission will honor Commissioner Sharon Burke for her service on Contra Costa LAFCO.

### **CORRESPONDENCE**

12. Correspondence from Contra Costa County Employees' Retirement Association (CCCERA)
13. Correspondence from Special District Risk Management Authority (SDRMA)

## **INFORMATIONAL ITEMS**

14. Commissioner Comments and Announcements

15. Staff Announcements

- CALAFCO Updates
- Pending Projects
- Newspaper Articles

## **CLOSED SESSION**

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Officer

CONFERENCE WITH LABOR NEGOTIATOR

Agency negotiators: Donald A. Blubaugh, Chair, Michael R. McGill, Vice Chair

Unrepresented employee: Executive Officer

## **ADJOURNMENT**

*Next regular LAFCO meeting January 10, 2018 at 1:30 pm.*

LAFCO STAFF REPORTS AVAILABLE AT [http://www.contracostalafco.org/meeting\\_archive.htm](http://www.contracostalafco.org/meeting_archive.htm)

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
MINUTES OF MEETING

November 8, 2017

Board of Supervisors Chambers  
Martinez, CA

December 13, 2017  
Agenda Item 5

1. Chair Don Blubaugh 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:

County Members Candace Andersen and Alternate Diane Burgis.

Special District Members Mike McGill and Igor Skaredoff and Alternate Stanley Caldwell (arrived at 1:35 p.m.).

City Members Rob Schroder and Don Tatzin.

Public Members Don Blubaugh and Alternate Sharon Burke.

Present were Executive Officer Lou Ann Texeira, Legal Counsel Sharon Anderson, and Clerk Kate Sibley.

4. Approval of the Agenda

Upon motion of Tatzin, second by Andersen, Commissioners, by a unanimous vote of 7-0, adopted the agenda.

AYES: Andersen, Blubaugh, Burgis (A), McGill, Schroder, Skaredoff, Tatzin  
NOES: none  
ABSENT: Glover (M)  
ABSTAIN: none

5. Public Comments

There were no public comments.

6. Approval of October 11, 2017 Meeting Minutes

Upon motion of Andersen, second by Tatzin, the minutes of both meetings were approved by a vote of 7-0.

AYES: Andersen, Blubaugh, Burgis (A), McGill, Schroder, Skaredoff, Tatzin  
NOES: none  
ABSENT: Glover (M)  
ABSTAIN: none

7. LAFCO 17-07 - Cities of Antioch and Pittsburg Sphere of Influence (SOI) Amendments

The Executive Officer reported that this proposal would expand the City of Pittsburg's SOI and reduce the City of Antioch's SOIs by 193± acres, composed of two parcels. The City of Pittsburg has submitted a corresponding application to annex the same area to the City of Pittsburg, CCWD and DD, which is currently pending. The area is an unincorporated island surrounded by the cities of Antioch and Pittsburg. The purpose of the SOI proposal is to allow for the eventual annexation and extension of municipal services to the Tuscany Meadows Residential Subdivision on the 170± acre parcel. The development will include 917 single-family lots, up to 353 multi-family units, parks, open space and storm water detention basins.

The proposal area also includes a 23-acre parcel owned by Chevron surrounded on three sides by the development site, zoned for industrial use and currently utilized as a pumping facility and field office. Chevron operates two active, high pressure buried pipelines, which are used to transport crude

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oil and natural gas, in the vicinity of project site. The existing Chevron facility will remain in place and unchanged, and is being included with the annexation to avoid creation of an island. This site is undergoing soil remediation in accordance with a 2006 Remedial Action Plan (RAP). The California Regional Water Quality Control Board (RWQCB) is responsible for overseeing the site's cleanup and remediation. The landowner indicates that in accordance with the RAP, the bio cells are stockpiled on site, and they will eventually be excavated and buried under the future streets below finished grade. The stockpiles are in the center of the site so it will probably be several years before the development reaches this area.

The City of Pittsburg, as Lead Agency, prepared and certified the Tuscany Meadows EIR, along with a statement of overriding considerations and mitigation monitoring and reporting program (MMRP). The MMRP includes a mitigation measure relating to the soil contamination.

Louis Parsons, representing the landowner, SeeCon Built Homes, thanked the cities of Antioch and Pittsburg for their work on this proposal; stating that it's been a long process, that the EIR was certified and that the RWQCB has approved the cleanup plan.

In response to Commissioner Skaredoff's questions about the Chevron pipelines and safety issues concerning them, Mr. Parsons assured Commissioners that there is no history of accidents, that the pipelines are not in the proposed residential area, much of the soil in the area doesn't exceed the maximum contamination allowed (but some does), and that the RWQCB has approved the mitigation and remediation. Commissioners Tatzin and McGill noted that they had previously talked with Mr. Parsons and thanked him for his answers. Commissioner McGill also noted that the groundwater in that area is not good in any case.

Upon motion of Tatzin, second by Schroder, the Commissioners unanimously determined that the City of Pittsburg prepared and certified the Environmental Impact Report, Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program; certified that the Commission has reviewed and considered the information contained in the CEQA documents; found that there are no direct or indirect environmental effects that will result from LAFCO's approval; and approved the expansion of the City of Pittsburg's SOI and corresponding reduction to the City of Antioch's SOI to include 193.48± acres.

AYES:	Andersen, Blubaugh, Burgis (A), McGill, Schroder, Skaredoff, Tatzin
NOES:	none
ABSENT:	Glover (M)
ABSTAIN:	none

8. Fire & Emergency Medical Services Update

The Executive Officer provided background on the status of fire and emergency medical services since the most recent municipal services review (MSR), and reported that Paige Meyer, on behalf of the fire chiefs association, had requested a continuation of this item from the October 11, 2017 meeting, as all fire protection districts were busy providing support to fighting the fires in Napa, Sonoma, and Solano counties and beyond.

Chief Paige Meyer, San Ramon Valley FPD, noted that as the chair of the Contra Costa County Executive Fire Chiefs Association, he was speaking for all of them in acknowledging the challenges and tough decisions that were navigated over the past several years. They all feel they have come a long way, with luck, innovation, and collaboration, and their new direction with EMS and the AMR/CCCFFPD joint venture has made them a model for the rest of the country.

Chief Meyer introduced the chiefs who were present, and turned reporting over to them.

Brian Helmick, East Contra Costa FPD Chief noted that last month he was appointed to the permanent position of Fire Chief. He reported that ECCFFPD has worked to come up with short-term solutions while recognizing long-term issues. The district has eliminated temporary funding, and is beginning to live within its means—knowing that it is underserving its jurisdiction, but working with

a sustainable three-station model. The district has stabilized and is working on personnel retention, along with a measurable strategic plan, operational fiscal plan and service plan with priorities and price tags. They have issued a Request for Proposals for a legislative consultant to help the district identify issues and related funding opportunities. The Chief thanked CCCFPD for being a good neighbor.

Chief Helmick introduced ECCFPD Board Director Joe Young, who has worked closely with the chief on many of the issues facing the district. Director Young commended the Chief for building morale and instituting programs and indicated that the Chief has the support of the Board.

Commissioner Tatzin asked if there is anything LAFCO can do. Chief Helmick responded that there is nothing right now, but if LAFCO Commissioners see something that needs to be addressed, he would welcome their input.

Commissioner Burgis stated how impressed she is with Chief Helmick, how he has improved morale both in the ranks, has reached out to critics, and partnered with stakeholders and the community.

Commissioner Skaredoff thanked Chief Helmick for participating in the recent presentation at Contra Costa Special Districts Association, and commended him for setting up a solid foundation for the future.

Bryan Craig, Interim Chief of Rodeo-Hercules Fire District, drew Commissioners' attention to the written statement he had provided for the agenda packet and noted that the plight of small fire districts is still challenging. RHFD is only able to succeed through mutual aid and automatic aid agreements.

Commissioner Tatzin thanked him and asked about the concept of three-way collaboration among RHFD, City of Pinole, and Contra Costa County FPD (CCCFPD). Chief Craig stated that has currently been tabled.

Scott Kouns, Pinole Fire Department Chief, noted that he is new to this job, and sees some challenges, the need for some changes, and opportunities. He has reached out to CCCFPD for EMS training. In response to a question from Commissioner Tatzin, Chief Kouns stated that Pinole has one fire station.

Lance Maples, Chief of El Cerrito Fire Department and Kensington FPD, noted that he has seen changes in LAFCO and in the fire districts in the time since LAFCO's first MSR. He reported that all three of the stations under his leadership are fully funded and fully staffed. Also, that Kensington FPD is in the design phase of a new station, and El Cerrito FD has re-established an agreement with the City of Berkeley. He also commented on the regional homeland security grant.

Jerry Lee, Moraga-Orinda Fire District Interim Chief, stated that the district is currently recruiting for a new chief, and should know in the next few weeks who that will be. MOFD continues to work with all other fire districts as needed.

Chief Paige Meyer, SRVFPD, returned to the lectern to report that his district found that the economic downturn a few years back helped the district reorganize its organization, and make changes that have benefitted both the organization and the employees—including overfunding their pension fund by \$200-300,000 a year, and buying down their OPEB fund. This has required a lot of education and collaboration, especially with labor. He gives all credit to the troops in this process.

Chief Meyer also delivered regrets from Chief Carman (Contra Costa County FPD) and others who could not be in attendance.

Commissioner Burke pointed out that SRVFPD is the only fire district in the county that has a different, much lower tax for EMS, because SRVFPD has its own ambulance service. She asked if that money is being returned to SRVFPD? Chief Meyer's response is that currently it is not. He noted that previously about \$250,000 was paid out, and SRVFPD would get \$30-33,000 back. Four years ago they went to a population-based model for calculating, and SRVFPD has suffered from that. It has not

been at the top of his priority list with everything else he's been working on. Commissioner Burke reminded Chief Meyer that those funds legally belong to the fire district. Chief Meyer will take this issue to his next meeting with the Local Emergency Medical Services Agency (LEMSA).

Gil Guerrero, Vice President Local 1230 and Captain with ECCFPD, thanked Chief Helmick and Director Joe Young for their 180-degree shift in operations the last couple of months, delegating, getting the troops on board, establishing committees—but the district is still severely understaffed. To loosely quote the Golden State Warriors coach Steve Kerr, "It's amazing what you can accomplish when no one cares who gets the credit." He's seeing good things happening in East County.

Michelle Fitzer, Pinole City Manager, reported that when Rodeo-Hercules FD decided it could not participate in a three agency collaboration, Pinole and CCCFPD looked into a similar arrangement for two agencies, but it was not a viable option for CCCFPD. At that point, the City of Pinole went forward with a search for a fire chief for the city's department. They're very impressed with Chief Kouns and they look forward to working with the other fire districts in the West County area.

Vince Wells, President Local 1230 and Captain/Paramedic with CCCFPD, reported that the district has opened/reopened two stations, in Concord and Pittsburg, and is looking ahead to opening a new station (#16) and rebuilding #78 in San Pablo. He also noted that there is a significant drain on resources in the east end of CCCFPD; and that the passage of Measure O has helped the problems at RHFD considerably. He thanked LAFCO for keeping these issues visible.

Chair Blubaugh brought the discussion back to the Commissioners, asking for ideas on what they may want to focus on; he noted there are still some pending SOIs, as well as MSRs for cities that will address their fire departments.

Commissioner Tatzin stated that, setting aside the city fire departments as they will be addressed in the upcoming city MSRs, there is not much to be done except reaffirm existing SOIs for agencies that the Commissioners have not yet addressed.

Commissioner McGill noted how impressed he is by the progress that has been made, but we're not out of the woods yet, especially in some districts. He would still like to see an annual update and would like to deal with the SOIs that have not yet been approved. He thanked the chiefs for their reports and for making a special effort to be there.

Commissioner Burgis commented on the progress made and the cooperation and collegiality demonstrated.

Commissioner Blubaugh noted that in the last five years, this is the first positive fire service update, as in the past, the updates were not positive. He recognizes a lot of work still needs to be done, but things certainly look better.

The Chair asked the Executive Officer to bring back some of the outstanding SOIs in the near future.

9. CCCERA Correspondence

There were no comments on this.

10. Commissioner Comments and Announcements

Commissioner McGill reported that he attended the CALAFCO Annual Conference, and will be attending the first CALAFCO Legislative Committee meeting by phone on November 18. On December 8, he will attend the CALAFCO Board meeting in Sacramento. He has been asked to chair the finance committee dealing with dues. It will be a busy year.

Commissioner Burke announced that she would be resigning LAFCO as of January 1, 2018, to travel around the world with her husband. Further it has been a great privilege to serve since she replaced Bill Bristow; she has had a great eight years.

Chair Blubaugh commented that Commissioner Burke has done great work, especially with policies and procedures.

Commissioner McGill expressed his concern, as he has come to rely on Commissioner Burke's research, which is so important.

Commissioner Skaredoff thanked Commissioner Burke for her mentorship—and for serving as his driver at the CALAFCO Annual Conference.

Commissioner Schroder noted that he has been on LAFCO for 15 years, and he is still learning, but he has always been impressed with Commissioner Burke's taxation knowledge.

Commissioner Andersen added that she would have more to say in December, but she really appreciates Commissioner Burke's expertise on the CSA P taxes.

Commissioner Burgis reported that the subcommittee formed to address Reclamation District 2121's status as a special district met with Tom Bloomfield on November 1<sup>st</sup>. She also noted that she found the CALAFCO Annual Conference interesting, and she is happy to be on LAFCO.

Commissioner Tatzin noted that the Policies and Procedures Ad Hoc Committee will need to be reconfigured.

11. Staff Announcements

The Executive Officer drew Commissioners' attention to her report on the CALAFCO Annual Conference. She reported on attending the recent Contra Costa Special Districts Association meeting that focused on property taxes, which was great. She has also attended: Richmond City Council (North Richmond annexation); met with CSDA Bay Area Field Coordinator; participated in the RD 2121 committee meeting/field trip; and attended the Board of Supervisors meeting where the proposal to submit an application for the dissolution of Los Medanos Community Healthcare District was approved. She has also agreed to serve a second year as co-chair of the CALAFCO Legislative Committee.

The meeting adjourned at 2:43 p.m.

Final Minutes Approved by the Commission December 13, 2017.

AYES:

NOES:

ABSTAIN:

ABSENT:

By \_\_\_\_\_  
Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
EXECUTIVE OFFICER'S REPORT

December 13, 2017 (Agenda)

December 13, 2017  
Agenda Item 6

LAFCO 17-02            151 Circle Drive Annexation to City of Walnut Creek and Corresponding Detachment from County Service Area (CSA) P-6

PROPONENT            Patricia Stull, Landowner

SYNOPSIS            The landowner proposes to annex one parcel (APN 184-211-031) to the City of Walnut Creek and detach said parcel from CSA P-6 (P-6 funds enhanced police services in unincorporated areas). The parcel comprises 0.179± acres (approximately 7,797 sq. ft.), is located at 151 Circle Drive in unincorporated Walnut Creek, and is a remnant parcel created by the widening of Interstate 680 in the 1990s. The parcel currently does not have access to the adjacent roadway at Circle Drive. The landowner also owns an adjacent parcel located at 1660 Lilac Drive, which is in the City of Walnut Creek. Both lots are currently vacant.

At the request of the landowner, the City of Walnut Creek recently rezoned 151 Circle Drive. The rezoning and proposed annexation will allow the owner to develop both lots, with access to the subject parcel provided through an easement on the adjacent lot at 1660 Lilac Drive.

DISCUSSION

The landowner filed an application with LAFCO to annex the property to the City of Walnut Creek. The proposed annexation will facilitate the development of two single family residential dwelling units.

Government Code §56668 sets forth factors that the Commission must consider in evaluating a proposed boundary change as discussed below. In the Commission's review, no single factor is determinative. In reaching a decision, each is to be evaluated within the context of the overall proposal.

**1. Consistency with the Sphere of Influence (SOI) of Any Local Agency:**

The area proposed for annexation is within the City of Walnut Creek's SOI, and within the County Urban Limit Line.

**2. Land Use, Planning and Zoning - Present and Future:**

The County General Plan designation for the subject parcel is SM (single family residential – medium); and the County zoning is R-10 (single family residential; lot size 10,000 sq. ft. minimum). The City's General Plan designation is SFM (single family medium); and the City's zoning is R-10 (single family residential). Although the subject parcel is smaller than the minimum lot size for the zoning district in which it is located, the combined lot area of the Circle Drive lot and the adjacent parcel fronting on Lilac Drive is sufficient for both lots to be considered conforming to applicable zoning provisions.

Land use designations in the surrounding areas include I-680 to the east and residential to the north, south and west. No changes are proposed to the General Plan or zoning designations as part of this proposal.

**3. The Effect on Maintaining the Physical and Economic Integrity of Agricultural and Open Space Lands:**

The subject property contains no prime farmland or land covered under Williamson Act Land Conservation agreements; there are no agricultural uses on the property proposed for annexation.

**4. Topography, Natural Features and Drainage Basins:**

The topography of the subject parcel and surrounding areas are relatively flat. There are no natural features that will affect this proposal.

**5. Population:**

Development of one single family residential dwelling unit is planned for the annexation area. The estimated population increase for the annexation area is approximately 2.14 based on the 2017 California Department of Finance estimate of number of persons per household for the City of Walnut Creek.

**6. Fair Share of Regional Housing:**

In its review of a proposal, LAFCO must consider the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the regional council of governments. Regional housing needs are determined by the State Department of Housing and Community Development; the councils of government throughout the State allocate to each jurisdiction a "fair share" of the regional housing needs (Gov. Code §65584).

In Contra Costa County, the Association of Bay Area Governments (ABAG) determines each city's fair share of regional housing needs. Each jurisdiction is required, in turn, to incorporate its fair share of the regional housing needs into the housing element of its General Plan. In July 2013, ABAG adopted the 2014-2022 Regional Housing Needs Allocation (RHNA) Plan for the San Francisco Bay Area. The RHNA Plan includes the following allocations for the City of Walnut Creek: total RHNA is calculated at 2,235 units, including 895 above moderate, 381 moderate, 355 low and 604 very low income units. The proposed annexation includes a total of one single family residential unit which would help the City meet its current regional housing obligation for above moderate units. Also, the development will provide a benefit to moderate income units through the payment of an in-lieu fee under the provisions of the City's inclusionary housing regulations.

**7. Governmental Services and Controls - Need, Cost, Adequacy and Availability:**

An application for a change of organization or reorganization requires a plan for providing services within the subject area (Gov. Code §56653). The plan shall include all of the following information and any additional information required by the Commission or the LAFCO Executive Officer:

- (1) An enumeration and description of the services to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory.
- (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (5) Information with respect to how those services will be financed.

The annexation area is currently served by various local agencies including, but not limited to, Contra Costa County, Contra Costa County Fire Protection Central Contra Costa Sanitary District (CCCSD), and East Bay Municipal Utility District (EBMUD).

The proposal before the Commission is to annex one parcel to the City of Walnut Creek and detach the parcel from CSA P-6. Upon annexation, the City will provide police, roads, drainage, public works, planning, parks & recreation and other city services. The City of Walnut Creek provided a letter indicating it is able and willing to extend City services to the annexation area.

**8. Timely Availability of Water and Related Issues:**

The property is within EBMUD's service boundary. EBMUD's service area is 331± square miles (Contra Costa and Alameda counties). The District provides potable water to approximately 1.3 million people within the two-county service area. Within Contra Costa County, EBMUD provides water service to a 146± square mile service area, serving an estimated 477,212 residents.

EBMUD's water supply is distributed through a collection system of aqueducts, reservoirs, and other components. The District's primary source of water is the Mokelumne River, which accounts for 90% of EBMUD's water supply. EBMUD's existing water rights allow the delivery of up to 325 mgd or approximately 364,046 acre-feet per year of water from the Mokelumne River. EBMUD can adequately serve the proposed single family residential dwelling unit.

**9. Assessed Value, Tax Rates and Indebtedness:**

The annexation area is within tax rate area 98002. The total assessed value for the annexation area is \$50,631 (2016-17 roll). The territory being annexed shall be liable for all authorized or existing taxes comparable to properties presently within the annexing agencies. The County and the City of Walnut Creek will rely on the master tax transfer agreement for this annexation.

**10. Environmental Impact of the Proposal:**

The City of Walnut Creek, as Lead Agency, found the project to be exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines §§15319(b) and 15303(a).

**11. Landowner Consent and Consent by Annexing Agency:**

According to County Elections, there are zero registered voters in the area proposed for annexation; thus, the area proposed for annexation is considered uninhabited.

The proposed annexation has 100% landowner consent; thus, if the Commission approves the annexation, the Commission may waive the protest hearing (Gov. Code §56662). All landowners and registered voters within the proposal area(s) and within 300 feet of the exterior boundaries of the area(s) have received notice of the December 13, 2017 LAFCO hearing.

**12. Boundaries and Lines of Assessment:**

The annexation area is within the City of Walnut Creek's SOI and contiguous to the City's service boundary. A map and legal description to implement the proposed boundary changes have been submitted and are subject to approval by the County Surveyor.

**13. Environmental Justice:**

LAFCO is required to consider the extent to which a change of organization or reorganization proposal will promote environmental justice. As defined by statute, “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 proposed annexation is not expected to promote or discourage the fair treatment of minority or economically disadvantaged groups.

**14. Disadvantaged Communities:**

In accordance with state law, local agencies and LAFCOs are required to plan for disadvantaged unincorporated communities (DUCs). Many of these communities lack basic infrastructure, including streets, sidewalks, storm drainage, clean drinking water, and adequate sewer service. LAFCO actions relating to Municipal Service Reviews, SOI reviews/ amendments, and annexations must take into consideration DUCs, and specifically the adequacy of public services, including sewer, water, and fire protection needs or deficiencies, to these communities. According to the County Department of Conservation and Development, the area proposed for annexation does not meet the criteria of a DUC.

**15. Comments from Affected Agencies/Other Interested Parties**

No comments were received from other affected agencies or parties.

**16. Regional Transportation and Regional Growth Plans:**

In its review of a proposal, LAFCO shall consider a regional transportation plan adopted pursuant to Gov. Code §65080 [Gov. Code §56668(g)]. Further, the commission may 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 (Gov. Code §56668.5). Regarding these sections, LAFCO looks at consistency of the proposal with the regional transportation and other regional plans affecting the Bay Area.

SB 375, a landmark law, requires California’s regions to adopt plans and policies to reduce greenhouse gases (GHG), primarily from transportation. To implement SB 375, in July 2013, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) adopted Plan Bay Area as the “Regional Transportation Plan and Sustainable Communities Strategy” for the San Francisco Bay Area through 2040. Plan Bay Area focuses on where the region is expected to grow and how development patterns and the transportation network can work together to reduce GHG emissions. The Plan’s key goals are to reduce GHG emissions by specified amounts; and to plan sufficient housing for the region’s projected population over the next 25 years.

In July 2017, ABAG and MTC adopted Plan Bay Area 2040, which updates the 2013 Plan Bay Area and reaffirms the goals and targets identified in the earlier version. Plan Bay Area establishes “Priority Conservation Areas” (PCAs) and “Priority Development Areas” (PDAs), and focuses growth and development in nearly 200 PDAs. These existing neighborhoods are served by public transit and have been identified as appropriate for additional, compact development. The area proposed for annexation is not within a PCA or a PDA; however, the proposed annexation does not appear to conflict with the regional transportation or growth plans.



### ALTERNATIVES FOR COMMISSION ACTION

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

**Option 1**      Approve the annexation as proposed.

- A. The project is exempt pursuant to CEQA Guidelines, Sections 15319(b) and 15303(a).
- B. Adopt this report, approve LAFCO Resolution No. 17-02 (Attachment 2), and approve the proposal, to be known as *151 Circle Drive Annexation to City of Walnut Creek* and *Detachment from CSA P-6* subject to the following terms and conditions:
  - 1. The territory being annexed shall be liable for the continuation of any authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agency.
  - 2. That the applicant has delivered an executed indemnification agreement providing for the landowner to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
- C. Find that the subject territory is uninhabited, the proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.

**Option 2**      Adopt this report and DENY the proposal.

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

### RECOMMENDED ACTION:

**Option 1** – Approve the annexation as proposed.

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

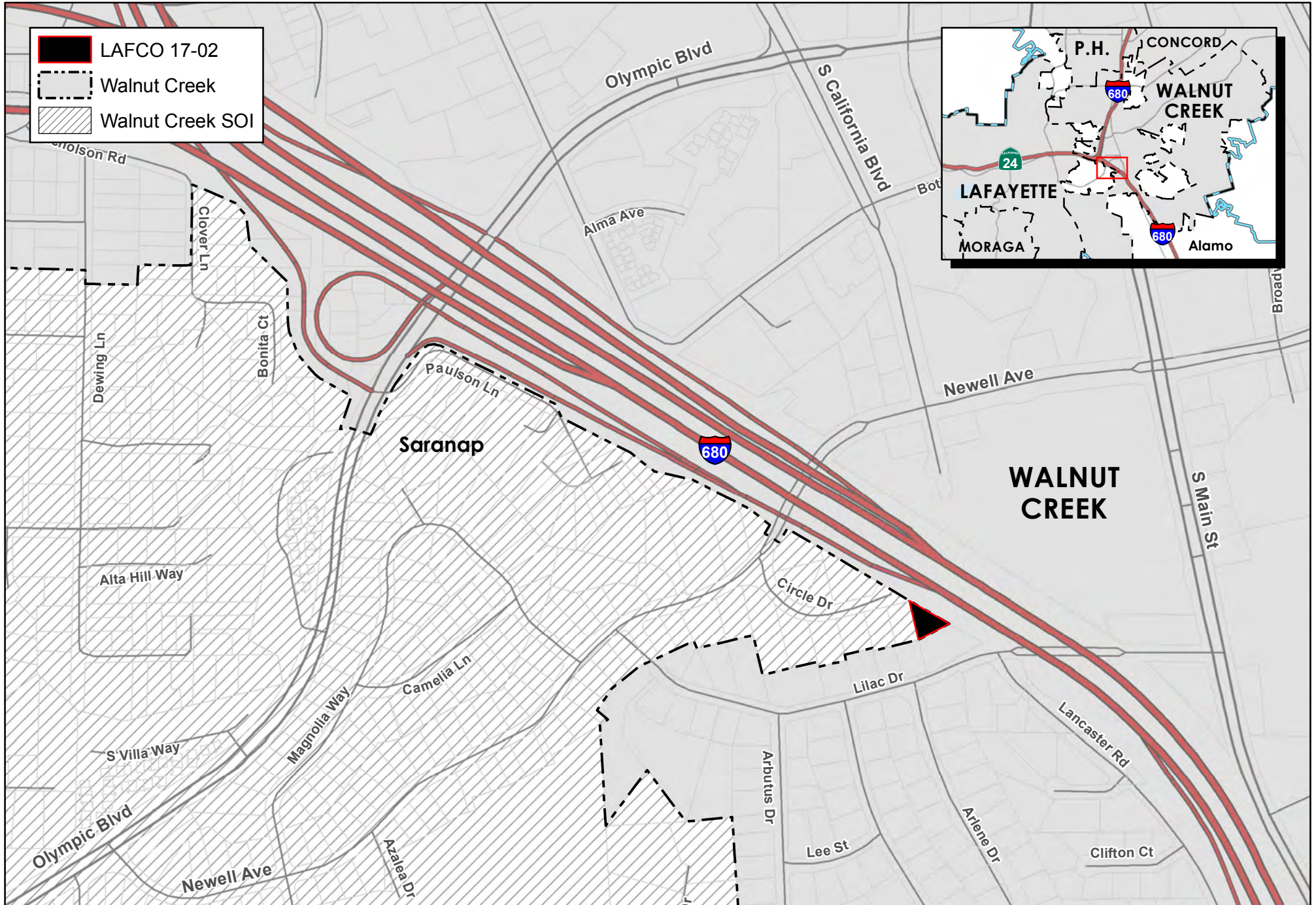
Exhibits

A – City of Walnut Creek Annexation Map

B – Draft LAFCO Resolution 17-02

c: Distribution

# LAFCO No.17-02 151 Circle Drive Reorg: Annexation to City of Walnut Creek and Detachment from CSA P-6



Map created 11/20/2017  
by Contra Costa County Department of  
Conservation and Development, GIS Group  
30 Muir Road, Martinez, CA 94553  
37:59:41.791N 122:07:03.756W

This map or dataset was created by the Contra Costa County Department of Conservation and Development with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.

0 500 1,000 Feet

Exhibit A



**RESOLUTION NO. 17-02**

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS AND APPROVING  
151 CIRCLE DRIVE ANNEXATION TO CITY OF WALNUT CREEK AND DETACHMENT  
FROM COUNTY SERVICE AREA P-6**

WHEREAS, a landowner petition was filed with the Executive Officer of the Contra Costa Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code §56000 et seq.) to annex 151 Circle Drive to the City of Walnut Creek and detach the same parcel from County Service Area (CSA) P-6 ; 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 151 Circle Drive Annexation to the City of Walnut and detachment from CSA P-6; and

WHEREAS, the Commission held a public hearing on December 13, 2017 to consider the 151 Circle Drive reorganization proposal; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to this proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental documents and determinations, Spheres of Influence and applicable General and Specific Plans.

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

1. The project is exempt pursuant to CEQA Guidelines, Sections §§15319(b) and 15303(a).
2. Said reorganization is hereby approved.
3. The subject proposal is assigned the distinctive short-form designation:  
**151 CIRCLE DRIVE ANNEXATION TO CITY OF WALNUT CREEK AND  
DETACHMENT FROM CSA P-6**
4. The boundaries of the affected territory are found to be definite and certain as approved and set forth in Exhibit A, attached hereto and made a part hereof.
5. Approval of the 151 Circle Drive Annexation to the City of Walnut Creek and Detachment from CSA P-6 is subject to the following:
  - a. The territory being annexed shall be liable for the continuation of any authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agencies.
  - b. The landowner has delivered an executed indemnification agreement between the landowner and Contra Costa LAFCO providing for the landowner to indemnify LAFCO against any expenses arising from any legal actions challenging the 151 Circle Drive Annexation to the City of Walnut Creek and detachment from CSA P-6.
6. The subject territory is uninhabited, the proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.

Contra Costa LAFCO  
Resolution No. 17-02

7. All subsequent proceedings in connection with 151 Circle Drive Annexation to the City of Walnut Creek and Detachment from CSA P-6 shall be conducted only in compliance with the approved boundary set forth in the attachments and any terms and conditions specified in this resolution.

\* \* \* \* \*

PASSED AND ADOPTED THIS 13<sup>th</sup> day of December 2017, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

---

DONALD A. BLUBAUGH, 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: December 13, 2017

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Lou Ann Texeira, Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
EXECUTIVE OFFICER'S REPORT

December 13, 2017 (Agenda)

December 13, 2017 Agenda Item 7
------------------------------------

LAFCO 17-05                      West County Wastewater District (WCWD) Annexation 316

PROPONENT                      WCWD by Resolution No. 17-014 adopted May 17, 2017

SYNOPSIS                      The WCWD proposes to annex 13.891± acres (APNs 408-090-049/050) located adjacent to 2601 Goodrick Avenue in unincorporated North Richmond, as shown in Attachment 1. The property proposed for annexation is currently vacant. The landowner proposes to construct two industrial warehouse buildings on APN 408-090-049 and will need to connect to municipal sewer. The two proposed warehouses will total 171,630 square feet and associated improvements, including 216 auxiliary parking spaces and new internal driveways that will serve warehouse and office uses at the site (potentially seven tenants). No development is currently proposed for the other parcel. LAFCO staff has also requested that the District include in the annexation a strip of road right-of-way (Protectocoat Lane) to avoid the creation of an island.

DISCUSSION

The District filed an application with LAFCO to annex the properties to WCWD. The proposed annexation will facilitate the development of two industrial warehouses and associated improvements.

Government Code §56668 sets forth factors that the Commission must consider in evaluating a proposed boundary change as discussed below. In the Commission's review, no single factor is determinative. In reaching a decision, each is to be evaluated within the context of the overall proposal.

**1. Consistency with the Sphere of Influence (SOI) of Any Local Agency:**

The area proposed for annexation is within WCWD's SOI, and within the County Urban Limit Line; the parcels are located in the unincorporated community of North Richmond.

**2. Land Use, Planning and Zoning - Present and Future:**

The County General Plan designation for the subject parcels is Special Heavy Industrial. The County zoning on the parcels is P-1 (Planned Unit) - North Richmond Planned Unit District. Land use designations in the surrounding areas are industrial. Surrounding land uses include industrial development to the east, north and south, and vacant property to the west. No changes are proposed to the General Plan or zoning designations as part of this proposal.

**3. The Effect on Maintaining the Physical and Economic Integrity of Agricultural and Open Space Lands:**

The subject property contains no prime farmland or land covered under Williamson Act Land Conservation agreements; there are no agricultural uses on the property proposed for annexation.

**4. Topography, Natural Features and Drainage Basins:**

The topography of the subject parcels and surrounding areas are flat, with slopes from east to west. San Pablo Creek runs west-east, approximately 850 feet south of the site.

**5. Population:**

No residential development is proposed on the subject parcels; therefore, there is no projected population growth associated with this proposal.



**6. Fair Share of Regional Housing:**

In its review of a proposal, LAFCO must consider the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the regional council of governments. No residential development is proposed; thus, the proposed annexation will have no effect on regional housing needs.

**7. Governmental Services and Controls - Need, Cost, Adequacy and Availability:**

Whenever a local agency submits a resolution of application for a change of organization or reorganization, the local agency shall also submit a plan for providing services within the affected territory (Gov. Code §56653). The plan shall include all of the following information and any additional information required by the Commission or the LAFCO Executive Officer:

- (1) An enumeration and description of the services to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory.
- (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (5) Information with respect to how those services will be financed.

The District's Plan for Providing Services is on file in the LAFCO office. The annexation area is served by various local agencies including, but not limited to, Contra Costa County, Contra Costa County Fire Protection District, and East Bay Municipal Utility District (EBMUD).

The proposal before the Commission is to annex two parcels to the WCWD for the provision of sanitary sewer service. WCWD provides wastewater collection, treatment and disposal services for a 16.9± square mile service area within the City of Richmond (40% of District), the City of San Pablo (15% of District), the City of Pinole (2% of the District) and other unincorporated areas within Contra Costa County (43% of the District). WCWD serves approximately 93,000 customers. The District's facilities include a water pollution control plant, 249 miles of sewer pipeline, and 17 pump stations. WCWD's wastewater treatment plant has capacity of 12.5 million gallons per day (mgd) dry weather capacity and 21 mgd wet weather treatment capacity.

Based on the proposed development of two industrial warehouses, the projected demand for wastewater service is approximately 9,461 gallons of flow per day. WCWD has infrastructure in the area and serves a number of surrounding properties. The District reports that an 8-inch pipe will serve the two buildings, and that all onsite laterals will be funded and installed by the property owners, which will then be connected to the District main located in the street on Goodrick Avenue. WCWD indicates that that no improvements or upgrades to structures, roads or water facilities are required; and that WCWD has the capacity to serve the project area.

**8. Timely Availability of Water and Related Issues:**

Water service is currently provided to the properties by EBMUD. The EBMUD service area is approximately 331 square miles (Contra Costa and Alameda counties). EBMUD provides potable water to approximately 1.3 million people within the two-county service area. Within Contra Costa County, EBMUD provides water service to a 146+ square mile service area, serving an estimated 477,212 residents.

EBMUD's water supply is distributed through a collection system consisting of aqueducts, reservoirs, and other components. The primary source of water supply for EBMUD is the

Mokelumne River; this watershed accounts for 90 percent of EBMUD's water supply. EBMUD's existing water rights allow the delivery of up to 325 mgd or approximately 364,046 acre-feet per year of water from the Mokelumne River. The County reported that EBMUD has reviewed the proposed development as part of the County's environmental review process, and confirmed that EBMUD can adequately serve the project.

**9. Assessed Value, Tax Rates and Indebtedness:**

The annexation area is within tax rate area 85094. The total assessed value for the annexation area is \$2,467,056 (2016-17 roll). The territory being annexed shall be liable for all authorized or existing taxes comparable to properties presently within the annexing agencies. The County and District will rely on the master tax transfer agreement for this annexation.

**10. Environmental Impact of the Proposal:**

Contra Costa County, as Lead Agency, prepared two Initial Studies (IS) and two Mitigated Negative Declarations (MNDs) in conjunction with the project. The 2016 IS/MND covered several parcels, including the two proposed for annexation, and evaluated the impacts of the proposed development project. The 2016 IS/MND identified potentially significant impacts in the environmental areas of aesthetics, air quality, biology, cultural resources, geology/soils, greenhouse gas emissions, noise, and transportation/traffic. The County's environmental analysis determined that measures were available to mitigate potential adverse impacts to insignificant levels.

The 2016 IS/MND assumed that the project was within the WCWD service boundary and did not address annexation. Thus, the County prepared a second IS/MND in 2017 which covers APN 408-090-049 only, and addresses the proposed annexation to WCWD. The 2017 IS/MND also includes several additional air quality mitigation measures designed to strengthen the protection of air quality in the North Richmond area. Copies of the environmental documents were previously provided the Commission and are available in the LAFCO office.

**11. Landowner Consent and Consent by Annexing Agency:**

According to County Elections, there are zero registered voters in the area proposed for annexation; thus, the area proposed for annexation is considered uninhabited.

WCWD indicates that 100% of the affected landowners have provided consent to the annexation. Thus, if the Commission approves the annexation, the Commission may waive the protest hearing (Gov. Code §56662). All landowners and registered voters within the proposal area(s) and within 300 feet of the exterior boundaries of the area(s) have received notice of the December 13, 2017 LAFCO hearing.

**12. Boundaries and Lines of Assessment:**

The annexation area is within WCWD's SOI and contiguous to the District's service boundary. A map and legal description to implement the proposed boundary changes have been submitted and are subject to approval by the County Surveyor. Annexation of these two parcels would eliminate an island.

### **13. Environmental Justice:**

LAFCO is required to consider the extent to which a change of organization or reorganization proposal will promote environmental justice. As defined by statute, “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 proposed annexation is not expected to promote or discourage the fair treatment of minority or economically disadvantaged groups.

### **14. Disadvantaged Communities:**

In accordance with state law, local agencies and LAFCOs are required to plan for disadvantaged unincorporated communities (DUCs). Many of these communities lack basic infrastructure, including streets, sidewalks, storm drainage, clean drinking water, and adequate sewer service. LAFCO actions relating to Municipal Service Reviews, SOI reviews/ amendments, and annexations must take into consideration DUCs, and specifically the adequacy of public services, including sewer, water, and fire protection needs or deficiencies, to these communities. According to the County Department of Conservation and Development, the area proposed for annexation meets the criteria of a DUC.

### **15. Comments from Affected Agencies/Other Interested Parties**

No comments were received from other affected agencies or parties.

### **16. Regional Transportation and Regional Growth Plans:**

In its review of a proposal, LAFCO shall consider a regional transportation plan adopted pursuant to Gov. Code §65080 [Gov. Code §56668(g)]. Further, the Commission may 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 (Gov. Code §56668.5). Regarding these sections, LAFCO looks at consistency of the proposal with the regional transportation and other regional plans affecting the Bay Area.

SB 375, a landmark state law, requires California’s regions to adopt plans and policies to reduce the generation of greenhouse gases (GHG), primarily from transportation. To implement SB 375, in July 2013, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) adopted Plan Bay Area as the “Regional Transportation Plan and Sustainable Communities Strategy” for the San Francisco Bay Area through 2040. Plan Bay Area focuses on where the region is expected to grow and how development patterns and the transportation network can work together to reduce GHG emissions. The Plan’s key goals are to reduce GHG emissions by specified amounts; and to plan sufficient housing for the region’s projected population over the next 25 years.

In July 2017, ABAG and MTC adopted Plan Bay Area 2040, which updates the 2013 Plan Bay Area and reaffirms the goals and targets identified in the earlier version. Plan Bay Area establishes “Priority Conservation Areas” (PCAs) and “Priority Development Areas” (PDAs), and focuses growth and development in nearly 200 PDAs. These existing neighborhoods are served by public transit and have been identified as appropriate for additional, compact development. The area proposed for annexation is not within a PCA or a PDA; however, the proposed annexation does not appear to conflict with the regional transportation or growth plans.



## ALTERNATIVES FOR COMMISSION ACTION

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

**Option 1**      Approve the annexation as proposed.

- A. Find that, as a Responsible Agency under CEQA, the Commission has reviewed and considered information contained in Contra Costa County's 2016 Initial Study/Mitigated Negative Declaration and Mitigation Monitoring & Reporting Program (DP16-3023), and in Contra Costa County's 2017 Initial Study/Mitigated Negative Declaration (DP17-3037).
- B. Adopt this report, approve LAFCO Resolution No. 17-05 (Attachment 2), and approve the proposal, to be known as *West County Wastewater District Annexation No. 316 – Goodrick Avenue* subject to the following terms and conditions:
  - 1. The territory being annexed shall be liable for the continuation of any authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agency.
  - 2. That WCWD has delivered an executed indemnification agreement providing for WCWD to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
- C. Find that the subject territory is uninhabited, the proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.

**Option 2**      Adopt this report and DENY the proposal.

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

## RECOMMENDED ACTION:

**Option 1** – Approve the annexation as proposed.

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

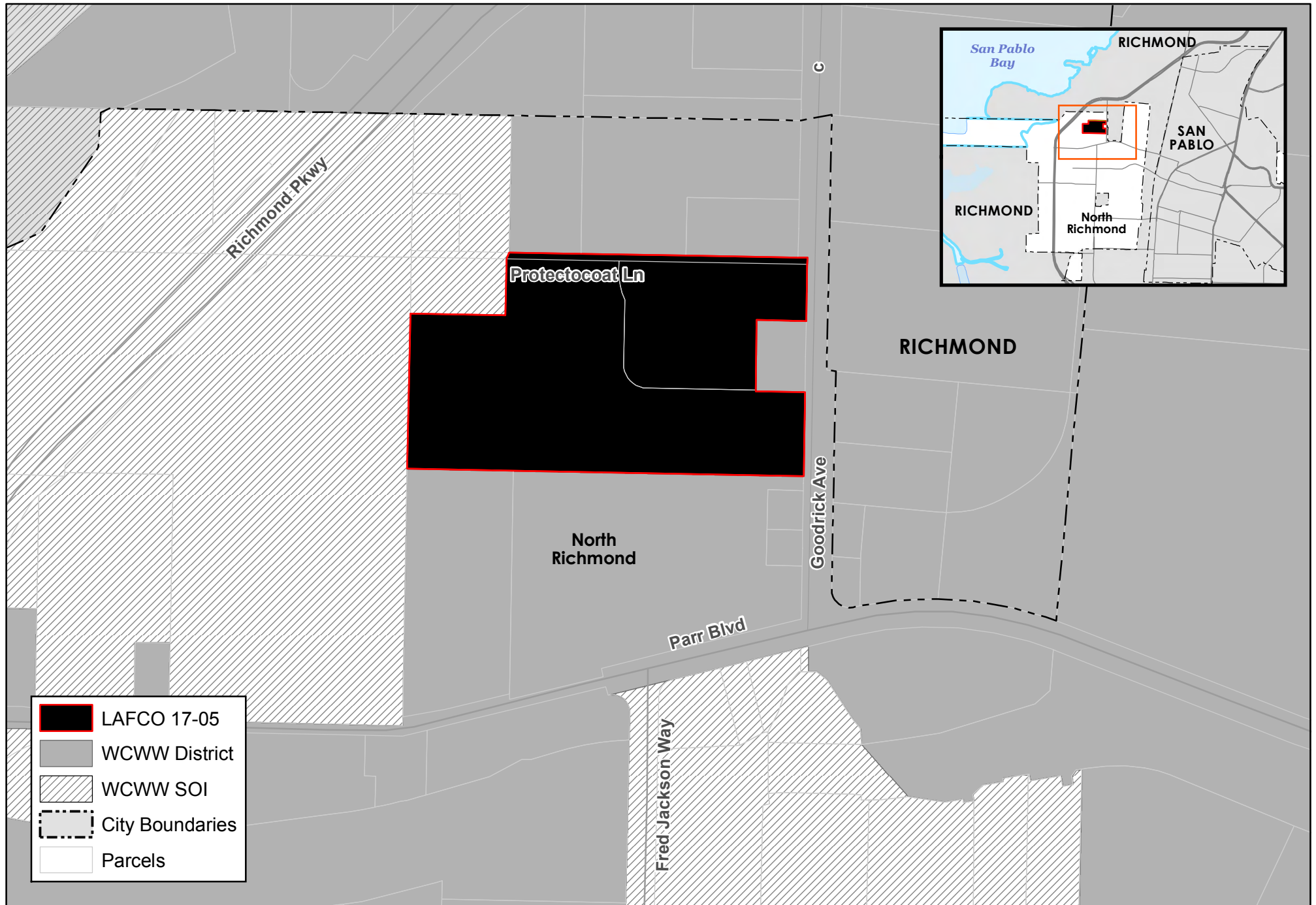
### Exhibits

A – WCWD Annexation Map

B – Draft LAFCO Resolution 17-05

c: Distribution

# LAFCO 17-05 West County Wastewater District Annexation 316 (Goodrick Avenue)



**RESOLUTION NO. 17-05**

**RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS AND APPROVING  
WEST COUNTY WASTEWATER DISTRICT ANNEXATION NO. 316**

WHEREAS, the above-referenced proposal has been filed with the Executive Officer of the Contra Costa Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Section 56000 et seq. of the Government Code); and

WHEREAS, the Executive Officer has examined the application and executed her certification in accordance with law, determining and certifying that the filing is sufficient; 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, at a public hearing held on December 13, 2017, 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, applicable General and Specific Plans, consistency with the sphere of influence, contiguity with the district's boundary, and related factors and information including those contained in Gov. Code §56668; and

WHEREAS, information satisfactory to the Commission has been presented that no affected landowners/registered voters within the annexation area object to the proposal; and

WHEREAS, the Local Agency Formation Commission determines the proposal to be in the best interests of the affected area and the organization of local governmental agencies within Contra Costa County;

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

1. LAFCO, as a Responsible Agency under the California Environmental Quality Act (CEQA), has reviewed and considered information contained in Contra Costa County's 2016 Initial Study/Mitigated Negative Declaration and Mitigation Monitoring & Reporting Program (DP16-3023), and in Contra Costa County's 2017 Initial Study/Mitigated Negative Declaration (DP17-3037), and finds that there are no direct or indirect environmental effects that would result from LAFCO's approval of the annexation; and therefore, no additional mitigation measures are required beyond those already included in the CEQA documents prepared by Contra Costa County.
2. The annexation is hereby approved.
3. The subject proposal is assigned the distinctive short-form designation:

**WEST COUNTY WASTEWATER DISTRICT ANNEXATION No. 316**

Contra Costa LAFCO  
Resolution No. 17-05

4. The boundaries of the affected territory, including two parcels and a strip of roadway, are found to be definite and certain as approved and set forth in Exhibit A, attached hereto and made a part hereof.
5. The subject territory shall be liable for any authorized or existing taxes, charges and assessments comparable to properties within the annexing agency.
6. That West County Wastewater District (WCWD) delivered an executed indemnification agreement between the WCWD and Contra Costa LAFCO providing for WCWD to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
7. The territory proposed for annexation is uninhabited.
8. The proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.
9. All subsequent proceedings in connection with this annexation shall be conducted only in compliance with the approved boundaries set forth in the attachments and any terms and conditions specified in this resolution.

\* \* \* \* \*

PASSED AND ADOPTED THIS 13<sup>th</sup> day of December 2017, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

---

DONALD A. BLUBAUGH, 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: December 13, 2017

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Lou Ann Texeira, Executive Officer

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
EXECUTIVE OFFICER'S REPORT

December 13, 2017 (Agenda)

December 13, 2017  
Agenda Item 8

LAFCO 17-08           Tuscany Meadows Reorganization: Annexations to the cities of Pittsburg and Antioch, Contra Costa Water District (CCWD) and Delta Diablo Zones 2 and 3 (DD) and detachment from County Service Area (CSA) P-6

PROPONENT           City of Pittsburg by Resolution No. 16-13159 adopted March 21, 2016. On April 11, 2017, the City of Antioch adopted Resolution 2017/40 joining the City of Pittsburg in its application to LAFCO.

SYNOPSIS            The applicant proposes to annex 193.40± acres including two parcels (APNs 089-150-015/016) and adjacent road rights-of-ways. The area is generally located near the southeast corner of the City of Pittsburg, bounded on the north by Buchanan Road, on the east by the Contra Costa Canal, on the south by Black Diamond Estates Residential Subdivision, and on the west by the Highlands Ranch Residential Development (Exhibits A1-4). Annexation will bring the properties within the City of Pittsburg's city limits and within the service boundaries of CCWD and DD; a corresponding detachment of the same area from CSA P-6 is also proposed. In addition, the proposal includes the proposed annexation of road right-of way areas to the City of Antioch.

The purpose of the proposed boundary reorganization is to allow for the extension of municipal services to serve the proposed Tuscany Meadows Residential Subdivision, a mixed-density development consisting of 917 single-family units, up to 353 multifamily units, three parks/detention areas totaling 18.6± acres, and infrastructure required to support the proposed development.

BACKGROUND

The reorganization proposal comprises two parcels and road rights-of-way as described below:

- APN 089-150-016 (170± acre Tuscany Meadows site) and APN 089-150-015 (23± acre Chevron property) - annexations to the City of Pittsburg, CCWD and DD (Zone 2), and corresponding detachment from CSA P-6
- Annexation of 2.12± acres to the City of Antioch, CCWD and DD (Zone 3) that includes 19,128 square feet (sq. ft.) of road right-of-way (James Donlon Blvd extension), and a 72,888 sq. ft. portion of Somersville Road
- Annexation of a 6.52± acre portion of Buchanan Road right-of-way (located in City of Pittsburg) to CCWD
- Annexation of a 4,400 sq. ft. portion of future James Donlon Blvd (located in City of Antioch) to CCWD

On November 8, 2011, the City of Pittsburg voters approved Measure I - "*Local Control Enhancement and Rezoning Act.*" The approved measure resulted in the following actions pertaining to the subject area:

- ❖ Amended the City of Pittsburg's voter approved Urban Limit Line (ULL) to include the 193.60± acre "Southwest Border Area" west of Somersville Road and south of Buchanan Road
- ❖ Amended the Pittsburg General Plan Land Use Map to assign General Plan land use designations of "Low Density Residential", "High Density Residential" and "Industrial" to the subject area

- ❖ Rezoned the area to “Single-Family Residential District” – 4,000 sq. ft. minimum lot size (RS-4), “High Density Residential” (RH), and “General Industrial District” (GI).

Measure I also contemplated the corresponding SOI amendments, as approved by Contra Costa LAFCO on November 8, 2017.

In February 2016, the Pittsburg Planning Commission approved a Vesting Tentative Map and the Development Agreement for the Tuscany Meadows Residential Subdivision. In 2016, the City of Pittsburg adopted a resolution of application to LAFCO to amend the SOIs of the cities of Pittsburg and Antioch and for the corresponding boundary changes. The City of Pittsburg also certified an Environmental Impact Report (EIR), and adopted a Mitigation Monitoring and Reporting Program (MMRP) and a Statement of Overriding Considerations. In April 2017, the City of Antioch adopted a resolution joining the City of Pittsburg in its application to LAFCO, and a resolution approving a Memorandum of Understanding between the City of Antioch and the Tuscany Meadows developer - Seecon Built Homes Inc. - addressing mitigation of traffic impacts resulting from the project.

## DISCUSSION

Government Code §56668 sets forth factors that the Commission must consider in evaluating a proposed boundary change as discussed below. In the Commission's review, no single factor is determinative. In reaching a decision, each is to be evaluated within the context of the overall proposal.

### **1. Consistency with the Sphere of Influence (SOI) of Any Local Agency:**

The area proposed for annexation is within the SOIs of the cities of Pittsburg and Antioch, as approved by LAFCO in November 2017, and within the SOIs of CCWD and DD. The subject area is within the City of Pittsburg's voter approved ULL, and inside the County's ULL.

### **2. Land Use, Planning and Zoning - Present and Future:**

The land use designations are summarized below.

	<b>General Plan</b>	<b>Zoning</b>
<b>Contra Costa County</b>	Single Family Residential – High (Tuscany Meadows); Light Industrial (Chevron)	Heavy Industrial
<b>City of Pittsburg</b>	Low and High Density Residential(Tuscany Meadows); Industrial (Chevron)	Single Family Residential and High Density Residential (Tuscany Meadows); General Industrial (Chevron)
<b>City of Antioch</b>	Commercial and Residential (Somerville Road Corridor Focus Area)	Commercial and Residential

The reorganization proposal is composed of two parcels and road rights-of-way. The parcels include the 170± acre Tuscany Meadows site, and the 23± acre Chevron property.

Historically, the Tuscany Meadows site was used as an above-ground crude oil tank farm owned by Chevron. The tanks and associated piping were removed from the site in 1981, and currently, the project site is vacant. The site is undergoing soil remediation. In 2006, a Remedial Action Plan (RAP) was prepared for the site to establish site clean-up standards and criteria to be met prior to redevelopment of the site. The California Regional Water Quality Control Board (RWQCB) is responsible for overseeing the site's clean-up and remediation. The State must

certify the completion of adequate soil remediation and containment prior to any future use or development of the site. The landowner is ultimately responsible for the clean-up.

In conjunction with the project's Environmental Impact Report, the City of Pittsburg adopted a mitigation measure in response to the soil contamination. The mitigation measure provides that the City *will not issue a grading permit for the Tuscan Meadows subdivision until the applicant provides proof that the soil contamination on-site has been contained in accordance with the RAP and has been remediated to the satisfaction of the RWQCB.*

Also included in the boundary change proposal is the existing 23+ acre Los Medanos pump station facility. The existing Chevron facility is currently utilized as a pumping facility and a field office. Chevron operates two active, high pressure buried pipelines, which are used to transport crude oil and natural gas, in the vicinity of the project site. The pipelines cross Buchanan Road from the north to the existing Chevron facility and from the Chevron facility along Buchanan Road to the east, along the northeastern portion of the project site. The existing Chevron facility will remain in place and unchanged, and the parcel is being included with the annexation to avoid creation of an island.

At the November 8, 2017 LAFCO meeting, Commissioners raised questions regarding the Chevron pipelines and safety concerns. In response, the landowner representative explained that in accordance with the RAP, soil that has been contaminated with hydrocarbons will be excavated, decontaminated via bio-remediation and then used as road base beneath the future streets of the subdivision, below finished grade. He also stated that there has been no history of accidents, that the pipelines are not in the proposed residential area, that contamination levels in much of the soil in the area are below allowable levels, and that the RWQCB has approved the mitigation and remediation plan.

The City of Pittsburg's application includes a consistency analysis relating to land use, growth management, and urban design. The analysis considers the following issues: logical extension of the City's SOI and boundary; residential development in transition areas; use of buffers to separate potentially incompatible areas; residential densities; development standards (i.e., small lot single-family, multi-family, varied architectural styles and transition to adjacent residential areas, viewshed, etc.); street and pedestrian connections to adjacent residential areas; adequate neighborhood parkland; stormwater flow, creeks and natural topography; availability and adequacy of infrastructure and municipal services; use and placement of trees and other vegetation; design features; natural and institutional elements; integration of streets and pedestrian paths/connections.

In accordance with the CKH, no subsequent change may be made to the general plan or zoning for the subject area that is not in conformance to the prezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the prezoning in the application to the Commission [Government Code §56375(e)].

**3. The Effect on Maintaining the Physical and Economic Integrity of Agricultural Lands and Open Space Lands:**

There are no agricultural land use designations and no Williamson Act Land Conservation Agreements within the subject area. The proposed boundary changes will have no direct impact on agricultural or open space lands.

**4. Topography, Natural Features and Drainage Basins:**

The topography of the Tuscany Meadows Tentative Map site is relatively flat and generally sloped from south to north with elevations ranging between approximately 112 feet and 195 feet above mean sea level. Vegetation consists of moderate growth of ruderal grasses throughout the entire project site. However, because of the ongoing remediation activities, the site is regularly disturbed, regraded and disked, a process which removes any established vegetation. The Contra Costa Canal runs along the northern and northeastern borders of the project site. Another small drainage ditch exists southeast of the site. Two temporary drainage ditches exist in the southeastern portion of the project site.

The existing Chevron Los Medanos pump station facility is included in the project for boundary purposes only; improvements to the Chevron site will not occur as part of the project. The site currently contains one above-ground crude oil storage tank and a pump facility. A precast concrete sound wall is located along the western, southern, and eastern sides of the Chevron site. In addition, substantial landscaping, in the form of mature trees, exists along the western, southern, and eastern sides of the Chevron site, just inside of the sound wall.

The general topography is similar to the areas surrounding the proposal area with residential development to the north, northeast, south, southwest, and west.

**5. Population:**

Development of up to 1,270 new residential units (single and multi-family) is planned for the annexation area. The estimated population increase for the annexation area is approximately 4,229 based on the recent U.S. Census Bureau data which estimates an average of 3.33 persons per household for the City of Pittsburg.

According to the Association of Bay Area Governments (ABAG), the City of Pittsburg's population is expected to grow approximately 1% per year for the next 10 years, which exceeds the growth rate for Contra Costa County as a whole.

**6. Fair Share of Regional Housing:**

In its review of a proposal, LAFCO must consider the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the regional council of governments. Regional housing needs are determined by the State Department of Housing and Community Development; the councils of government throughout the State allocate to each jurisdiction a "fair share" of the regional housing needs (Gov. Code §65584).

In Contra Costa County, ABAG determines each city's fair share of regional housing needs. Each jurisdiction is required, in turn, to incorporate its fair share of the regional housing needs into the housing element of its General Plan. In July 2013, ABAG adopted the 2014-2022 Regional Housing Needs Allocation (RHNA) Plan for the San Francisco Bay Area. The RHNA



Plan includes the following allocations for the City of Pittsburg: total RHNA is calculated at 2,025 units, including 1,063 above moderate, 316 moderate, 254 low and 392 very low income units. The proposed annexation includes a total of 917 single family residential units and up to 353 multi-family units. The mix of low density single family and high density multi-family offer a variety housing options which would help the City meets its current regional housing obligation for moderate or above moderate units. Further, the City's resolution approving the project's Vesting Tentative Map indicates that 92 single family dwelling units will have accessory units which will increase the City's affordable housing stock.

**7. Governmental Services and Controls - Need, Cost, Adequacy and Availability:**

Whenever a local agency submits a resolution of application for a change of organization or reorganization, the local agency shall also submit a plan for providing services within the affected territory (Gov. Code §56653). The plan for services is available in the LAFCO office. The plan shall include all of the following information and any additional information required by the Commission or the Executive Officer:

- (1) An enumeration and description of the services to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory.
- (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (5) Information with respect to how those services will be financed.

The annexation area is currently served by various local agencies including, but not limited to, Contra Costa County and the Contra Costa County Fire Protection District (CCCFPD). The proposal before the Commission includes annexations to the City of Pittsburg, CCWD and DD for the provision of municipal services, including water and sanitary sewer services. Municipal services are needed to support future development in the area. The level and range of services is expected to be comparable to those services currently provided within the City. As part of the proposal, the City and County will rely on the master tax sharing agreement.

Following annexation, the City of Pittsburg will provide a range of municipal services to subject territory, including police, parks & recreation, street lighting, drainage, streets and roads, sanitary sewer, water, and other services. The City will also provide sewer collection, and DD will provide sewer treatment and disposal; and the City will provide retail water, and CCWD will provide wholesale water as summarized below. Fire service will continue to be provided by the CCCFPD.

**Police Services** – Law enforcement services are currently provided to subject area by the Contra Costa County Sheriff's Office. Upon annexation, police services will be provided by the City of Pittsburg, and the area will be detached from the County police services district (CSA P-6).

The Pittsburg Police Department (PPD) operates from its headquarters located at 65 Civic Avenue. The PPD has an authorized staffing level of 82 sworn positions and currently employs 77 sworn staff. The City's General Plan Policy 10-P-39 states that the City should strive to maintain a ratio of 1.8 sworn police officers per 1,000 residents. The PPD indicates that it has no adopted staffing standard, and that the current ratio is 1.1 – 1.2 officers per 1,000 residents.

In 2016, the PPD received approximately 6,035 emergency and non-emergency calls per month, or approximately 72,426 total calls in 2016. A total of 4.1 violent crimes per 1,000 residents occurred in 2016.

The PPD patrols 17.2 square miles which are divided into five beats. The beat system is designed to assure rapid response to emergency calls within each beat. The City's goal is to maintain an 8-10 minute response time for Priority 1 calls, and under 30 minutes for non-emergency calls. Police response times are dependent on the agency's staffing level and size of the jurisdiction served. The PPD reports that the average response times in 2016 were 12:32 minutes (Priority 1 calls) and 27.21 minutes (non-emergency calls).

The estimated population increase for the annexation area is approximately 4,229. The City's CEQA document indicates that while no new police facilities will be required to serve the annexation area, additional sworn police officers will be needed to serve the subject area. The City's goal is to have 1.2 – 1.2 officers per 1,000 residents. The City's standard conditions of approval require that the developer annex into the City's Community Facility District (CFD) for Public Safety Services. The CFD collected fees are intended to provide funding for police services in the annexation area.

**Parks & Recreation** – Pittsburg has 26 City parks ranging from half-acre mini-parks to the 190-acre Stoneman Park. In addition, Pittsburg residents have access to trails and regional parks near the project site, including the Black Diamond Mines Regional Preserve. The City's General Plan Performance Standards provide a ratio of five acres of community and neighborhood parkland per 1,000 residents, and ensure that residential developers dedicate parkland in accordance with this standard. While the City is not currently meeting this standard, the deficit will be offset by in-lieu parkland dedication fees as a condition of the City's project approval.

The City of Pittsburg operates a comprehensive recreation and leisure time program including aquatics, sports, leisure time activities, community events, Small World Park, Senior Center, youth activities, and excursions. The City also sponsors cultural events, festivals, concerts and art shows centered in Old Town.

The Tuscany Meadows project includes a total of 18.6± acres comprised of three separate parks/detention basins, including a 5.4± acre park for year-round use, located along the east side of Tuscany Meadows Drive, south of the Chevron property; a 6.6± acre park including a baseball diamond, soccer field, and an area for stormwater detention, located in the northwestern portion of the site along Buchanan Road and Tuscany Meadows Drive; and a 6.6±-acre park including a baseball diamond, playground, and area for stormwater detention, located in the northeastern portion of the site.

The primary sources of funding for park maintenance include the General Fund and the citywide Landscaping and Lighting Assessment District (LLAD); rates are \$102 per single-family residence. The City has included a condition of approval that the developer annex the property into a CFD to fund increased park maintenance in the project area.

**Street Lighting** – The developer will use decorative street lighting within the subdivision, designed to City standards. Ongoing maintenance will be the responsibility of the City and funded by homeowners through collection of local taxes and a lighting and landscape district.

***Drainage Services*** – The project is located in the Kirker Creek sub-basin, and located in Drainage Area 70. The City mandates that any new development within the Kirker Creek Watershed Drainage Area that is over 6,000 sq. ft. must meet specific conditions, including constructing either permanent on-site detention facilities to prevent any increase in runoff over pre-development conditions, or temporary on-site or off-site detention measures. The proposed project is well over 6,000 square feet, and proposes to have permanent detention facilities constructed on-site.

A Drainage Study was prepared for the proposed project in order to determine if the sizing of the proposed on-site detention basins would be adequate to handle the peak flows and designed acceptably in accordance with governing agency standards. Separate draft stormwater control plans were prepared for the two watersheds. As a result, the project includes 18.6± acres of proposed storm drain parks and detention basin areas that would detain stormwater during major storm events. Included in the storm drain basin and park areas would be two sub-basins, one on the eastern watershed and one on the western portion. The surface storage would then convey the stormwater to the adjacent underground storm drain detention pipes.

In addition to the improvements for the eastern and western watersheds, the proposed project will implement the requirements of the City's Storm Water Management Program and would be consistent with the City's National Pollutant Discharge Elimination System (NPDES) Stormwater Permit.

The design and construction costs for drainage infrastructure will be borne by the developer; ongoing maintenance will be paid by the City with local tax assessments.

***Streets and Roads*** – The City's plan for services describes the existing roadway network which includes State Route/SR 4 Bypass, Kirker Pass Road/Ygnacio Valley Road, Railroad Avenue, East Leland Road/Delta Fair Blvd, Buchanan Road, Somersville Road/Auto Center Drive, James Donlon Blvd. The plan also includes a description of local roadways including Harbor Street, Loveridge Road, Ventura Drive, Fairview Drive, and Century Blvd. The plan details the planned roadway improvements which include connections to the two new arterials – Tuscany Meadows Drive and Sequoia Drive, and will connect the residential community with existing major arterial roadways (i.e., Buchanan Road, Somersville Road and James Donlon Blvd).

The plan for services also describes additional on- and off-site transportation related improvements including turnouts, bus shelters, bicycle lanes and racks, sidewalks, a multiuse trail/path connection to the Delta De Anza Trail, pedestrian trail connections between the multifamily and single-family areas, dedicated right-of-ways, frontage improvements, additional through/turn/acceleration lanes, curb/gutter/sidewalk/landscape and other improvements. The proposed project would add approximately seven miles of new streets within the subdivision.

The developer will be responsible for financing the design and construction of all on-site transportation improvements. Off-site, the developer will be responsible for construction of full frontage improvements in accordance with the City's approvals.

Due to the project's traffic impacts in the City of Antioch, the City of Antioch and the developer have entered into a Memorandum of Understanding (MOU) to mitigate the impacts. The measures identified in the MOU include improvements at the Somersville Road/Buchanan Road intersection along with associated traffic signal modifications. The developer will pay a proportionate share of these improvements.

In accordance with the Pittsburg Municipal Code, the project will comply with the Conditions of Approval by paying the Pittsburg Local Traffic Mitigation Fee and the Regional Transportation Development Impact Mitigation Fee. The developer will also pay for installation of security cameras at nearby intersections.

**Other Services** – The City of Pittsburg provides a multitude of other services, including code enforcement, landscape maintenance, library, refuse collection and special services which will be extended to subject area following annexation.

**Fire Protection** – Fire and emergency medical services are, and will continue to be, provided by CCCFPD following annexation. The CCCFPD's boundary area is 257± square miles, and encompasses the central and northern portions of the County, extending from the City of Antioch in the east to the eastern border of the City of Richmond in the west, and as far south as the northern border of the Town of Moraga. The CCCFPD provides fire suppression (structural, vehicle, vegetation) and prevention, Advanced Life Support for medical emergencies, rescue, dispatch, initial hazardous materials response, fire inspection, plan review and education.

Within the Pittsburg area, there are five fire stations that could serve the project area as shown in the table below:

**CCCFPD Fire Stations Serving the Tuscany Meadows Project Site**

Station No.	Address	Distance to Project Site	Equipment
81	315 W. 10 <sup>th</sup> Street, Antioch	3 miles	1 Type 1 engine 1 Type 3 engine
82	196 Bluerock Drive, Antioch	4.6 miles	1 Type 1 engine 1 Heavy Rescue
83	2717 Gentrytown Drive, Antioch	1.1 miles	1 105' ladder truck 1 Type 1 engine 1 Type 3 engine
84	1903 Railroad Avenue, Pittsburg	3.8 miles	1 105' ladder truck 1 reserve ladder truck
85	2331 Loveridge Road, Pittsburg	1.9 miles	1 Type 1 engine 1 Type 3 engine
87	800 West Leland Road, Pittsburg	4.5 miles	1 Type 1 engine 1 hazardous materials unit

Source: Mr. Ted Leach, Fire Inspector, CCCFPD, December 5, 2012

CCCFPD currently serve the project area, including the Chevron property. The Chevron fire brigade is located at the Chevron refinery in Richmond and serves the Richmond property.

As noted in the table above, only one fire station is within the 1.5 mile response radius of the project area; the other stations do not meet the National Fire Protection Association response time guideline of 5 to 6 minutes 90 percent of the time. As part of the Tuscany Meadows environmental review, there are no mitigation measures to address this matter.

CCCFPD indicates that additional companies are needed within the Pittsburg area to provide added capacity based on current and anticipated call volumes. Implementation of adequately

funded CFDs is one method of providing supplemental funding to address the increasing population, call volume and overall service demand.

Fire service to the project site is a concern for LAFCO. In August 2016, Contra Costa LAFCO completed its 2nd round Municipal Service Review (MSR) covering Fire and Emergency Medical Services. The MSR report noted that fire service providers continue to face challenges, including the following:

- Many fire service providers are unable to meet “best practices” for response times and staffing.
- In 2009, when LAFCO completed its 1<sup>st</sup> round MSR, and still today, fire agencies are unable to meet national and state guidelines for fire response times 90% of the time.
- Nearly half of the fire stations in the County are over 40 years old and a significant number are in poor condition, needing repair or replacement.
- Continued population growth, job creation, and changes in health care services affect the volume and location of service calls, creating the need for new facilities and staff resources in order to sustain services. While recovery in real estate and development has benefits, it also has costs in terms of increases in service demands.

Regarding funding for fire service, the 2016 MSR notes the following:

- Fire service providers rely primarily on property tax to fund services
- Fire districts face limited sources of revenue, including inability to charge for most services, low property tax shares as many agencies evolved from volunteer agencies, high insurance costs due to the risky nature of the profession, and significant pension liabilities from past underfunding
- The lack of requirements for special taxes from new development increases the burden on fire agencies to obtain a two-thirds special tax voter approval once an area is populated

The City of Pittsburg adopted a Development Agreement (DA) for the Tuscan Meadows residential subdivision which contains various provisions for funding services and forming CFDs, including forming a CFD relating to fire service. City staff reports that the developer has agreed to annex into a CFD for fire service.

*In support of these efforts, the LAFCO staff recommendation includes a condition to address the impact of the proposed development on the CCCFPD. LAFCO staff has consulted with the City and CCCFPD staff on this condition.*

**Sewer Services** – The City of Pittsburg provides wastewater collection services, while DD provides conveyance, treatment and disposal services to the City. DD serves the cities of Antioch and Pittsburg and the unincorporated Bay Point community. DD serves approximately 212,000 residents in a service area of 54± square miles. DD has over 49 miles of gravity sewer main, 14 miles of pressure force mains, and five pump stations.

The DD treatment plant has an average dry weather flow capacity of 19.5 million gallons per day (mgd). During the most recent reporting period (2016), the average dry weather flow was 12.3 mgd. In 2010, 2013, and 2014, the average dry weather flows at the plant were 13.4, 13.1 and 12.5 mgd, respectively.

The subject area is located in Zone 2 of DD's service area. DD estimates that the proposed 917 single family units and 353 multi-family units will generate approximately 261,750 gpd of wastewater discharge. The City's Plan for Service includes details regarding the wastewater

system, the infrastructure needed to serve the proposed project, and the method to finance wastewater service to the subject area. DD has provided a "will serve" letter agreeing to serve the project area.

8. **Timely Availability of Water and Related Issues:**

Pursuant to the CKH, LAFCO must consider the timely and available supply of water in conjunction with a boundary change proposal. Contra Costa LAFCO policies state that any proposal for a change of organization that includes the provision of water service shall include information relating to water supply, storage, treatment, distribution, and waste recovery; as well as adequacy of services, facilities, and improvements to be provided and financed by the agency responsible for the provision of such services, facilities and improvements.

The City of Pittsburg is a retail water purveyor that obtains the majority of its potable water supply under a wholesale contract with CCWD. This water is diverted as raw water from CCWD's Contra Costa Canal. The remainder of the potable water supply is obtained from the City's two groundwater wells. In 2015, 87% of the City's potable supply was provided by CCWD and 13% was from local groundwater wells.

Raw water from the canal and the groundwater wells is treated at the Pittsburg Water Treatment Plant before distribution throughout the City's service area. The service area is bounded by the City limits, which is currently 15.49± square miles.

Service area population has shown steady growth over the last 20 years, but its future growth rate will be limited by available open and developable land. The City's 2017 population was estimated at 69,818 (State of California Dept. of Finance 2017) and is projected to grow to 91,600 by 2040 (City of Pittsburg 2015-2023 Housing Element, 2015).

According to the City's 2015 Urban Water Management Plan (UWMP), the City's potable water use for 2015 was 8,772 acre-feet per year (AFY), more than 7% lower than the projected water use from the 2010 UWMP. It is anticipated that the City's initiatives in decreasing water use to meet urban water use targets, as well as the State-mandated drought restrictions, have been the biggest factors leading to this lower than previously anticipated water use.

As noted above, CCWD provides wholesale water to the City of Pittsburg. CCWD's boundary encompasses 220± square miles in central and eastern Contra Costa County. CCWD's untreated water service area includes Antioch, Bay Point, Oakley, Pittsburg, and portions of Brentwood and Martinez. The District's treated water service area includes Clayton, Clyde, Concord, Pacheco, Port Costa, and parts of Martinez, Pleasant Hill, and Walnut Creek. CCWD also treats and delivers water to the City of Brentwood, Golden State Water Company (Bay Point), Diablo Water District (Oakley), and the City of Antioch. CCWD serves approximately 500,000 (61,085 water connections).

The primary sources of water are the U.S. Bureau of Reclamation (USBR) Central Valley Water Project (CVP) and delta diversions. One of CCWD's prerequisites for service, including annexation, is inclusion in the CVP service area. The CVP inclusion review is a separate process, and requires specific environmental documents. The City, the developer and CCWD will work together to complete the CVP process.

The City's Plan for Services provides details regarding the City's water system, the water supply infrastructure needed to serve the proposed project, the water sources, key steps for inclusion in

the CVP inclusion review process, and the method to finance water service to the subject area. CCWD estimates that the Tuscany Meadows development, once fully developed, will utilize up to 732 acre feet per year of treated water. CCWD indicates that based on the District's most recent Future Water Supply Study and UWMP, CCWD has sufficient supplies to serve the proposed project.

#### **9. Assessed Value, Tax Rates and Indebtedness:**

The annexation area is within tax rate areas 07005, 07011, 53007 and 53097. The assessed value for the annexation area is \$7,193,089 (2017-18 roll). The territory being annexed shall be liable for all authorized or existing taxes and bonded debt comparable to properties presently within the annexing agencies.

The City and the County have agreed to use the Master Property Tax Transfer Agreement for the proposed reorganization.

#### **10. Environmental Impact of the Proposal:**

The City of Pittsburg, as Lead Agency, certified the Tuscany Meadows Environmental Impact Report (EIR) on August 3, 2015 (Resolution No. 15-13083). The EIR found that there were significant and unavoidable impacts relating to Air Quality/Greenhouse Gas Emissions, Noise, and Transportation/Traffic/Circulation. In addition, the EIR found potentially significant impacts relating to Air Quality/Greenhouse Gas Emissions, Biological Resources, Geology/Soils/Seismicity; Hazards/Hazardous Materials; Land Use/Planning; Noise; Public Services/Recreation/ Utilities; and Transportation/Traffic/Circulation. If an impact is determined to be significant or potentially significant, applicable mitigation measures are identified, as appropriate. On March 21, 2016 (Resolution No. 16-13159), the City of Pittsburg adopted a Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program for the Tuscany Meadows project. Copies of the City's environmental documents were provided to the Commissioners and are available for review in the LAFCO office.

Contra Costa LAFCO has a critical role in the environmental process for this project given the necessary SOI and boundary changes. As part of the environmental review, LAFCO staff provided four comment letters (November 23, 2009, May 25, 2012, December 12, 2012, and December 10, 2014). The comments covered various issues, including regional housing needs, sustainable community strategies, hazards and hazardous materials, land use and population, public services and utilities, traffic and transportation, and effects of the project on other government agencies, (e.g., Antioch Unified School District, City of Antioch).

The Final EIR was released in July 2015, and regrettably, failed to include LAFCO's comment letter and a response to LAFCO's comments. LAFCO staff notified the City of this omission and requested that the City defer its public hearing to allow City staff sufficient time to prepare a meaningful, written response to LAFCO's comment letter, and to recirculate the Final EIR with the LAFCO comment letter and responses to comments to ensure full transparency. The City denied LAFCO's request to continue the hearing, and ultimately added LAFCO's comment letter and its response to comments.

**11. Landowner Consent and Consent by Annexing Agency:**

According to County Elections, there are fewer than 12 registered voters in the area proposed for annexation; thus, the area proposed for annexation is considered uninhabited. The City indicates that 100% of the affected landowners have provided written consent to the annexation. Thus, if the Commission approves the annexation, the Commission may waive the protest hearing (Gov. Code §56662). All landowners and registered voters within the proposal area(s) and within 300 feet of the exterior boundaries of the area(s) were sent notice of the LAFCO hearing.

**12. Boundaries and Lines of Assessment:**

The annexation area is within the SOIs of the City of Pittsburg, CCWD and DD and is contiguous to the city and district service boundaries. A corresponding detachment from CSA P-6 of the same area is also proposed. A map and legal description to implement the proposed boundary changes have been received and are subject to final approval by the County Surveyor.

**13. Environmental Justice:**

LAFCO is required to consider the extent to which proposals for changes of organization or reorganization will promote environmental justice. As defined by statute, “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 proposed annexation is not expected to promote or discourage the fair treatment of minority or economically disadvantaged groups.

**14. Disadvantaged Communities:**

In accordance with State legislation, local agencies and LAFCOs are required to plan for disadvantaged unincorporated communities (DUCs). Many of these communities lack basic infrastructure, including streets, sidewalks, storm drainage, clean drinking water, and adequate sewer service. LAFCO actions relating to Municipal Service Reviews, SOI reviews/amendments, and annexations must take into consideration DUCs, and specifically the adequacy of public services, including sewer, water, and fire protection needs or deficiencies, to these communities. According to the County’s Department of Conservation and Development, the annexation area does not meet the criteria of a DUC.

**15. Comments from Affected Agencies/Other Interested Parties:**

No comments were received from other affected agencies or parties.

**16. Regional Transportation and Regional Growth Plans:**

In its review of a proposal, LAFCO shall consider a regional transportation plan adopted pursuant to Gov. Code §65080 [Gov. Code §56668(g)]. Further, the commission may 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 (Gov. Code §56668.5). Regarding these sections, LAFCO looks at consistency of the proposal with the regional transportation and other regional plans affecting the Bay Area.

SB 375, a landmark law, requires California’s regions to adopt plans and policies to reduce greenhouse gases (GHG), primarily from transportation. To implement SB 375, in July 2013, ABAG and the Metropolitan Transportation Commission (MTC) adopted Plan Bay Area as the “Regional Transportation Plan and Sustainable Communities Strategy” for the San Francisco



Bay Area through 2040. Plan Bay Area focuses on where the region is expected to grow and how development patterns and the transportation network can work together to reduce GHG emissions. The Plan's key goals are to reduce GHG emissions by specified amounts; and to plan sufficient housing for the region's projected population over the next 25 years.

In July 2017, ABAG and MTC adopted Plan Bay Area 2040, which updates the 2013 Plan Bay Area and reaffirms the goals and targets identified in the earlier version. Plan Bay Area establishes "Priority Conservation Areas" (PCAs) and "Priority Development Areas" (PDAs), and focuses growth and development in nearly 200 PDAs. These existing neighborhoods are served by public transit and have been identified as appropriate for additional, compact development. The area proposed for annexation is not within a PCA or a PDA. However, as noted in the City's EIR, the project includes elements recommended in the *Plan Bay Area* such as pedestrian trails and a mix of housing types.

#### ALTERNATIVES FOR COMMISSION ACTION

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

**Option 1**      Approve the reorganization as proposed.

- A. Find that, as a Responsible Agency under CEQA, the Commission has reviewed and considered the information contained in the Tuscany Meadows EIR as certified by the City of Pittsburg on August 3, 2015 (Resolution No. 15-13083), and in the City's CEQA Findings, Statement of Overriding Considerations, and MMRP for the Tuscany Meadows project as certified by the City of Pittsburg on March 21, 2016 (Resolution No. 16-13159).
- B. Adopt this report, approve LAFCO Resolution No. 17-08 (Exhibit B), and approve the proposal, to be known as the Tuscany Meadows Reorganization: Annexations to the cities of Pittsburg and Antioch, Contra Costa Water District and Delta Diablo (Zones 2 & 3) and Detachment from County Service Area P-6 subject to the following terms and conditions:
  1. The territory being annexed shall be liable for the continuation of any authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agencies.
  2. The City of Pittsburg has delivered an executed indemnification agreement providing for the City to indemnify LAFCO against any expenses arising from any legal actions challenging the annexation.
  3. Water service is conditional upon CCWD receiving acceptance for inclusion of the annexed area from the USBR, pursuant to the requirements in CCWD's contract with USBR for supplemental water supply from the CVP.
  4. Prior to LAFCO issuing a Certificate of Completion, the City of Pittsburg shall enter into a joint community facilities agreement with CCCFPD with the purpose of the City forming a CFD to fund supplemental fire protection and emergency medical services in various areas within the City including the area proposed for annexation.

- C. Find that the subject territory is uninhabited, the proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.

**Option 2** Accept this report and DENY the proposal.

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

**RECOMMENDED ACTION:**

**Approve Option 1.**

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

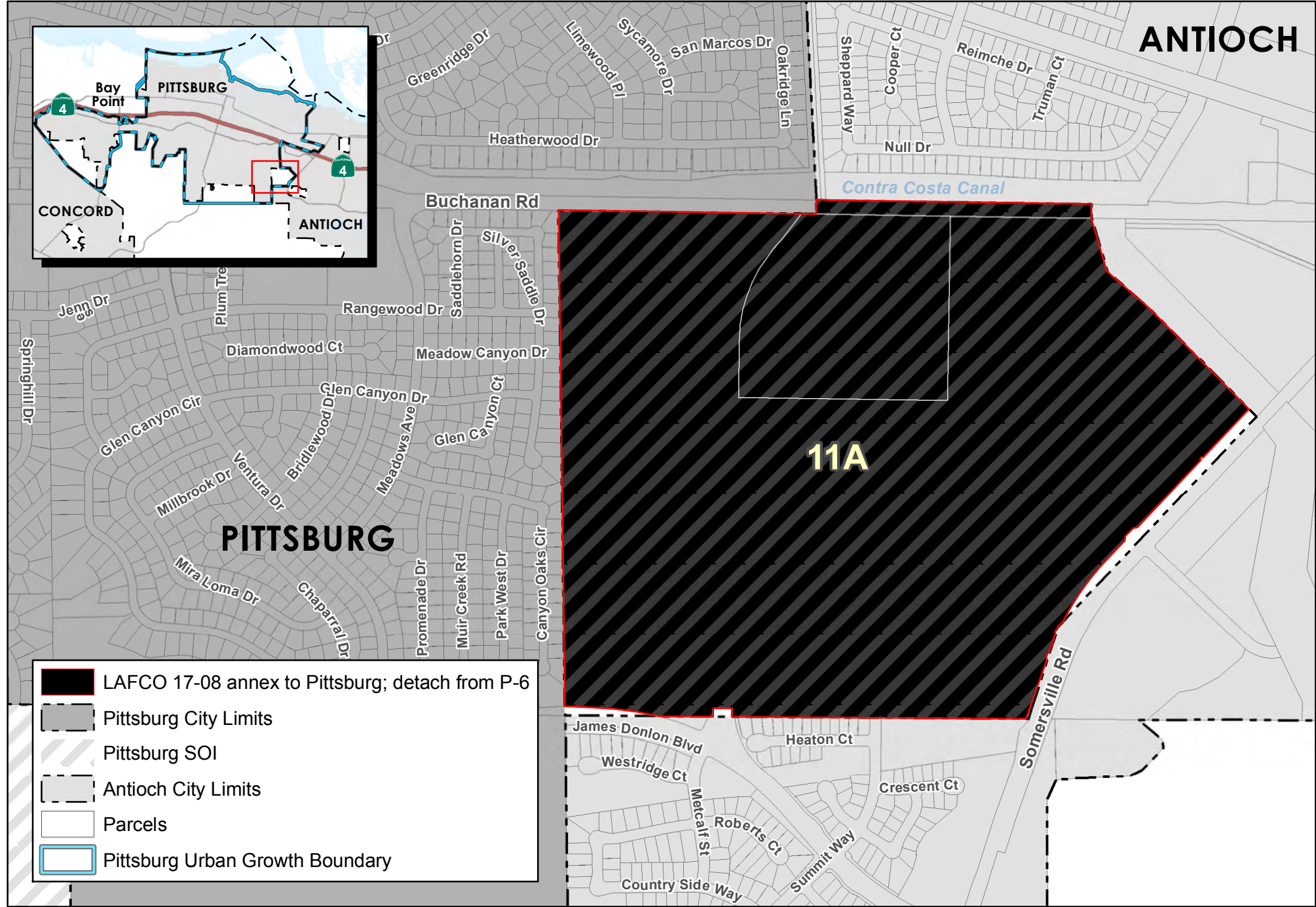
Exhibits

A1-4 – Tuscany Meadows Reorganization Maps

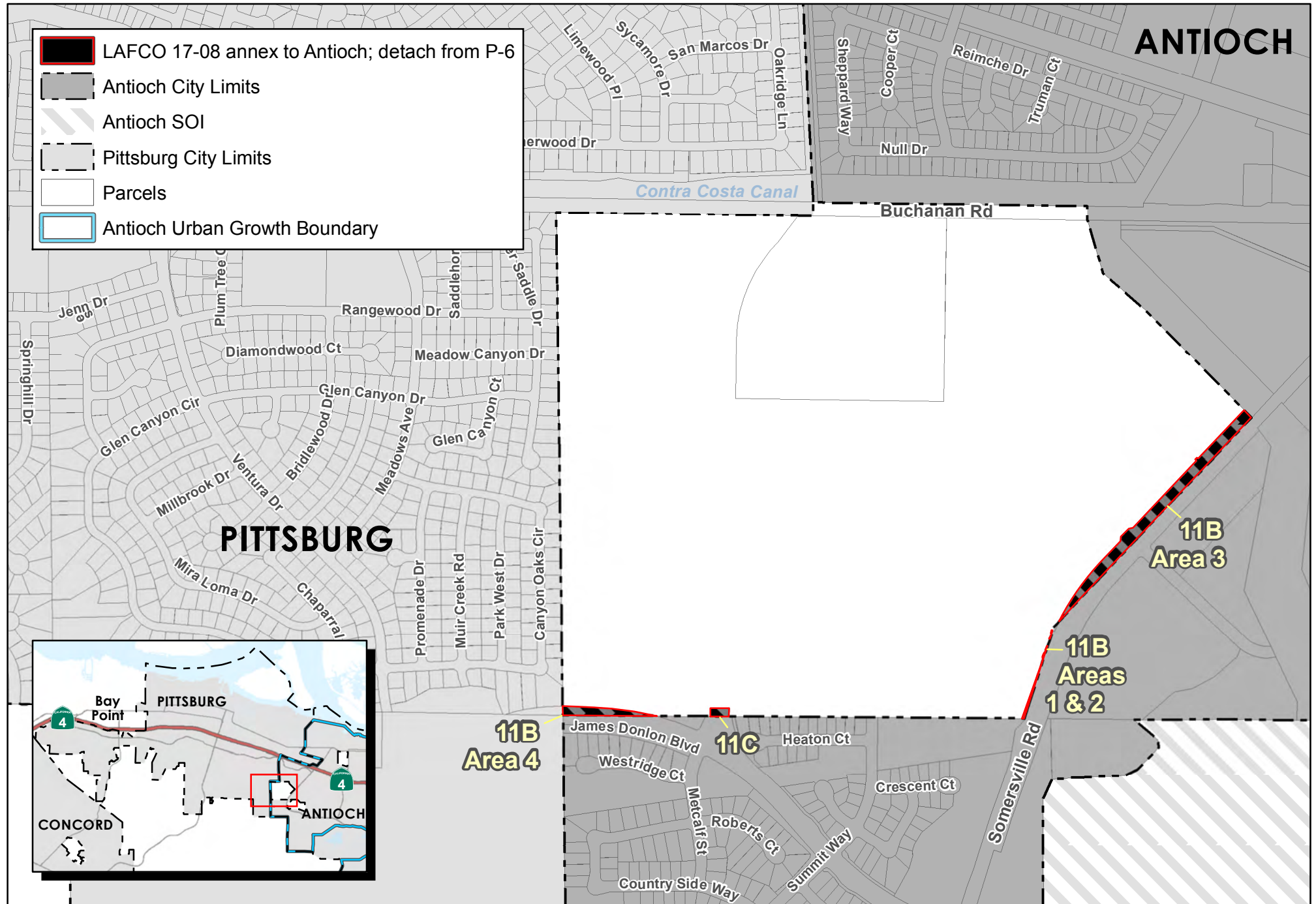
B – Draft LAFCO Resolution 17-08

c: Kristin Pollot, Planning Manager, City of Pittsburg  
Hector Rojas, Senior Planner, City of Pittsburg  
Forrest Ebbs, Community Development Director, City of Antioch  
Mark Seedall, Principal Planner, Contra Costa Water District  
Vince De Lange, General Manager, Delta Diablo  
Patricia Chapman, Associate Engineer, Delta Diablo  
Louis Parsons, Landowner Representative, Discovery Builders  
Rand Reynolds, Sr. Land Representative, Chevron Pipe Line Company

LAFCO 17-08 Tuscany Meadows Reorganization - Annexation to Pittsburg; Detachment from CSA P-6

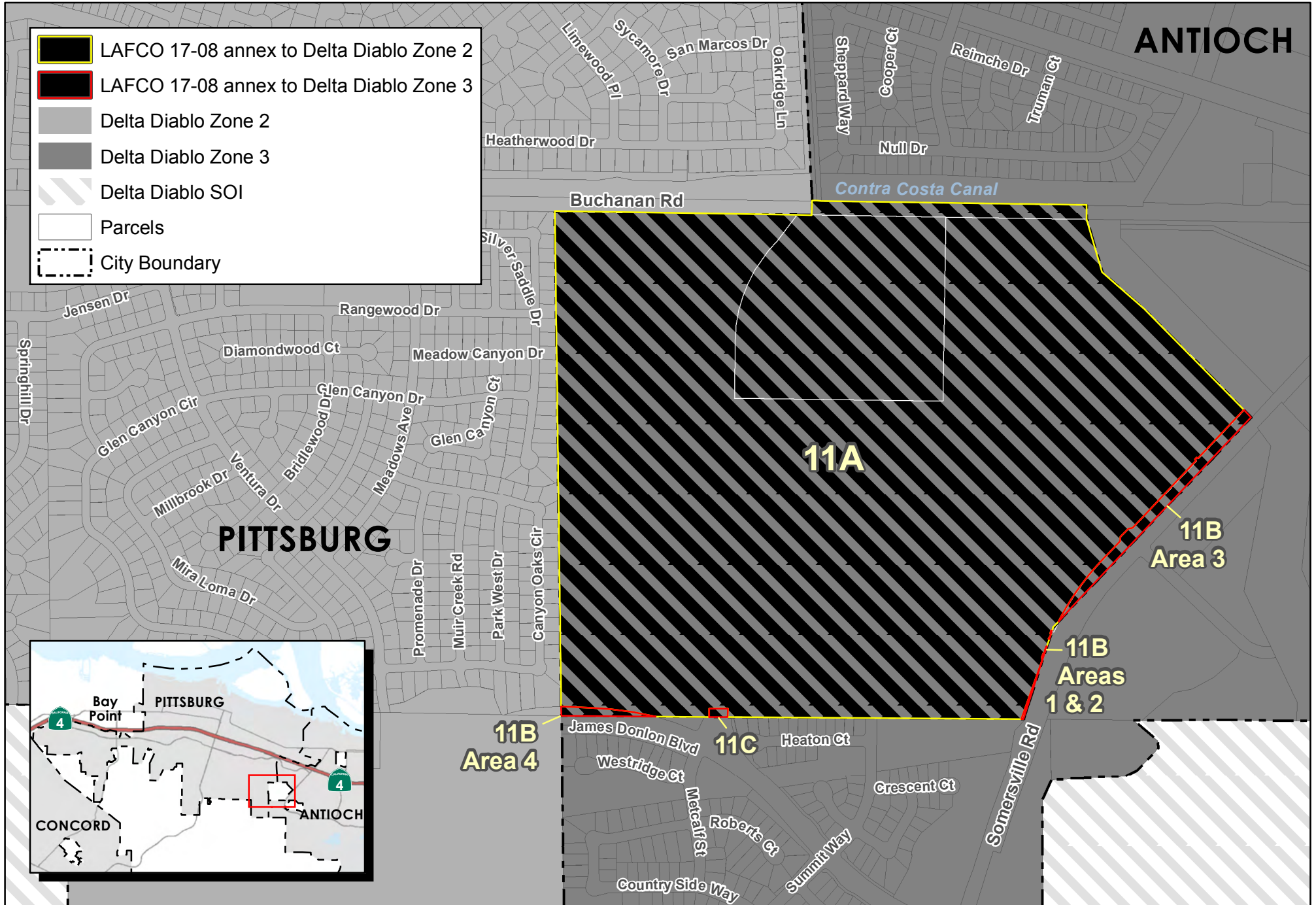


# LAFCO 17-08 Tuscany Meadows Reorganization - Annexation to Antioch; Detachment from CSA P-6

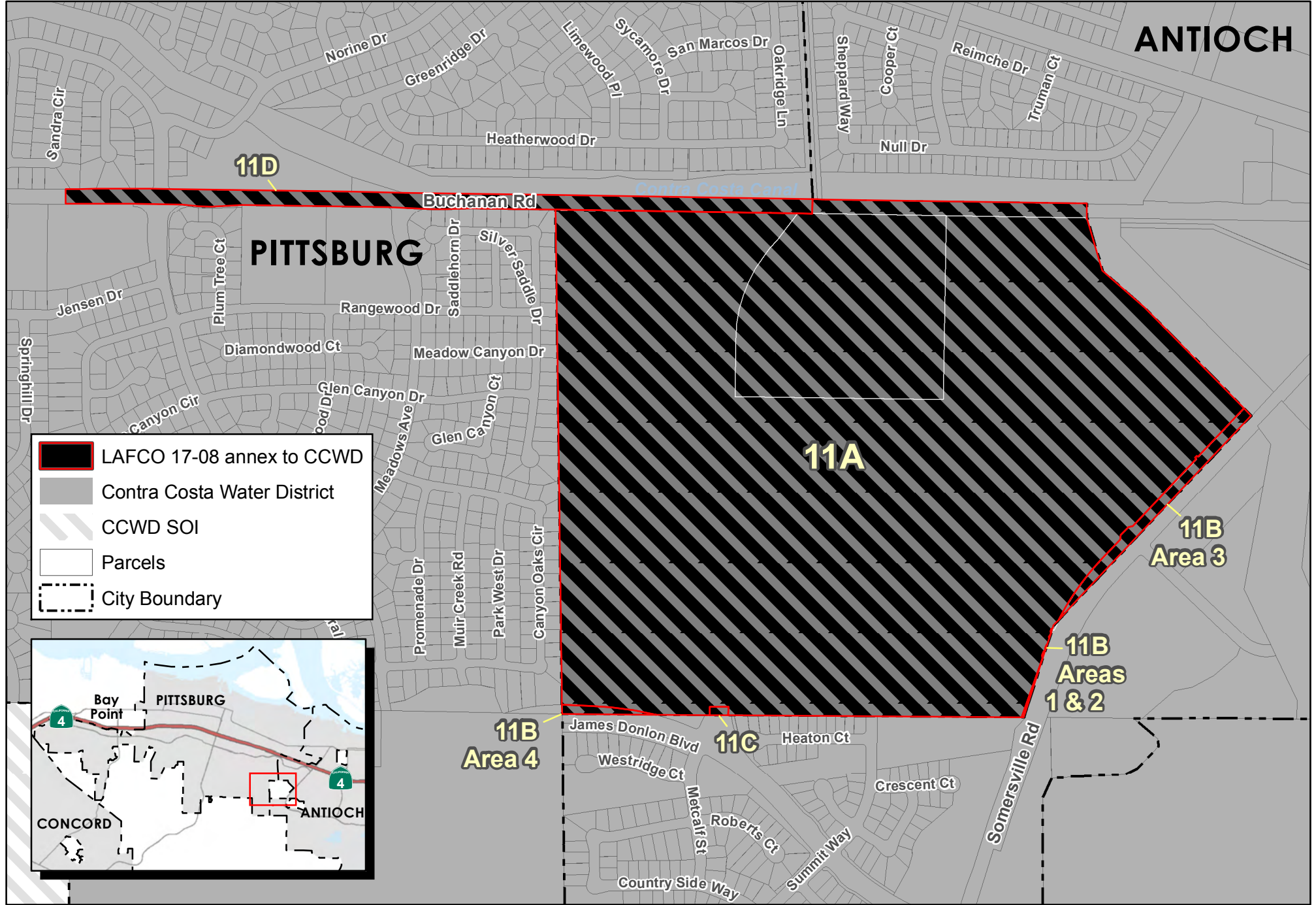




# LAFCO 17-08 Tuscany Meadows Reorganization - Annexation to Delta Diablo; Zones 2 & 3



LAFCO 17-08 Tuscany Meadows Reorganization - Annexation to Contra Costa Water District (CCWD)



**RESOLUTION NO. 17-08**

RESOLUTION OF THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
 MAKING DETERMINATIONS AND APPROVING  
**TUSCANY MEADOWS REORGANIZATION: ANNEXATIONS TO THE CITIES OF  
 PITTSBURG AND ANTIOCH, AND CONTRA COSTA WATER DISTRICT AND DELTA  
 DIABLO (ZONES 2 & 3), AND DETACHMENT FROM COUNTY SERVICE AREA P-6**

WHEREAS, the Tuscany Meadows Reorganization proposal was filed with the Executive Officer of the Contra Costa Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code §56000 et seq.); 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 Tuscany Meadows Reorganization proposal; and

WHEREAS, the Commission held a public hearing on December 13, 2017, on the Tuscany Meadows Reorganization proposal; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to this proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental documents and determinations, Spheres of Influence and applicable General and Specific Plans; and

WHEREAS, no subsequent change may be made to the general plan or zoning for the annexed territory that is not in conformance to the rezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the Commission [Government Code §56375(e)];

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

1. Find that, as a Responsible Agency under CEQA, the Commission has reviewed and considered the information contained in the Tuscany Meadows EIR as certified by the City of Pittsburg on August 3, 2015 (Resolution No. 15-13083), and in the City's CEQA Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program for the Tuscany Meadows residential subdivision as certified by the City of Pittsburg on March 21, 2016 (Resolution No. 16-13159).
2. Said reorganization is hereby approved.
3. The subject proposal is assigned the distinctive short-form designation:  
**TUSCANY MEADOWS REORGANIZATION: ANNEXATIONS TO THE CITIES OF  
 PITTSBURG AND ANTIOCH, AND CONTRA COSTA WATER DISTRICT AND DELTA  
 DIABLO (ZONES 2 & 3), AND DETACHMENT FROM COUNTY SERVICE AREA P-6**
4. The boundaries of the affected territory are found to be definite and certain as approved and set forth in Exhibit A, attached hereto and made a part hereof.
5. Approval of the Tuscany Meadows Reorganization - Annexations to the Cities of Pittsburg and Antioch and Contra Costa Water District and Delta Diablo (Zones 2 & 3), and detachment from County Service Area P-6 is subject to the following:

Contra Costa LAFCO  
Resolution No. 17-08

- a. The territory being annexed shall be liable for the continuation of any authorized or existing special taxes, assessments and charges comparable to properties presently within the annexing agency.
  - b. The City of Pittsburg has delivered an executed indemnification agreement between the City and Contra Costa LAFCO providing for the City to indemnify LAFCO against any expenses arising from any legal actions challenging the Tuscany Meadows Reorganization.
  - c. Water service is conditional upon CCWD receiving acceptance for inclusion of the annexed area from the USBR, pursuant to the requirements in CCWD's contract with USBR for supplemental water supply from the CVP.
  - d. Prior to LAFCO issuing a Certificate of Completion, the City of Pittsburg shall enter into a joint community facilities agreement with the Contra Costa County Fire Protection District with the purpose of the City forming a Community Facilities District to fund supplemental fire protection and emergency medical services in various areas within the City including the area proposed for annexation.
6. The territory proposed for reorganization is uninhabited, the proposal has 100% landowner consent, and the conducting authority (protest) proceedings are hereby waived.
  7. All subsequent proceedings in connection with the Tuscany Meadows Reorganization shall be conducted only in compliance with the approved boundaries set forth in the attachments and any terms and conditions specified in this resolution.

\* \* \* \* \*

PASSED AND ADOPTED THIS 13<sup>th</sup> day of December 2017, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

---

DONALD A. BLUBAUGH, VICE 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: December 13, 2017

---

Lou Ann Texeira, Executive Officer





## CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

651 Pine Street, Sixth Floor • Martinez, CA 94553-1229

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**Lou Ann Texeira**  
*Executive Officer*

### MEMBERS

**Candace Andersen**  
*County Member*

**Donald A. Blubaugh**  
*Public Member*

**Federal Glover**  
*County Member*

**Michael R. McGill**  
*Special District Member*

**Rob Schroder**  
*City Member*

**Igor Skaredoff**  
*Special District Member*

**Don Tatzin**  
*City Member*

### ALTERNATE MEMBERS

**Diane Burgis**  
*County Member*

**Sharon Burke**  
*Public Member*

**Tom Butt**  
*City Member*

**Stanley Caldwell**  
*Special District Member*

December 13, 2017 (Agenda)

December 13, 2017  
Agenda Item 9

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

### Healthcare Services Municipal Services Review Public Review Draft Report

Dear Members of the Commission:

#### BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that every five years, the Commission shall, as necessary, review and update each sphere of influence (SOI); and that in conjunction with the SOI update, the commission shall conduct a municipal service review (MSR).

MSRs provide an assessment of the range and adequacy of municipal services provided in the County, and serve as an important tool for LAFCO in fulfilling its legislative mandate to coordinate the efficient and logical development of local government agencies and services. The MSR serves as a basis for SOI updates and future boundary changes.

Contra Costa LAFCO continues to work on its 2<sup>nd</sup> round MSRs, having completed reviews of water and wastewater services (2014), reclamation services (2015), and EMS/fire services (2016).

#### SUMMARY

In June 2017, LAFCO initiated its 2<sup>nd</sup> round healthcare services MSR covering three healthcare districts (HCDs) - Concord/Pleasant Hill HCD, Los Medanos Community HCD and West Contra Costa HCD, along with an overview of Contra Costa County health services for context.

The 2<sup>nd</sup> round MSR focuses on the following: 1) updating information presented in the 2007 healthcare services MSR, 2) assessing the ability of healthcare service providers to maintain relevance and meet the changing healthcare landscape, and 3) identifying opportunities for coordination and collaboration among healthcare service providers in Contra Costa County. The report also includes an overview of healthcare issues at the State level and in Contra Costa County.

***The MSR Process*** - Following a formal Request for Proposal and selection process, Berkson Associates was hired to prepare the MSR report.

The MSR process entailed developing a Request for Information (RFI) specific to each agency in order to obtain updated fiscal, administrative, service and related information. In conjunction with the RFI, the consultant and LAFCO staff met with representatives of each local agency and had follow-up communications.

The consultant prepared an administrative draft report which was shared with local agency staff to verify information, and to enable an inclusive and cooperative process.

The Public Review Draft MSR was released on December 7, 2017. The report was posted on the LAFCO website (<http://contracostalafco.org/agencies/municipal-service-reviews/>), and local agencies and interested parties were notified of the availability of the report and public comment period, which will end on December 29<sup>th</sup>, 2017.

The December 13<sup>th</sup> hearing is the first of two public hearings on the healthcare services MSR. At this hearing, the MSR consultant will present a summary of the MSR report and major findings. Following the presentation, the consultant and LAFCO staff will review comments from the public and the Commission. No final action on the Draft MSR report will be taken on December 13<sup>th</sup>.

The Commission will be asked to set a public hearing for January 10<sup>th</sup>, at which time the Commission will be asked to accept the Final MSR report, adopt the required MSR and SOI determinations, and update the SOIs for the three districts covered in the MSR report.

## **RECOMMENDATIONS**

1. Receive the staff report and consultant's presentation,
2. Open the public hearing and receive comments,
3. Close the public hearing and provide comments and direction to the MSR consultant and LAFCO staff, and
4. Direct LAFCO staff to set a public hearing for January 10<sup>th</sup>, at which time the Commission will be asked to accept the Final MSR, make the required determinations, and update SOIs.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Exhibit: See <http://contracostalafco.org/agencies/municipal-service-reviews/>

c: Distribution



**Berkson  
Associates**

Urban Economics  
Policy Forensics & Forecasting  
Planning & Policy Analysis

**PUBLIC REVIEW DRAFT**

# HEALTHCARE SERVICES MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES

Prepared for Contra Costa LAFCO

Prepared by Berkson Associates  
In association with the Abaris Group  
December 2, 2017



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# 1. INTRODUCTION

State law requires that LAFCOs periodically prepare Municipal Service Reviews (MSRs) as a basis for decisions about district boundaries, as described in more detail in the “Municipal Service Reviews” section of this chapter. The law also requires that certain changes in government organization, e.g., a district dissolution, require findings based on an MSR or a special study.

In 2017, and for the foreseeable future, continued access to healthcare is not only a national debate but also a significant local concern. Numerous trends will influence healthcare in the future, and by extension, the provision of services by healthcare districts, for example:

- The Bay Area population, similar to national trends, is aging as more baby boomers reach 65.
- Statewide, the demand for primary care is expected to grow 12 to 17 percent by 2030 as California’s population ages.<sup>1</sup>
- Physician supply will decline through 2030 because many doctors are at or near retirement age. In California, one-third of physicians and nurses is 55 or older.<sup>2</sup>
- As a result of the Affordable Care Act, the uninsured rate among the nonelderly dropped from 18% in 2010 to 10% in 2016;<sup>3</sup> however, in today’s political environment the cost, coverage and availability of health insurance is highly uncertain, as well as funding for services (e.g., Medicaid).
- The impact of telemedicine and other technological advances on the management, delivery and accessibility, and cost for certain healthcare services.

These factors will be important to monitor to assure that healthcare districts, including those that no longer own hospitals, maintain their relevancy in a constantly changing healthcare environment.

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<sup>1</sup> California's Primary Care Workforce: Forecasted Supply, Demand, and Pipeline of Trainees 2016-2030, Healthforce Center at UCSF, August 15, 2017.

<sup>2</sup> Ibid, California's Primary Care Workforce, 2017.

<sup>3</sup> U.S. health system is performing better, though still lagging behind other countries, By Kamal and Cox, Kaiser Family Foundation, May 19, 2017.



## APPROACH AND METHODOLOGY

This MSR reviews documents and information including the 2007 Contra Costa Healthcare MSR, districts' financial audits and budgets, district and other agency projections, Grand Jury reports, and other documents relevant to the districts and to healthcare services and needs in Contra Costa County. LAFCO and its consultant interviewed key stakeholders including representatives of Contra Costa County, the districts, and other professionals involved in the management of district affairs and healthcare services. The affected local agencies were provided a preview copy of their draft chapter and submitted comments and corrections. LAFCO staff reviewed the administrative draft document, and public input will be received on the public review draft report.

**Chapter 2** summarizes MSR findings and determinations required by the Municipal Service Review (MSR) process.<sup>4</sup> Subsequent chapters further describe and document the basis for the findings. Appendices include additional information referenced in this report.

## MUNICIPAL SERVICE REVIEWS

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act” - Gov. Code § 56000, et seq.) requires that every five years, as necessary, LAFCO review and update the Sphere of Influence (SOI) of each local agency. An SOI is a planning boundary that may coincide with or extend beyond an agency’s legal boundary (such as the city limit line or district boundary) that designates the agency’s probable future boundary and service area.

In 2000, the Legislature expanded the authority of LAFCOs to conduct Municipal Service Reviews. As part of the SOI update, LAFCO must prepare a corresponding MSR. An MSR is a comprehensive study designed to better inform LAFCO, local agencies, and the community about the provision of municipal services. Service reviews capture and analyze information about the governance structures and efficiencies of service providers, and identify opportunities for greater coordination and cooperation among providers. The service review is a prerequisite to an SOI determination and may also lead LAFCO to take other actions under its authority, such as a reorganization or dissolution.<sup>5</sup>

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<sup>4</sup> See Gov. Code Sec. 56430.

<sup>5</sup> “What is LAFCo?” CALAFCO website, <http://www.calafco.org/about.htm>.

## MSR Determinations

Gov't Code Section 56430 requires LAFCO to prepare a written statement of its determinations with respect to each of the following:

- Growth and population projections for the affected area.
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- Financial ability of agencies to provide services.
- Status of, and opportunities for, shared facilities.
- Accountability for community service needs, including governmental structure and operational efficiencies.
- Any other matter related to effective or efficient service delivery, as required by commission policy.

The MSR determinations apply most directly to cities and special districts that provide utility infrastructure and public services such as police and fire protection. The determinations are less applicable to healthcare districts for a number of reasons: a) many healthcare districts do not own or operate facilities, or provide direct services; these agencies may distribute grants to other healthcare providers; and b) districts that do operate and/or own healthcare facilities and provide health services do not fit many of the criteria and measures typically applied to utility infrastructure directly linked to existing and newly developing land uses.

The tables in **Appendix A** translate the required MSR determinations into criteria more applicable to healthcare districts. This MSR follows the interpretations as they relate to Contra Costa healthcare districts.

MSR determinations play a critical role in LAFCO's evaluation of local agency boundary change decisions, which must be consistent with the spheres of influence of affected agencies. MSR determinations are also a useful tool in evaluating district reorganization or dissolution. Finally the MSR's consideration of governance options can highlight opportunities to improve or streamline services. In most cases, boundary changes, district reorganization, dissolution or extension of services will be initiated by application to LAFCO, either by a resolution adopted by the governing body of an affected local agency or a petition signed by a specified number of affected landowners or voters. On November 17, 2017, LAFCO noticed receipt of an application from Contra Costa County of an application proposing dissolution of the LMCHD.

## LITTLE HOOVER COMMISSION

As described on its website, the Little Hoover Commission is an independent state oversight agency that was created in 1962. The Commission's mission is to "investigate state government operations and – through reports, recommendations and legislative proposals – promote efficiency, economy and improved service."<sup>6</sup>

The Little Hoover Commission's August 2017 report on "Special Districts: Improving Oversight & Transparency" recommended several measures to strengthen oversight of California's independent special districts. The report recommended that the state should "eliminate unnecessary hurdles for district dissolutions and consolidations to improve service delivery, expand transparency by requiring every district to have a website with basic information and standardize current reporting requirements on revenues, expenditures and reserves."<sup>7</sup>

The Commission also focused specifically on healthcare districts, including those that no longer operate hospitals. The Commission found that the statutory language that governs healthcare districts should be updated to reflect "the shift from hospital-based healthcare to modern preventative care models."<sup>8</sup> The report recommended updating of the outdated principle act that governs these districts.

The report explored concerns about the relevance of healthcare districts, and documented successful examples where healthcare districts successfully shifted their focus from direct healthcare services and hospital operations to preventive care health services. The report cited research from the Centers for Disease Control showing that "70 percent of chronic illnesses are preventable, and healthcare cost savings associated with keeping people healthy and out of hospitals are substantial."<sup>9</sup> The report emphasized the importance of coordination between counties and healthcare districts to avoid redundancies and to increase collaboration.

The report recognized the successful reorganization of the Mt. Diablo Healthcare District into a subsidiary district of the City of Concord, following four grand jury reports over a decade that criticized district operations. It also noted that the grand jury has issued three reports over the

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<sup>6</sup> <http://www.ca.gov/Agencies/Little-Hoover-Commission>

<sup>7</sup> *Special Districts: Improving Oversight & Transparency*, The Little Hoover Commission, Report #239, August 2017.

<sup>8</sup> *ibid*, Little Hoover Commission, pg. 10, Recommendation 12.

<sup>9</sup> *Ibid*, Little Hoover Commission, pg. 46, "Beach Cities: Is This a Future of Healthcare Districts?"

past decade criticizing the administration of the Los Medanos Community Healthcare District, which continues to exist and dispense grants in the community.<sup>10</sup>

The hearings conducted by the Little Hoover Commission led to the enactment of Health and Safety Code, section 32139.<sup>11</sup> This statute requires that several administrative practices be adopted by healthcare districts such as the “transparency” and related website content discussed in this report. This statute, which was chaptered in September and becomes effective in 2018, also requires healthcare districts to adopt annual policies for providing assistance or grant funding including:

- (1) A nexus between the allocation of assistance and grant funding with health care and the mission of the district.
- (2) A process for the district to ensure allocated grant funding is spent consistently with the grant application and the mission and purpose of the district.

## HEALTHCARE DISTRICTS IN CONTRA COSTA COUNTY

In California, there are 79 healthcare districts operating in 37 counties; of these 79 districts, 37 districts operate 39 hospitals, and 5 lease their hospitals to other entities.<sup>12</sup> Many of the other districts own healthcare facilities and/or provide direct health services to consumers, as well as distribute grants and funding to other agencies, and may own medical office buildings. All of the healthcare districts in Contra Costa County were formed in the 1940s and previously owned and operated hospitals.

Currently three healthcare districts exist in Contra Costa County. None of the districts operate a hospital, although the Los Medanos Community Healthcare District (LMCHD) owns and leases its former hospital building to the County of Contra, which operates the Pittsburg Health Center at that site. One of the other districts, the Concord/Pleasant Hill Health Care District (CPHHCD), is a subsidiary district to the City of Concord and its boundaries include the cities of Concord and Pleasant Hill and some unincorporated areas. The third district, the West Contra Costa Healthcare District (WCCHD), currently is proceeding through bankruptcy. State legislation is

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<sup>10</sup> Ibid, Little Hoover Commission, pg. 44, “Dissolution Has Proved Itself a Persistent Question.”

<sup>11</sup> AB 1728, approved by the Governor and Filed with the Secretary of State on September 23, 2017.

<sup>12</sup> Number of districts from the August 2017 Little Hoover Commission, Report #239; number of leases from correspondence from Amber King, Senior Legislative Advocate, Association of California Healthcare Districts (ACHD), 2/27/17.

currently pending that would allow that district's governing body to be appointed by the Board of Supervisors, rather than elected.

## CONCORD/PLEASANT HILL HEALTH CARE DISTRICT

The Mt. Diablo Healthcare District (MDHCD), reorganized in 2012 as a subsidiary district to the City of Concord, was renamed the Concord/Pleasant Hill Health Care District (CPHHCD).<sup>13</sup>

The MDHCD transferred its hospital to John Muir Health in 1996, but continued to use its property tax, which averaged about \$200,000 per year, for grants to local organizations and for a variety of educational and other health-related programs. The MDHCD also occupied seats on the John Muir Community Health Foundation board that distributes \$1 million per year for health services grants. Over the years, the MDHCD had been the subject of several grand jury reports calling for it to be disbanded, and eventually MDHCD was reorganized as the smaller subsidiary district by LAFCO. Staff, board, election and other administrative costs were largely eliminated, but many of the healthcare functions continued, including ongoing membership on the Health Foundation board, and distribution of grants using the District's property tax revenues. The Concord City Council serves as the governing body of the subsidiary district that extends beyond City boundaries.

## LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT

The Los Medanos Community Healthcare District (LMCHD) serves the Pittsburg and Bay Point areas in eastern Contra Costa County, an area with a population of approximately 82,000.<sup>14</sup> LMCHD operated the Los Medanos Community Hospital up until 1994, when the hospital closed due to financial difficulties and the District was forced to declare bankruptcy. The District has recovered from that condition and retired most of its remaining bankruptcy debt in 2007, five years ahead of schedule, with the exception of State financial obligations continuing through 2026.

The LMCHD organizes and sponsors programs and events that provide wellness and prevention services as well as raise the community's awareness about health issues.<sup>15</sup> The LMCHD leases its former hospital facilities to Contra Costa County for use as the Pittsburg Health Center, the

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<sup>13</sup> City of Concord Resolution No. 13-007, September 2013.

<sup>14</sup> Contra Costa LAFCO Directory of Local Agencies, August 2015.

<sup>15</sup> As further described on Table 9.

largest clinic in the County health system, with over 100,000 patient visits per year. Services range from primary adult and pediatric care to specialty services such as audiology, orthopedics, podiatry, and dental care services.<sup>16</sup> The District and the County currently are negotiating an extension to the lease. The current status of negotiations is unknown; it is possible that a market-value based lease would increase the current \$100,000 annual rent, resulting in a shift of County revenues to the District to fund the rent increase.

## WEST CONTRA COSTA HEALTHCARE DISTRICT

The West Contra Costa Healthcare District (WCCHD) serves West County, including the cities of Richmond, El Cerrito, Hercules, Pinole, and San Pablo, along with unincorporated areas in west Contra Costa County. The District was formed in 1948 for the purpose of building and operating a hospital. The District operated a hospital for many years, but by the mid-1990s, increasing costs, declining reimbursements, and growing service demands from low-income populations, the insured and underinsured forced the District into bankruptcy. The District emerged from bankruptcy in 2006, but it never managed to regain financial solvency and fell further into debt. In an effort to keep open the District's full-service acute care hospital, Doctor's Medical Center, Contra Costa County provided \$35 million in emergency funding to the District between 2006 and 2015, and voters approved two special tax measures. The tax measures weren't enough to keep the hospital open, and Doctors Medical Center closed permanently on April 21, 2015.

The District is currently in Chapter 9 bankruptcy and hopes to have a Plan of Adjustment of the District's debt confirmed by the court in late 2017, with an effective date early in 2018. Under the Plan, the primary obligation of the District for the next seven years will be to repay debt. After this period, all of the District's ad valorem property tax, conservatively about \$3.6 million per year, should be available for health care. The District's bonded indebtedness, secured by a parcel tax, is not expected to be fully repaid until 2042. On August 1, 2017, the County Board of Supervisors decided to seek legislation that would allow the District to continue to exist under a governing body appointed by the Board of Supervisors. This will save election costs and may allow for administrative efficiencies and opportunities for a strategic partnership between the District and the County.

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<sup>16</sup> Public Healthcare Services Municipal Service Review, prepared by Dudek and The Abaris Group for Contra Costa LAFCO, approved August 8, 2007

## 2. SUMMARY OF FINDINGS & DETERMINATIONS

This chapter applies MSR determinations to the Contra Costa healthcare districts based on information evaluated in subsequent chapters for each district.

### (1) GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

As population increases, healthcare needs are likely to grow along with pressure for increased access to healthcare and preventative programs. Healthcare districts can provide needed funding to help address these issues, including helping to reduce demands on emergency room care and costly treatment of chronic conditions.<sup>17</sup>

The Association of Bay Area Governments (ABAG) forecasts overall Countywide growth of nearly one percent annually from 2015 to 2020. Over the longer-term horizon, ABAG estimates a total increase in County population of 23 percent from 2015 through 2040.

Population growth within healthcare districts generally exceeds County averages. CPHHCD could see a 38 percent population increase by 2040 due to the City of Concord's potential development. LMCHD could experience a similar increase of about 36 percent. WCCHD's increase of 28 percent also is greater than Countywide averages.

Demographic changes will also influence future health care needs. An aging population will create increasing demand for geriatric care. Political and economic uncertainties could compound current healthcare needs in low-income areas evident within all three healthcare districts.

### (2) THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE.

Disadvantaged communities, areas with incomes less than 80 percent of State medians, exist within all three Contra Costa healthcare districts and generally correlate with medically-underserved State designations. Analysis of health care needs highlights health care inequities in these communities, for example, as described in the 2015 Contra Costa Health Services "Richmond Health Equity Report Card" for areas within the WCCHD. Health needs assessments

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<sup>17</sup> The Little Hoover Commission Report (2017) cited research from the Centers for Disease Control showing that "70 percent of chronic illnesses are preventable, and healthcare cost savings associated with keeping people healthy and out of hospitals are substantial."<sup>17</sup>

prepared by non-profit hospitals prioritize “Economic Security” as a primary health issue, in addition to “Obesity, Diabetes, Healthy Eating, and Active Living.”<sup>18</sup>

### (3) PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES...

The two currently active healthcare districts, LMCHD and CPHHCD, provide grants to community entities for healthcare purposes. In both cases, this funding represents a benefit to the community; however, the relative portion of funding that is expended for overhead and administration by the LMCHD, at 36 to 42 percent of General Fund revenues in FY2015-16 (depending on whether grant administration and program development is included in the overhead component), indicates a less efficient use of available funds as compared to CPHHCD's 20 percent overhead rate. The LMCHD FY2017-18 budget shows 51 percent of General Fund revenues allocated towards overhead. This overhead ratio, which is slightly less if building lease revenues are included, could be lower in future years depending on changes to future lease revenues received for its former hospital building.

Both LMCHD and CPHHCD have adopted goals for improving health in their communities, and require grant recipients to document how grant-funded programs will address health needs and the number of residents served. The LMCHD reporting of persons served does not appear to clearly distinguish total persons served by a program, vs. the portion or share reasonably attributable to LMCHD grant funding.

Both districts prioritize funding of programs addressing issues of access to health services which would benefit underserved communities, generally consistent with MSR findings related to disadvantaged communities.

### (4) FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES.

WCCHD currently is in a Chapter 9 bankruptcy and hopes to have a Plan of Adjustment of the District's debt confirmed by the court in late 2017, with an effective date in early 2018. The District's services over the next seven years will be focused almost entirely on overseeing the repayment of the bankruptcy obligations and planning for the future. Once its debts are largely paid off, its tax revenues will provide roughly \$3.6 million annually for healthcare purposes. On August 1, 2017, the County Board of Supervisors decided to seek legislation that would allow the

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<sup>18</sup> See Chapter 3 of this report, "Health Needs Assessments in Contra Costa County", and Appendix C which summarizes the findings of the assessments.



District to continue to exist under a governing body appointed by the Board of Supervisors, which will save election costs and should facilitate administrative efficiencies. Governance and financial effectiveness will depend on actions to be taken in the future after debts are repaid.

Both CPHHCD and LMCHD rely largely on relatively stable and growing property tax revenues to fund grants. In addition, CPHHCD has a significant role in distributing grant funding for health care purposes through a Community Benefit Agreement, which the John Muir Health System funds at \$1 million per year.

The LMCHD continues to repay bankruptcy debts and will face a two-year increase in payments to the State to \$500,000 per year compared to current payments of \$100,000, according to its schedule of payments; from 2020 through 2026 the payments will be equal to annual rental income, if any. Unless LMCHD negotiates increased lease payments from the County to cover the increased State payments, the additional \$800,000 State repayment over the next two years will either reduce LMCHD funds available for healthcare, and/or reduce its reserves. Increased lease payments would shift County funds to the District to help cover the increased District payments, and will help fund the District's grants and programs.

After State obligations are paid off by LMCHD in 2026, the County lease pass-through payments to the State, currently \$100,000 annually, will be available for healthcare purposes in addition to additional rent, if any, from the County at that point in time.

## **(5) STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.**

In the context of healthcare districts, this report interprets this determination to apply to collaboration and sharing of information to improve efficient and effective services.

Both CPHHCD and LMCHD collaborate to some extent with existing health providers, particularly those receiving grants and support from each district. Broader collaboration with the County, non-profit hospitals, and other healthcare districts is less evident for both districts, although the CPHHCD does invite County health professionals to address its Grant Committee. Neither CPHHCD nor LMCHD utilize health needs assessments or State data to target health needs, although CPHHCD does provide copies of assessments to its Grant Committee members. The use of County data by LMCHD appears limited to older County data from 2010. The districts rely on grant applicants to document community health needs, and to explain the nexus between grants and those needs.

LMCHD participates in events of the Statewide Association of California Healthcare Districts (ACHD); CPHHCD does not participate in ACHD, although the District's comprehensive approach to reviewing grants applications, which is based on its CDBG process, could be shared with and benefit other healthcare districts, for example, through participation in the ACHD.

## (6) ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

### **Accountability**

Strategic planning by CPHHCD and LMCHD is minimal. CPHHCD's one-page strategic plan describes goals and objectives, and the District relies on grant recipients to document health care needs to be addressed. LMCHD has an extensive Strategic Plan, however, it has not been comprehensively updated since it was adopted in 2011.

CPHHCD is a subsidiary district of the City of Concord. This structure provides that the City Council act as the District's board; policies and financial practices of the City apply to the subsidiary district, and the District benefits from the use of City resources, inclusion in existing financial reports and systems, use of existing City staff, representation/policy oversight by City councilmembers, and utilization of existing grant practices. This structure minimizes the District's overhead as a percent of resources.

Although the CPHHCD is a subsidiary district to the City of Concord, which means that the Concord City Council serves as its governing body, the District serves other communities and is a legal entity separate from the City. Because many of the District's operations were subsumed within the City's structure, the District appears more as a City department rather than a special district. Distinctions between the City and the District should be more explicit through the separate presentation of information about the District, including information presented on the City's website, and financial information posted separately for the District on the website.

LMCHD generally follows best practices for transparency with the significant exception of its website, which the District indicates it is updating. The website continues to contain outdated and difficult-to-find information, including agenda, minutes, and policies. The District indicated that it is considering alternative website providers, which may result in an improved website.

### **Operational Efficiency**

As noted in **Finding 3** above regarding adequacy of services, the LMCHD's overhead and administrative expenses are 36 to 42 percent of General Fund revenues (depending on whether grant administration and program development is included in the overhead component), indicating a less efficient use of available funds as compared to CPHHCD's 20 percent overhead.

### **Governance Structure**

On November 7, 2017, the Contra Costa County Board of Supervisors adopted a resolution of application requesting LAFCO to initiate proceedings for the dissolution of LMCHD and appoint the County as successor for purposes of winding up the affairs of the District. This would include

the transfer of the District's assets to the County, including the former hospital building currently leased by the County for use as a clinic.<sup>19</sup> Dissolution offers the opportunity to substantially eliminate potential election costs as well as other LMCHD administrative costs and apply more revenues to healthcare purposes, although those purposes have not yet been determined. The County would not be subject to potential rent increases for the clinic. **Chapter 5** of this report describes this dissolution option and other potential governance options including the status quo.

Pending State legislation would allow the WCCHD to continue to exist under a governing body appointed by the Board of Supervisors, which will save election costs and may allow for coordination between the two agencies, as well as administrative efficiencies.

The CPHHCD was reorganized in 2012 from the Mt. Diablo Healthcare District into a more efficient subsidiary district. The only potential governance option identified, other than the Status Quo, is dissolution. The current MSR finds no justification for dissolution at this time, and therefore it is not evaluated further.

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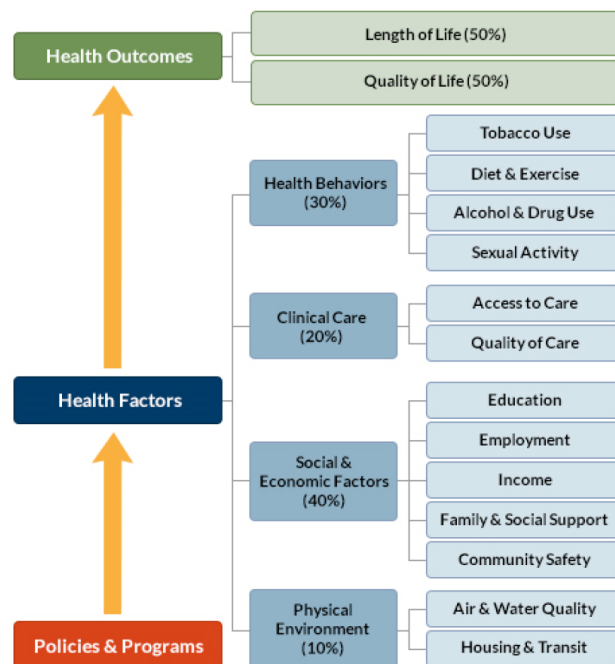
<sup>19</sup> Action by the Contra Costa Board of Supervisors, 11/7/17.

### 3. HEALTH CARE IN CONTRA COSTA COUNTY

In 2017, Contra Costa County ranked 9<sup>th</sup> among 52 California counties for factors important for good health.<sup>20</sup> The ranking process, illustrated in **Figure 1**, helps counties understand what influences residents' health and how long they will live. The factors are Countywide; significant differences are likely to exist within subareas of the County.

The factors include a variety of measures that affect the future health of communities, such as high school graduation rates, access to healthy foods, rates of smoking, obesity, and teen births. The rankings help identify issues and opportunities for local health improvement.

**Figure 1 Overview of Health Ranking Factors**



Source: County Health Rankings 2017

<sup>20</sup> University of Wisconsin Population Health Institute, County Health Rankings 2017.

[www.countyhealthrankings.org/california](http://www.countyhealthrankings.org/california)

## HEALTH NEEDS IN CONTRA COSTA COUNTY

Health needs assessment is “a systematic method of identifying unmet health and healthcare needs of a population and making changes to meet these unmet needs.”<sup>21</sup> Determining priorities must balance what should be done, what can be done, and what can be afforded.

### POPULATION GROWTH

**Table 1** shows growth projections for cities within Contra Costa healthcare districts, and for the County as a whole. ABAG projects the County to grow at a compounded rate just under 1 percent annually from 2015 through 2020. Forecasts from 2015 through 2040 show a 23 percent total increase.

The population is expected to increase in average age as baby boomers turn 65. For example, the Census reports that the percentage of residents 65 and over grew in Contra Costa County from 12.4% to 14.6% of the population.<sup>22</sup> This trend is expected to continue through 2029, contributing to increased healthcare needs.

### DISADVANTAGED COMMUNITIES

As shown in **Figure 2**, Disadvantaged Communities exist in the three Contra Costa healthcare districts. A “Disadvantaged Community” is “a territory that constitutes all or a portion of a ‘disadvantaged community’ including 12 or more registered voters”<sup>23</sup> with an annual median household income that is less than 80% of the statewide annual median household income.”<sup>24</sup>

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<sup>21</sup> Development and Importance of Health Needs Assessment, BMJ, 1998 April 25.  
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1113037/>

<sup>22</sup> “Baby boomers are growing the nation’s older population, Census estimates show”, Tatiana Sanchez, Bay Area News Group, June 21, 2017.

<sup>23</sup> Senate Bill 244: Land Use, General Plans, and Disadvantaged Communities, Technical Advisory, State of California Office of Planning and Research (OPR).

<sup>24</sup> Cal. Water Code § 79505.5. Qualifying MHI is 80% or less of Statewide MHI. In 2016 California MHI was \$63,636 and qualifying MHI is \$50,909.

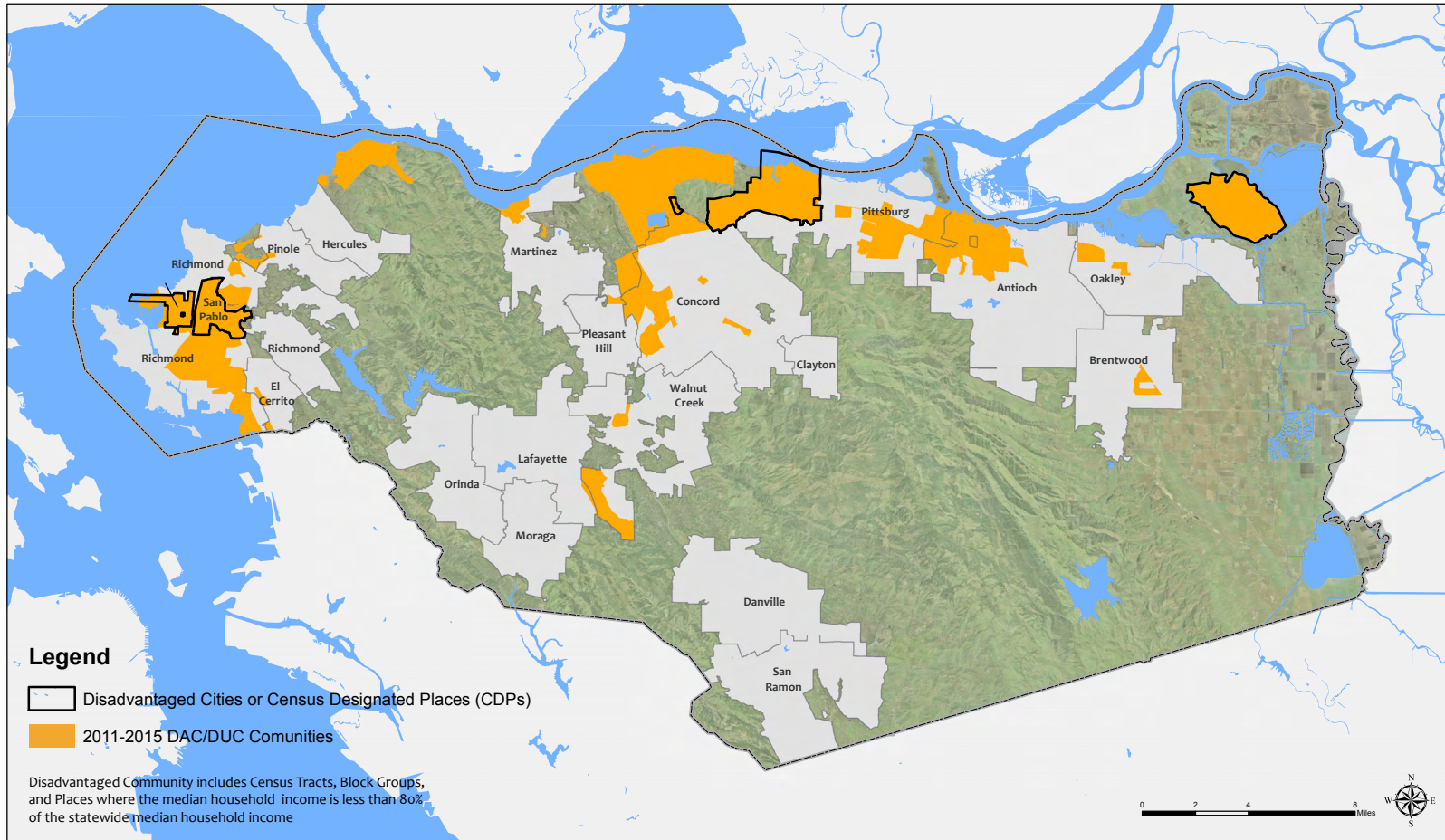
**Table 1 Population Growth in Healthcare District Cities and Countywide**

Area	2015	2020	5-Year		2040	Total % 2015-40
			Change	Annual %		
CPHHD						
Concord	125,300	128,500	3,200		181,500	
Pleasant Hill	<u>33,800</u>	<u>34,400</u>	<u>600</u>		<u>37,700</u>	
Total	159,100	162,900	3,800	0.6%	219,200	38%
LMCHD						
Pittsburg	67,600	72,000	4,400	1.6%	91,600	36%
WCCHD						
Richmond	109,100	114,600	5,500		140,100	
El Cerrito	24,100	24,700	600		27,500	
Hercules	26,500	28,900	2,400		39,500	
Pinole	18,900	19,500	600		22,200	
San Pablo	<u>30,300</u>	<u>31,500</u>	<u>1,200</u>		<u>37,200</u>	
Total	208,900	219,200	10,300	1.2%	266,500	28%
County Totals						
Cities	922,800	957,400	34,600	0.9%	1,155,900	25%
Unincorporated	<u>162,900</u>	<u>166,100</u>	<u>3,200</u>	0.5%	<u>182,500</u>	12%
Total	1,085,700	1,123,500	37,800	0.9%	1,338,400	23%

ABAG Projections 2013

11/30/17

**Figure 2 Disadvantaged Communities in Contra Costa County**



## MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

The California Office of Statewide Health Planning and Development (OSHPD) designates areas where critical health services are deficient. These areas may then qualify for certain State and Federal funds. **Appendix B** describes and maps each designation, and indicates where they exist relative to the three Contra Costa healthcare districts.

## HEALTH NEEDS ASSESSMENTS IN CONTRA COSTA COUNTY

The Affordable Care Act (ACA) requires not-for-profit hospitals to prepare a community health needs assessment (CHNA) every three years. The CHNAs provide the basis for implementation strategies. Typically, the CHNAs identified the highest priority health-related issues as "Obesity, Diabetes, Healthy Eating, and Active Living" and "Economic Security". **Appendix C** includes the priorities identified in CHNAs prepared for the following hospitals that serve the health district residents:

- John Muir Health
- Kaiser Foundation Hospitals (KFH)
  - KFH-Walnut Creek
  - KFH-Richmond
  - KFH-Antioch
- Sutter Delta Medical Center

## OTHER STUDIES AND INDICATORS

The Contra Costa Health Services Department has produced numerous studies documenting various health issues in the County.<sup>25</sup> Its comprehensive report on Countywide Health Indicators was last issued in 2010, and provided the basis for subsequent health planning within the County. The LMCHD Strategic Plan and its 2017 Health Profile relied on data from this report. The Healthy and Livable Collaborative, which focuses on health issues in the Pittsburg and surrounding areas within the LMCHD, also draws on data from the County's 2010 report.

Mental health needs and the adequacy of the response by the County were addressed in a Contra Costa Mental Health System of Care Needs Assessment.<sup>26</sup> The assessment considered the three regions of the County (West, Central, and East).

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<sup>25</sup> See the Contra Costa Health Services webpage at: <http://cchealth.org/publications/>

<sup>26</sup> Contra Costa Mental Health System of Care Needs Assessment, November 2016, Contra Costa Behavioral Health Services.



The County's EMS system was recently re-organized based on a modernization study.<sup>27</sup> Currently, 92 percent of county ambulance services are provided by agreement between the Contra Costa Fire Protection District as contractor and American Medical Response as subcontractor.<sup>28</sup>

## FACILITIES AND SERVICES IN THE COUNTY

**Figure 3** depicts the locations of hospitals in the County relative to boundaries of healthcare districts. Maps within each district chapter provide additional detail about other healthcare facilities.

**Table 2** shows emergency facilities by hospital within Contra Costa County. With the closure of Doctors Medical Center in the WCCHD, which reduced the number of emergency room beds in West County from 40 down to 15, West County has the fewest emergency medical treatment stations per capita compared to other regions within the County. The number of ER stations in West County has increased to 27, but still provides less than half the County average relative to its population. Other regions of the County have a number of emergency stations approximately at or above the Countywide average of 2.4 stations/10,000 population.

The reduction in ER stations has not significantly affected access to care in West County; use of emergency departments has trended downwards as care shifts with expansion and use of ambulatory care clinics and urgent care, and there is no evidence "West County patients that use the 9-1-1 system are taking a longer time getting to an appropriate level of care and have substantially longer transport times than anywhere else in the County" except for a limited number of Richmond patients.<sup>29</sup> The Doctors Hospital closure has been a disruption for those patients who "self transport" and walk into DMC for both ED care and specialty care.<sup>30</sup>

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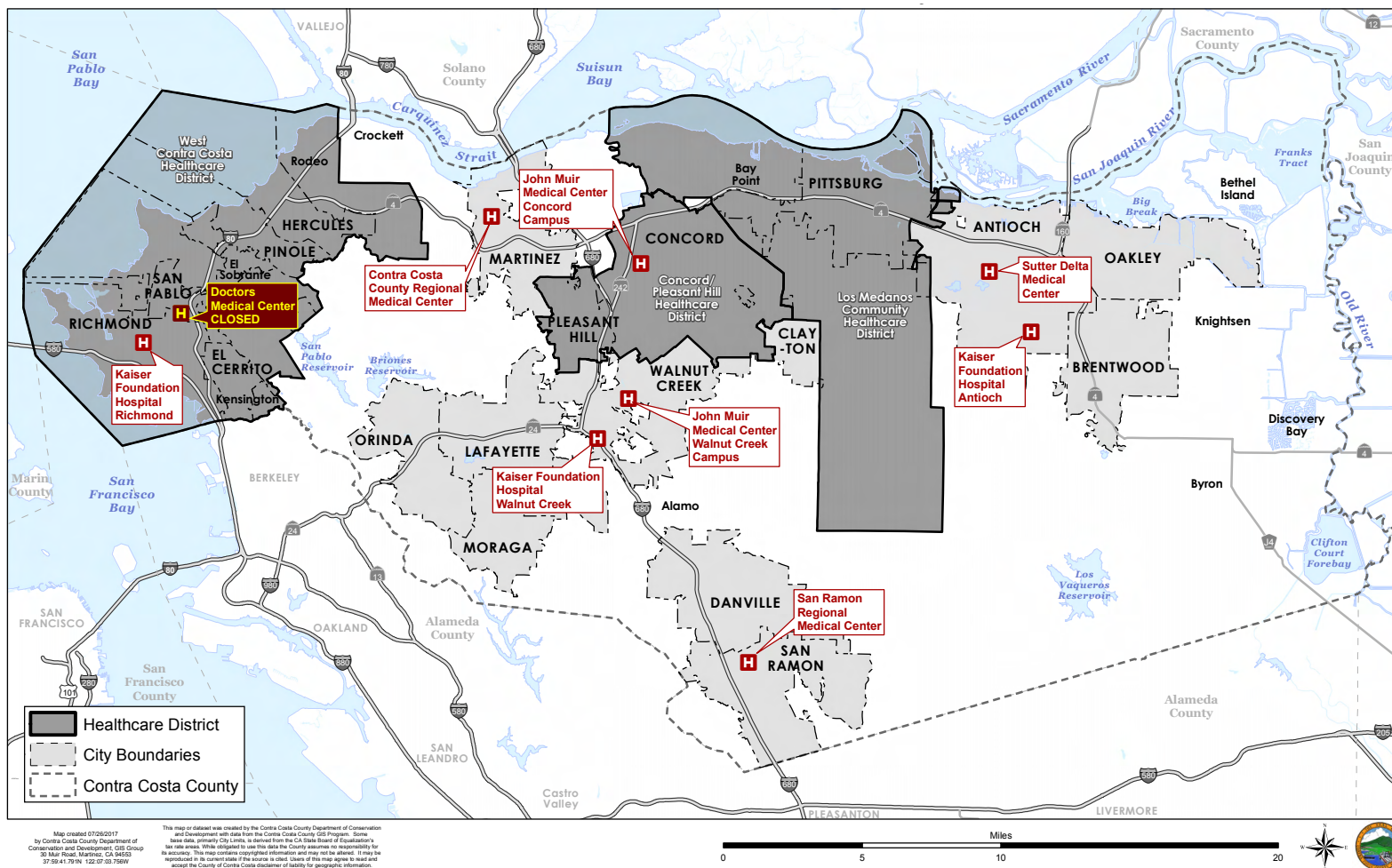
<sup>27</sup> <http://cchealth.org/ems/pdf/2014-EMS-System-Modernization-Study.pdf>

<sup>28</sup> Memorandum from Pat Frost, EMS Director, to Pat Godley, CFO, Contra Costa Health Services.

<sup>29</sup> Pat Frost, Director Emergency Medical Services, Contra Costa Health Services, 11/16/17.

<sup>30</sup> *ibid*, Pat Frost/ 11/16/17.

Figure 3 Hospitals in Contra Costa County



**Table 2 Emergency Medical Treatment Stations by Contra Costa Region**

General Acute Care Facility	City	County Area		
		West	Central	East
CONTRA COSTA REGIONAL MEDICAL CENTER	Martinez		26	
SUTTER DELTA MEDICAL CENTER	Antioch			32
JOHN MUIR MEDICAL CENTER-WALNUT CREEK CAMPUS	Walnut Creek		44	
KAISER FOUNDATION HOSPITAL - WALNUT CREEK	Walnut Creek		52	
JOHN MUIR MEDICAL CENTER-CONCORD CAMPUS	Concord		32	
SAN RAMON REGIONAL MEDICAL CENTER	San Ramon		12	
KAISER FOUNDATION HOSPITAL - RICHMOND CAMPUS (1)	Richmond	27		
KAISER FOUNDATION HOSPITAL - ANTIOCH	Antioch			37
<b>TOTAL STATIONS</b>	<b>262</b>	<b>27</b>	<b>166</b>	<b>69</b>
<b>Population</b>	<b>1,072,000</b>	<b>254,800</b>	<b>513,300</b>	<b>303,900</b>
<b>Stations/10,000 Population</b>	<b>2.4</b>	<b>1.1</b>	<b>3.2</b>	<b>2.3</b>

Source: ALIRTS Utilization Report 2015, as revised by Pat Frost, Director Emergency Medical Services, Contra Costa Health Services, 11/16/17. Population from American Community Survey, 2014

(1) Kaiser Richmond had 15 emergency stations in 2015 when DMC closed.

In the Bay Area, hospitals are increasingly consolidating and instead substituting building out urgent care and large specialty and primary care ambulatory clinics to serve the population. Most medical care is outpatient, and total inpatient bed capacity utilization has decreased from 2015-2017 including West County,<sup>31</sup> reducing the significance of emergency treatment stations per capita as a measure of access to care. However, depending on the future of the Affordable Care Act (ACA), use of emergency rooms by the uninsured could increase.

## COUNTY OF CONTRA COSTA

The County of Contra Costa provides a broad range of health-related services to County residents, including the following:

- **Behavioral Health Services**- Includes mental health, alcohol and other drugs and homeless programs.
- **Contra Costa Health Plan** - A federally qualified health maintenance organization (HMO) providing over 90,000 people in Contra Costa County with health coverage.

<sup>31</sup> *ibid*, Pat Frost/ 11/16/17.

- **Emergency Medical Service (EMS)** – Local regulatory authority responsible for the coordination emergency medical services (dispatch, first responders 9-1-1 ambulance services and emergency departments). Coordinates and oversees county and regional Trauma, Stroke, High Risk Heart Attack and Cardiac Arrest programs. Oversees permitting of non-emergency ambulance providers.
- **Environmental Health** – Regulates and inspects a range of facilities and activities to protect public health, including food operations and restaurants, swimming pools, and other public areas, sewage and solid waste facilities.
- **Hazardous Materials** - Responds to emergencies and monitors hazardous materials.
- **Public Health** - Promotes and protects the health of County residents, with special attention to communities and populations most at risk for poor health outcomes and those most affected by environmental inequities.
- **Contra Costa Regional Medical Center (CCMRC) and Health Centers** - CCRMC is a 166-bed full service acute care hospital serving Contra Costa residents. Ten Health Centers throughout Contra Costa offer health care with a full range of specialty services.

The County is in the process of developing a Public Health Strategic Plan, which will not be completed until 2018, focusing on the Public Health Division's activities in community health and prevention.<sup>32</sup>

Several examples of specific County programs that provide grants similar to healthcare districts in the County, and/or that provide services similar to those receive grants from healthcare districts, are summarized below.

### **The Community Wellness & Prevention Program**

The Community Wellness & Prevention Program (CWPP) of Contra Costa Health Services aims to “improve the environmental, social and economic conditions that contribute to poor health, and support a quality of life that promotes the health and wellbeing of all county residents, with special attention to those under served.”<sup>33</sup>

### **Contra Costa Regional Health Foundation**

Contra Costa Regional Health Foundation is a non-profit organization that “supports Contra Costa Health Services in its work to care for and improve the health of all the people in Contra Costa County with special attention to those who are the most vulnerable.”<sup>34</sup>

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<sup>32</sup> Correspondence from Dr. Walker, Contra Costa Health Services, to L.Texeira, 9/23/17.

<sup>33</sup> <http://cchealth.org/prevention/>

<sup>34</sup> <http://ccrhf.org/>

## 4. CONCORD/PLEASANT HILL HEALTH CARE DISTRICT (CPHHCD)

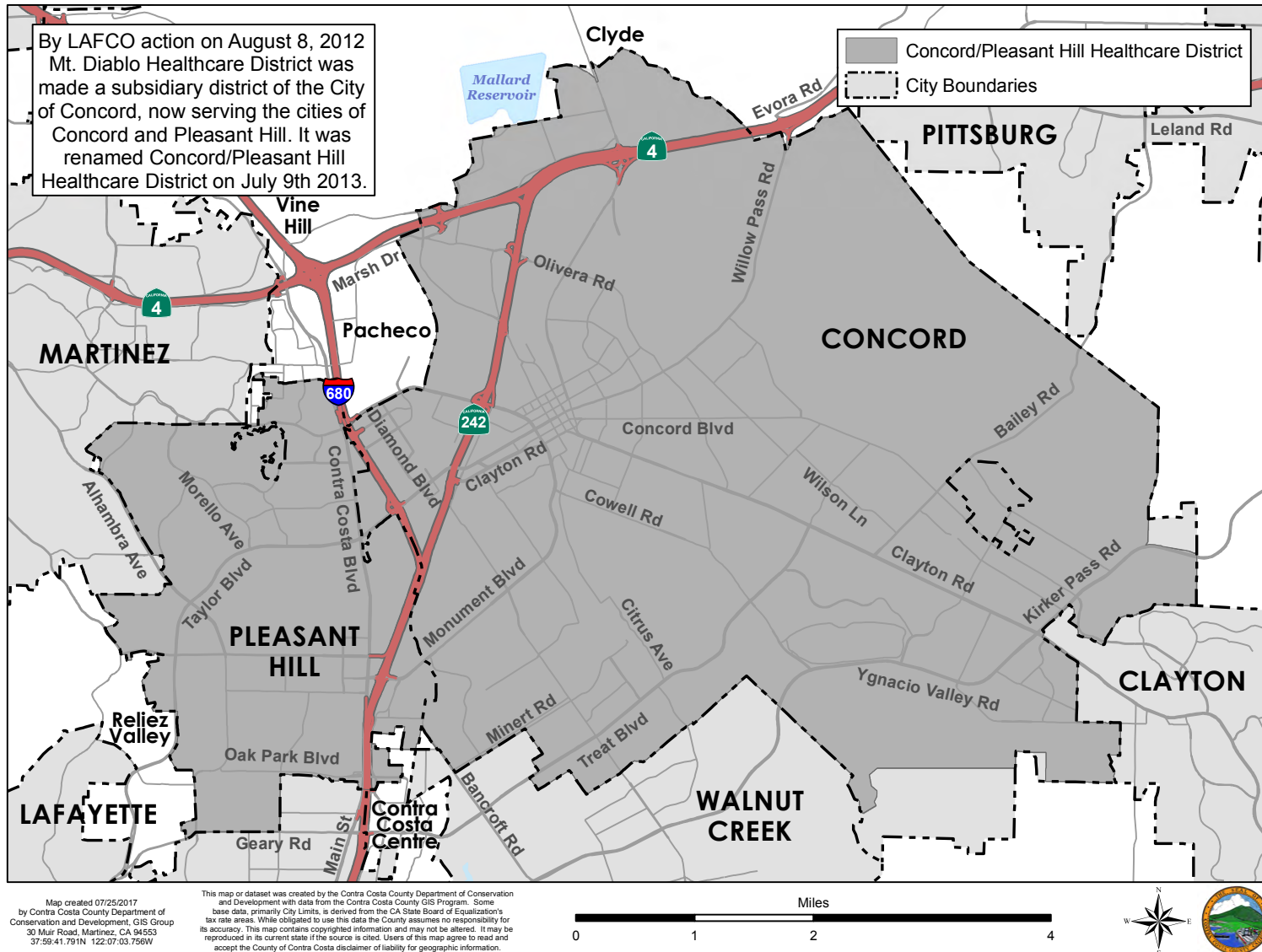
**Figure 4** depicts the boundaries of the District. The CPPHD serves 162,000 residents residing primarily in the cities of Concord and Pleasant Hill, and about 800 residents of unincorporated areas. The CPPHD is a subsidiary district of the City of Concord, a result of Contra Costa LAFCO's reorganization of the former Mt. Diablo Healthcare District (MDHCD) in 2012. The District does not own or operate a hospital; the District's primarily grants funds to healthcare-related agencies that provide services to District residents.

The MDHCD transferred its hospital to John Muir Health in 1996, but continued to use its property tax, which averaged about \$200,000 per year, for grants to local organizations and for a variety of educational and other health-related programs. The MDHCD also occupied seats on the John Muir Community Health Foundation board that distributes \$1 million a year for health services grants. Over the years, the MDHCD had been the subject of several Grand Jury reports calling for it to be disbanded, and eventually MDHCD was reorganized as the smaller subsidiary district by LAFCO.

Staff, Board, election and other administrative costs were largely eliminated by the reorganization, but many of the District's healthcare functions continue, including ongoing membership on the Health Foundation board, and distribution of grants. Staff and administrative services are provided by the City of Concord, and the Concord City Council sits as the Board of the District.

The City of Concord represents nearly 80 percent of the District's population as described in **Table 3**, and Pleasant Hill residents comprise the remaining 20 percent. A small portion of the District includes about 800 residents of the unincorporated County.

Figure 4 CPHHCD Boundaries



**Table 3 Summary of Population and Area within the CPHHCD Boundaries**

Area	Population	Area (sq.miles) (3)					
	Total City or	District Population (2)(3)			Total City or	District Area	
	Community (1)	%	Residents	% Dist.	Community	Sq. Miles	% Dist.
<u>INCORPORATED</u>							
Concord	128,370 (1)	99%	126,687	78.1%	30.53	29.59	79.9%
Pleasant Hill	34,657 (1)	100%	34,657	21.4%	7.08	<u>7.08</u>	<u>19.1%</u>
Total, Incorporated	163,027	99%	161,344	99.5%		36.67	99.0%
<u>UNINCORPORATED</u>							
Other Unincorporated	<u>886</u> (3)	100%	<u>886</u>	<u>0.5%</u>		<u>0.35</u>	<u>0.5%</u>
Total, Unincorporated	886 (1)	100%	886	0.5%		0.35	1.0%
TOTAL	163,913 (1)	99%	162,230	100.0%	-	37.02	100.0%

(1) Source: Cal. Dept. of Finance, Report E-1: City/County Population Estimates 1/1/17

(2) Census, American Community Survey, 5-year

(3) County of Contra Costa GIS, 2017-07-27; land area only.

8/1/17

## HEALTH NEEDS IN THE DISTRICT

Health Needs Assessments prepared by hospitals serving the community prioritize obesity-related health issues. State data indicate a shortage of medical professionals within areas of the District.

Currently, the District does not actively evaluate healthcare needs within the District. It relies on input from local health providers and grant applicants to define and document the needs. For example, the District's grant application requests a description of the community need, problem or issue addressed by the applicant's program, and asks for inclusion of relevant information and studies specific to the District.<sup>35</sup> The District's grant evaluation criteria assign a weighted score to the applicant's demonstration that needs are addressed.<sup>36</sup>

## POPULATION GROWTH

As shown in prior **Table 1**, ABAG projects the cities of Concord and Pleasant Hill, which represent virtually all of the District's population, to average 0.4% to 0.6% growth from 2015

<sup>35</sup> Application for Funding for FY 2016-17, Concord/Pleasant Hill Health Care District, Item 2.C.

<sup>36</sup> FY 2016/17 Concord/Pleasant Hill Health Care District Evaluation Criteria



through 2020. This growth rate would increase the District's population by 3,800 residents. By 2040 ABAG estimates a 38% increase in the number of residents in the District's cities compared to 2015.

## DISADVANTAGED COMMUNITIES

Portions of the City of Concord, on its north and west sides, and portions of the City of Pleasant Hill, qualify as disadvantaged communities as shown on prior **Figure 2**.

## MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

As described and mapped in **Appendix B**, OSHPD designates areas with different types of medical professional shortages.

No medically underserved areas exist within the CPHHCD (see **Figure B-1**), no Dental Health Professional Shortage Areas (see **Figure B-3**), and no Mental Health Professional Shortage Areas (see **Figure B-4**) exist within the District. Areas within the District are designated as Primary Care Shortage Areas (see **Figure B-2**).

## HEALTH NEEDS ASSESSMENTS

The JMH community health needs assessment (CHNA), which includes the territory of the CPHHCD, prioritized "Obesity, Diabetes, Healthy Eating, and Active Living", followed by "economic security" and "Healthcare Access & Delivery, including Primary & Specialty Care."<sup>37</sup> The Kaiser Foundation Hospital, which serves areas of the District, also identified obesity and related health issues as a top priority.<sup>38</sup>

## OTHER STUDIES AND INDICATORS

The District does not compile a "health profile", but does require that grant recipients document the health needs that the grant funded program would address.

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<sup>37</sup> 2016 Health Needs Assessment, John Muir Health.

<sup>38</sup> 2016 Community Health Needs Assessment, Kaiser Foundation Hospitals Oakland and Richmond, approved September 21, 2016.



## FACILITIES AND SERVICES IN THE DISTRICT

**Figure 5** indicates the locations of medical facilities within and proximate to the District. The City of Concord and adjacent communities are served by the John Muir Medical Center. As also noted for the LMCHD, the numbers of Central County’s emergency stations exceed County averages per capita. As noted above, areas within the District are designated as Primary Care Shortage Areas.

## CPHHCD GOVERNANCE

LAFCO authorized the Concord City Council to serve as the ex officio<sup>39</sup> Board of Directors of CPHHCD.<sup>40</sup> Actions requested of the CPHHCD are included on City Council meeting agendas as necessary under “City Council Sitting as the Concord/Pleasant Hill Health Care District”.

The CPHHCD Board appointed five Concord residents to the Concord/Pleasant Hill Health Care District Grant Committee to make “annual recommendations for the ongoing allocation of property tax revenues directed at meeting the health care needs of the community.”<sup>41</sup> Two Pleasant Hill residents were appointed to the Grant Committee by the Pleasant Hill City Council.

Participation by the former MDHCD on the John Muir Community Health Fund Board continued through the CPHHCD Board appointment of two Concord city councilmembers and one public representative. The City of Concord appointees joined the two representatives appointed by the City of Pleasant Hill and five John Muir members. The Community Health Fund Board directs the allocation of approximately \$1 million annually.

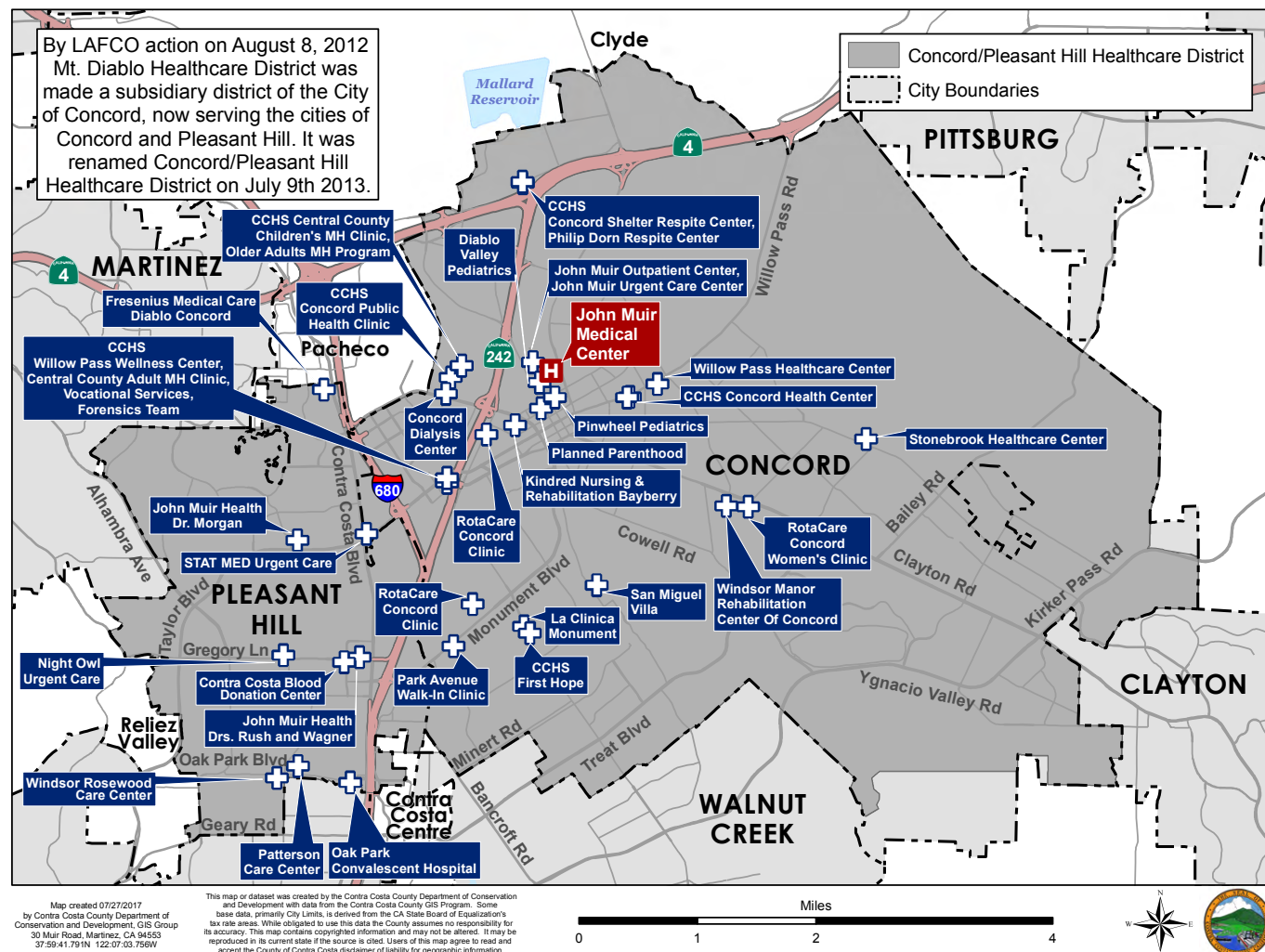
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<sup>39</sup> Ex officio members of a board are serving on the board “by reason of their office,” rather than by being elected or appointed to the position.

<sup>40</sup> Contra Costa LAFCO, August 8, 2012, Resolution No. 12-02B, Resolution of the Contra Costa Local Agency Formation Commission Making Determinations and Approving the Mt. Diablo Health Care District Reorganization: Detachment of Territory and Establishment as a Subsidiary District.

<sup>41</sup> Concord/Pleasant Hill Health Care District web page,  
<http://www.cityofconcord.org/page.asp?pid=7005> 2017-06-20.

Figure 5 Health Care Facilities in the CPHHCD



## ACCOUNTABILITY

The City Council sits as the governing body of the District, and meetings are noticed and materials included as a part of the City's council meetings. Information about the District is included on the City's website, and District financial reports are part of the City's audit process and included in City financial reports.

While the City integrates the District into the governance practices of the City, which is a cost-effective practice, this consolidation does not promote best practices that encourage transparency. For example:

- The City's website lists the District under its "Quicklinks" menu and links to a page providing a description of the District and related information;<sup>42</sup> but the District does not otherwise have its own listing under the "Government" menu (with the exception of the District Grant Committee shown under "Government/City Agendas and Videos"<sup>43</sup>).
- The District is listed under the City's website "About" page, under the heading "City Projects and Initiatives".<sup>44</sup>
- The City's online calendar shows meetings of the District's Grant Committee, but does not indicate meetings of the District Board (City Council sitting as the Board). Similarly, a link exists to the Grant Committee's agendas, but not to District Board agendas.
- The City's main website menus identify "Community Grants" which includes information only about District grants; re-labeling this page to indicate that the link will go to the District's grant page would improve transparency.
- On the City's website, the District's name is often abbreviated, making its identification more difficult.
- The City's financial reports include a separate accounting for the District, however, the District reports are not separately posted on the City's website (and/or on the District webpage).
- Other than the webpages noted above, there is no apparent public outreach to inform residents of District activities, for example, through sign-ups to emailings which are available for other City purposes.

Public outreach is conducted to inform residents of District activities. The notice of available funding and the kickoff meeting for each grant cycle is sent to approximately 600 individuals and

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<sup>42</sup> <http://www.cityofconcord.org/page.asp?pid=7005>

<sup>43</sup> <http://www.cityofconcord.org/page.asp?pid=05>

<sup>44</sup> <http://www.cityofconcord.org/page.asp?pid=06>

agencies on the City's interested parties list. The notice is posted on the City's website and in local newspapers thirty days prior to the kickoff meeting. Agendas for each meeting of the Grant Committee during the application review process are posted at City Hall and on the City's website. The Committee's funding recommendations are sent to all applicants and are posted 30 days prior to the Public Hearing. The Public Hearing is properly noticed.

Although the District is a subsidiary district to the City of Concord, which means that the Concord City Council serves as its board, the District serves other communities and is a legal entity separate from the City. This distinction should be more explicit through the separate presentation of information about the District.

## CPHHCD GOALS, POLICIES AND PLANS

The CPHHCD Strategic Plan describes the District's mission:

"The Concord/Pleasant Hill Care District is dedicated to improving the health of people and communities within the Health Care District by funding needed health programs, engaging in health collaborations, and promoting and advocating for needed changes in health policies."<sup>45</sup>

The Strategic Plan identifies funding priorities to guide its allocation of grants. The two priorities are:

- 1) **Health Access** - Increase access to medical, dental, mental health, and optometry health services; access to related transportation services and assistance in accessing health services, and making services geographically more accessible; and increasing provider competencies through training and/or technology.
- 2) **Healthy Lifestyle** - Promote healthy lifestyles by improving access to health information and nutritional choices, exercise and fitness programs, prevention programs, and social services that compliment health care services and enhance well-being.

## CPHHCD SERVICES

The District continued its predecessor's participation on the board of the John Muir/Mt. Diablo Community Health Fund (CHF), which was created when the Mt. Diablo hospital was acquired by John Muir. The CHF provides over \$1 million in grant funding to various agencies delivering services to residents of the region including primary care, specialty care, dental care, behavioral

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<sup>45</sup> CPHHCD 2016-18 Strategic Plan.

health care, and healthy aging support services for conditions that range from cancer and chronic disease through dental care and mental illness.<sup>46</sup>

In addition to its participation in the grant activities of the CHF, CPHHCD provides grants to healthcare service providers.

## GRANT POLICIES

As described above in “CPHHCD Goals, Policies and Plans”, the CPHHCD’s grant priorities are: 1) health access; and 2) healthy lifestyles. These goals are generally aligned with priorities identified by Health Needs Assessments.

The District’s grant evaluation criteria evaluate whether and how grant applications identify and address needs and community benefits within one or both of these priorities, and weight the outcome by 60 out of 100 total evaluation points. The remaining 40 points are allocated for organizational and administrative capacity, partnerships and collaboration with other local agencies and financial review. The grant process requires that applicants submit supporting materials to demonstrate how their service or activity meets identified needs. In addition, during the grant process each applicant agency is required to provide a presentation to the Grant Committee detailing how their program or project meets the requirements of the program and the needs of the District. These presentations are noticed to the community and the public is invited to attend.

## GRANT COMMITTEE

The District documents the purpose and responsibilities of its Grant Committee. The purpose of the committee is to “review applications from local agencies that provide programs that promote health access or healthy lifestyles, and make funding recommendations to the District’s Board of Directors (City Council).”<sup>47</sup>

The Grant Committee consists of seven members – the City of Concord appoints five and the City of Pleasant Hill appoints two, roughly proportionate to their respective populations within the District.

The Committee makes grants on a two-year cycle followed by a three-year cycle, holding regular meetings during the first year of the cycle and meeting as needed in subsequent years. Agencies

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<sup>46</sup> <http://www.jmmdcommunityhealthfund.com>

<sup>47</sup> Concord/Pleasant Hill Health Care District Grant Committee: Purpose & Responsibilities, July 12, 2017

meeting their performance goals and demonstrating appropriate expenditure of grant funds are awarded the second or third year of their grant award. This approach streamlines the grant process by reducing the application and reporting burden of the agencies and the time requirement of the Committee.

## GRANT AWARDS

**Table 4** shows grants awarded for FY2017-18. The table lists 17 grants generally ranging from \$10,000 to \$25,000. As noted by the District, most of the agencies awarded grants provide services to Central Contra Costa County, or Countywide. The District requires that grant recipients report the number of District residents served by its programs.

Upon its initial formation as a subsidiary district, the District utilized its Community Development Block Grant (CDBG) committee to evaluate and award grants. The District's grant process generally is modeled after its CDBG process, although it now utilizes a separate committee for awarding health care-related grants. The District found that its current structure enables the District to focus on healthcare needs and services.

**Table 4 Summary of CPHHCD FY16-17 Grants**

Agency	Program	FY 2016/17	Recommended FY 2017/18
Choice in Aging (1)	Adult Day Health Care: Comprehensive Health Care for Frail Seniors	\$22,000	\$22,000
Contra Costa Crisis Center	Health Access 24-7: 211 Information & Referral	\$22,000	\$22,000
Contra Costa Family Justice Alliance	Family Justice Center	\$22,000	\$22,000
Food Bank of Contra Costa and Solano	Food Bank - Community Produce Program	\$16,000	\$16,000
Meals on Wheels of Contra Costa, Inc.	Meals for Concord/Pleasant Hill Homebound Elders	\$16,000	\$16,000
Meals on Wheels and Senior Outreach Services	Senior Total Health Management Initiative	\$13,000	\$13,000
Monument Crisis Center	Healthy PH/C Healthy Pleasant Hill Healthy Concord	\$25,000	\$25,000
Mt. Diablo USD CARES After School Program	Making a Healthy Lifestyle Your	\$10,000	\$10,000
Ombudsman Services of Contra Costa	Ombudsman Services of Contra Costa	\$16,000	\$16,000
Pleasant Hill Senior Center	CC Café Senior Nutrition Program	\$13,000	\$13,000
Rainbow Community Center	HIV/LGBT Senior Program	\$12,000	\$12,000
Rainbow Community Center	Youth Services	\$12,000	\$12,000
RotaCare Bay Area, Inc.	RotaCare Bay Area, Inc./Concord Clinic	\$22,000	\$22,000
STAND! For Families Free of Violence	Central County Domestic Violence Emergency Response	\$16,000	\$16,000
(The) Respite Inn (2)	Health and Fitness Program	\$13,000	\$0
Contra Costa County Health Services/Homeless Programs	CORE Outreach Team	<u>\$0</u>	<u>\$13,000</u>
<b>TOTAL FUNDING</b>		<b>\$250,000</b>	<b>\$250,000</b>

Source: Concord/Pleasant Hill Health Care District Grant Committee FY 2017/18 Funding Recommendations

(1) Formerly Rehabilitation Services of Northern California.

(2) 2016/17 Funding was a one-time grant for the purchase of exercise equipment.

## COORDINATION WITH OTHER PROVIDERS

To maximize community benefit, the evaluation criteria used by the Grant Committee allocates ten points for partnerships and collaboration between applicant agencies and other local service providers. While there is no formal coordination with other health care providers, local representatives from John Muir Health and Contra Costa County Health Services are invited to speak to the Committee regarding local health needs. In addition, the Health Needs Assessments prepared by hospitals serving the area are provided to Committee members and are discussed during the application review process. The District requires applicants for funding

to identify the health needs to be addressed by their programs, and to submit appropriate supporting documentation.<sup>48</sup>

## CPHHCD PROPERTY

The CPHHCD does not own or operate any facilities. Its predecessor, formed in 1948 to build the Mt. Diablo Medical Center, subsequently transferred in 1996 all rights and title in the Mt. Diablo Medical Center, including land, buildings and equipment, to John Muir Health (JMH). In return, JMH is required to operate and maintain the District's healthcare facilities and assets for the benefit of the communities served by the District.

## CPHHCD FINANCES

The District's FY16-17 revenues shown in **Table 5** consist primarily of property taxes. Grants account for 80 percent of District expenditures, and overhead for operating expense and staff represents 20 percent.

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<sup>48</sup> Meeting with R.Berkson, LAFCO staff, and CPHHCD staff, 6/21/17.



**Table 5 Summary of CPHHCD Revenues and Expenditures (FY2016-17)**

<b>Item</b>	<b>Actual FY 2016/17</b>	<b>% of Total</b>
<b>Beginning Balance (1)</b>	\$56,600	
<b>Revenues (2)</b>		
Property Tax	\$292,300	92%
John Muir	25,000	8%
Interest	<u>400</u>	<u>0%</u>
Total Revenues	\$317,700	100%
<b>Expenditures (2)</b>		
Salaries and Benefits	\$46,700	17%
Services and Supplies	<u>10,100</u>	<u>4%</u>
Subtotal	56,800	20%
Grants	<u>221,500</u>	<u>80%</u>
Total Expenditures	\$278,300	100%
<b>Net Total</b>	\$39,400	
<b>Ending Balance (3)</b>	\$96,000	

(1) Beginning balance, City of Concord Combining Schedule  
for the Year Ended June 30, 2016

(2) City of Concord, Actual vs. Budget, Fund 530, FY16-17

(3) Ending balance estimated by Berkson Associates.

## CPHHCD REVENUES

### PROPERTY TAX

The \$20.5 billion of assessed value within District boundaries, shown in **Table 6**, generates approximately \$300,000 annually in District property taxes. Property taxes are the primary source of revenue, supplemented by an annual grant of \$25,000 from JMH.

**Table 6 Summary of Assessed Value within the CPHHCD Boundaries**

Area	Total A.V. Total City or Community (1)	District Assessed Value (1)			
		%	\$	% Dist.	
<u>INCORPORATED</u>					
Concord	\$ 15,009,077,656	97%	\$ 14,580,088,762	71.2%	
Pleasant Hill	\$ 5,725,256,425	100%	\$ 5,725,256,425	28.0%	
Total, Incorporated	\$ 20,734,334,081	98%	\$ 20,305,345,187	99.2%	
<u>UNINCORPORATED</u>					
Other Unincorporated					
Total, Unincorporated	\$ -		\$ 173,997,512	0.8%	
TOTAL	\$ 20,734,334,081	99%	\$ 20,479,342,699	100.0%	

(1) Source: Contra Costa County Assessor, 2017-18 Total A.V.

7/26/17

## CPHHCD EXPENDITURES

### OVERHEAD AND ADMINISTRATION

The District utilizes the services of a part-time staff person, and allocates a share of City administrative overhead and expenses. Total overhead and administration represent 20 percent of District expenditures.

### GRANTS

Grants to service providers represent 80 percent of District expenditures.

## CPHHCD ASSETS AND LIABILITIES

The District's assets consist of the net fund balance, estimated to be \$96,000 at the end of FY2016-17 (see prior **Table 5**).

When the District was reorganized as a subsidiary district of the City of Concord, LAFCO's resolution required that the prior independent district, the Mt. Diablo Healthcare District,

“negotiate a fully-funded, closed plan with its existing health care beneficiaries resolving any currently unfunded health care benefit liability, solely utilizing District assets.”<sup>49</sup> Thus, the reorganization transferred no liabilities to the newly formed subsidiary district.

## CPHHCD ORGANIZATIONAL ISSUES AND OPTIONS

The following sections describe each option and key opportunities and limitations.

- **Maintain the Status Quo** -- The current subsidiary district would continue. As noted in this report, the District is not clearly distinguished as a district separate from other City activities. Addressing these concerns, including additional public outreach, would improve adherence to transparency principles. Similarly, improvements in coordination with and use of health conditions information, in addition to relying on submittals of grant applicants, would also strengthen the nexus between District funding and its strategic goals. It is recognized that the District's limited resources constrain its ability to prepare detailed health profile and needs analysis, but existing data sources could be utilized at minimal cost.
- **Dissolution with Appointment of Successor for Winding-up Affairs** -- Dissolution would eliminate the District and its assets would be liquidated or distributed to other public agencies. LAFCO would appoint a successor agency to wind up the affairs of the District and manage the liquidation and distribution of assets.

The current MSR finds no justification for dissolution at this time, and therefore it is not evaluated further.

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<sup>49</sup> Resolution No. 12-02B, Contra Costa LAFCO, passed and adopted June 29, 2012.

## 5. LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT (LMCHD)

**Figure 6** depicts the boundaries of the District. The LMCHD serves 97,000 residents residing primarily in the City of Pittsburg (72 percent) and unincorporated community of Bay Point west of Pittsburg. The District also includes about 2,000 residents of other unincorporated areas, and 2,400 residents of small portions of the cities of Antioch, Clayton and Concord. The District owns a former hospital building that it leases to the County of Contra Costa for use as the Pittsburg Health Center, the largest clinic operated by the County Health Services Department, with over 100,000 visits per year, and supports various healthcare-related programs through grants and direct support.

The LMCHD was formed in 1946 for the purpose of constructing a hospital to serve the community. The District filed for Chapter 9 bankruptcy in 1994 and closed its hospital. The District's bankruptcy obligations were largely repaid by 1997.<sup>50</sup>

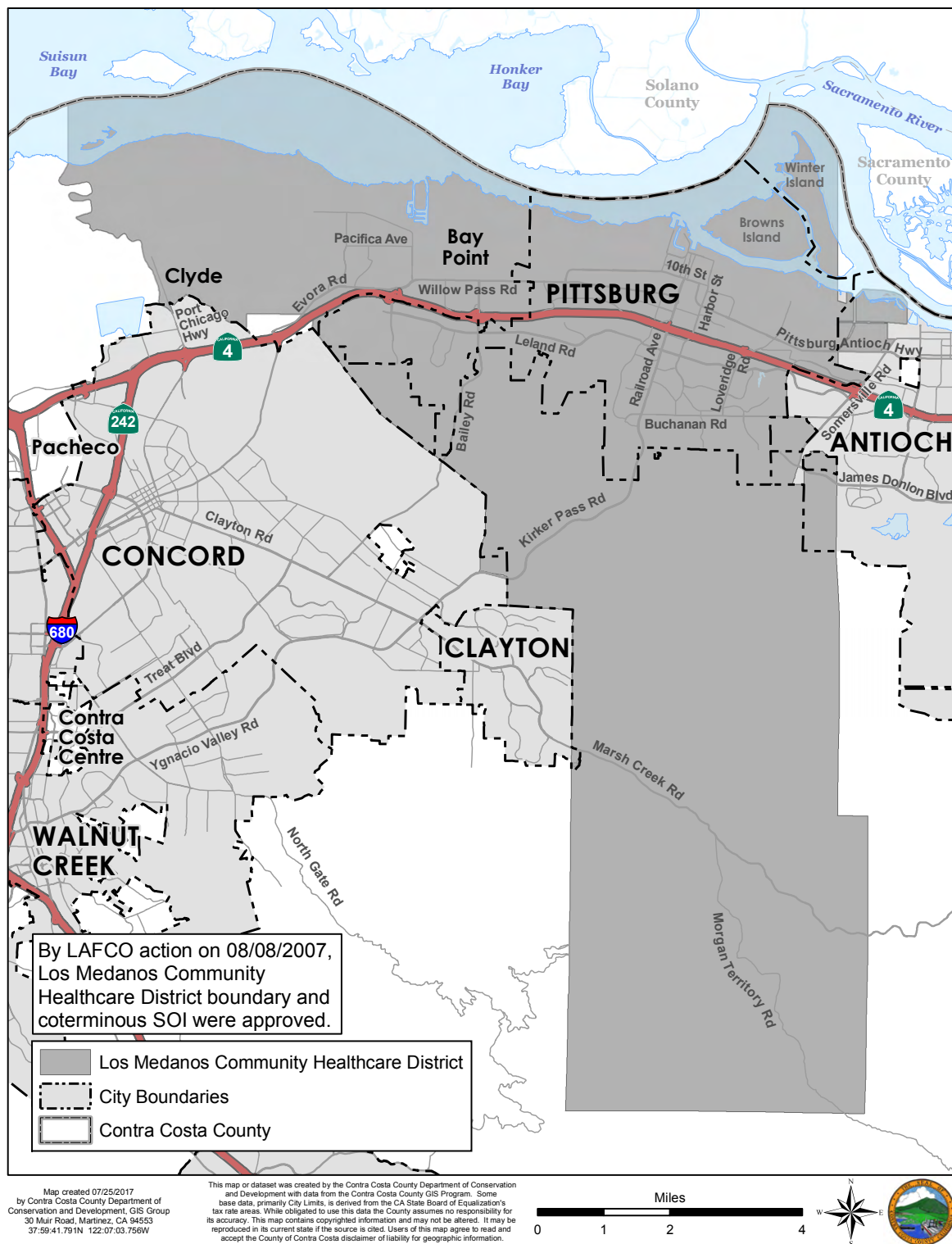
The bankruptcy Plan required an assignment of rents to OSHPD from lease of the hospital building as consideration for OSHPD loans provided to LMCHD through OSHPD's Cal-Mortgage Division. An agreement in 2000 specified that cessation of revenues from the hospital building would trigger an obligation due to OSHPD.

Since the bankruptcy, the District has pursued its goals by developing and funding a range of community health programs.

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<sup>50</sup> Snapshot of LMCHD History, LMCHD Strategic Plan 2011-2016, Adopted October 2010. The bankruptcy Plan for the Adjustment of Debt is dated August 18, 1998.

Figure 6 LMCHD Boundaries



**Table 7** details the District’s population and area by jurisdiction. As previously noted, the City of Pittsburg and the Bay Point community represent the majority of District residents. Small portions of the District fall within the cities of Antioch, Clayton and Concord.

**Table 7 Summary of Population and Area within the LMCHD Boundaries**

Area	Population Total City or Community (1)	District Population (2)(3)			Area (sq.miles) (3)			
		%	Residents	% Dist.	Total City or Community	District Area Sq. Miles	% Dist.	
<b><u>INCORPORATED</u></b>								
Pittsburg	69,818 (1)	100%	69,818	72.2%	(3)	16.28	16.25	20.5%
Antioch	114,241 (1)	2%	2,120	2.2%		29.33	1.44	1.8%
Clayton	11,284 (1)	1%	68	0.1%		3.83	0.04	0.0%
Concord	<u>128,370</u> (1)	0.2%	<u>225</u>	<u>0.2%</u>		30.53	<u>0.13</u>	<u>0.2%</u>
Total, Incorporated	323,713	22%	72,231	74.6%			17.86	22.5%
<b><u>UNINCORPORATED</u></b>								
Bay Point	22,473 (2)	100%	22,473	23.2%		3.24	3.24	4.1%
Clyde	751 (2)	100%	751	0.8%		0.15	0.15	0.2%
Other Unincorporated	<u>1,305</u> (3)	100%	<u>1,305</u>	<u>1.3%</u>			<u>58.03</u>	<u>73.2%</u>
Total, Unincorporated	24,529 (1)	100%	24,529	25.4%			61.41	77.5%
TOTAL	348,242 (1)	28%	96,760	100.0%		-	79.27	100.0%

(1) Source: Cal. Dept. of Finance, Report E-1: City/County Population Estimates 1/1/17

(2) Census, American Community Survey, 5-year

(3) County of Contra Costa GIS, 2017-07-27; land area only.

8/1/17

## HEALTH NEEDS IN THE DISTRICT

A report prepared in 2013 by Contra Costa Health Services identified a number of health issues affecting communities within the District, where “rates of poverty, deaths from chronic diseases, and childhood overweight/obesity are similar to, or in some cases higher ...than the county as a whole.”<sup>51</sup> State data identifies health service shortfalls within the District’s boundaries. Population growth and demographic changes, and uncertain changes in healthcare funding create an imperative to maintain and improve healthcare services in the area. The following sections provide an overview of factors indicating health needs in the District.

<sup>51</sup> Health Indicators and Environmental Factors Related to Obesity for Antioch, Bay Point, and Pittsburg, Contra Costa Health Services, May 2013.

## POPULATION GROWTH

As shown in prior **Table 1**, ABAG projects the City of Pittsburg, which includes 72 percent of the District's population, to grow by about 1.6 percent annually. Over the period from 2015 through 2020, this rate of growth would increase the District's population by about 4,400 residents. ABAG projects longer-term growth to continue, increasing the need for healthcare services accordingly; ABAG estimates, by 2040, the District's resident population will grow by 36 percent compared to 2015.

## DISADVANTAGED COMMUNITIES

The unincorporated communities of Clyde and Bay Point, and much of the City of Pittsburg, qualify as Disadvantaged Communities as shown in prior **Figure 2**.

## MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

As described and mapped in **Appendix B**, OSHPD designates areas with different types of medical professional shortages.

No medically underserved areas exist within the LMCHD (see **Figure B-1**), and no Dental Health Professional Shortage Areas (see **Figure B-3**) exist within the District. Areas in Pittsburg and Bay Point are designated as Mental Health Professional Shortage Areas (see **Figure B-4**) and Primary Care Shortage Areas (see **Figure B-2**).

## HEALTH NEEDS ASSESSMENTS

The Kaiser Foundation Hospital-Antioch 2016 Community Health Needs Assessment (CHNA) described and prioritized health issues within its service area, which includes Pittsburg and the LMCHD service area, as well as Antioch. The top two health category priorities included: 1) Economic Security; and 2) Obesity, Diabetes, Healthy Eating, and Active Living.

Although the District's 2017 Health Profile does not reference the CHNA data and findings, many of its funded programs do address these issues. The District's Strategic Plan also describes these issues; however, the Plan has not been updated since the original 2011 Plan, and therefore does not reference this information.

## OTHER STUDIES AND INDICATORS

In 2013, the County Health Services Department produced a report describing health issues related to obesity in the Antioch, Bay Point and Pittsburg areas.<sup>52</sup> The report provided an impetus for the formation of the Healthy and Livable Pittsburg Collaborative which includes the LMCHD as a member. The Collaborative produced a Community Action Plan that includes, as described by the Collaborative, “five long-term outcomes focused on nutrition and health education, physical activity, community engagement, physical environment, and policy. Each long-term outcome includes activities and their expected intermediate outcomes that will lead to an improvement of the health status of Pittsburg residents.”<sup>53</sup>

## FACILITIES AND SERVICES IN THE DISTRICT

**Figure 7** indicates the locations of medical facilities within and proximate to the District. While there are no acute care hospitals within the District, a number of major facilities exist in adjacent communities, as shown in prior **Figure 3**, “Hospitals in Contra Costa County”. In general, East County’s emergency stations are similar to County averages per capita. Within District boundaries are several clinics and healthcare centers, including the CCHS Pittsburg Health Center in the District’s building leased by the District to the County. Since 1998, the County has paid in excess of \$24 million for capital improvements to the Pittsburg Health Center.<sup>54</sup>

As previously noted, areas in Pittsburg and Bay Point are designated as Mental Health Professional Shortage Areas and Primary Care Shortage Areas.

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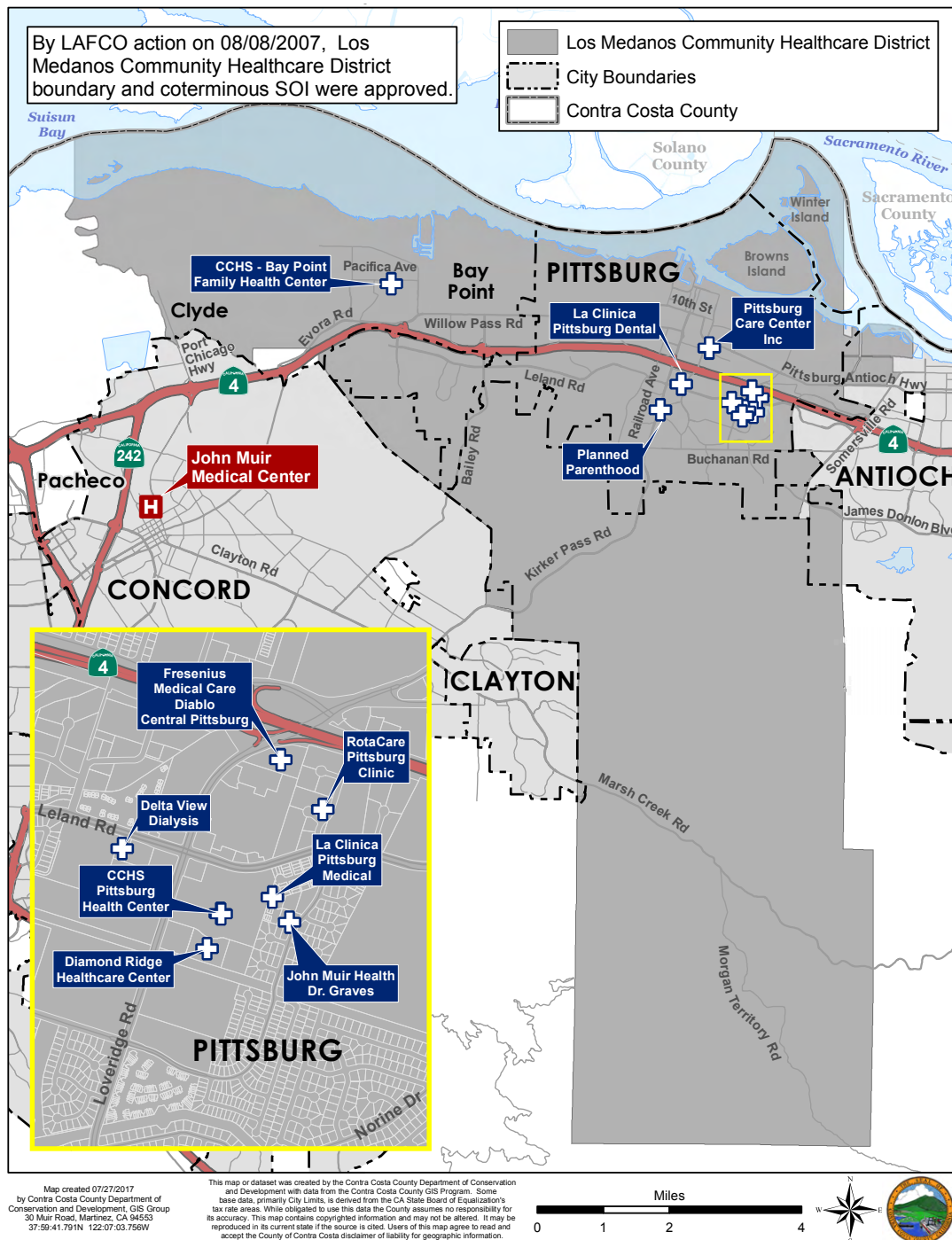
<sup>52</sup> Health Indicators and Environmental Factors Related to Obesity for Antioch, Bay Point, and Pittsburg, Contra Costa Health Services, May 2013.

<sup>53</sup> The Healthy & Livable Pittsburg Collaborative Community Action Plan Summary.

<sup>54</sup> Board of Supervisors Resolution No. 2017/384, Dated November 7, 2017.



Figure 7 Health Care Facilities in the LMCHD



## LMCHD GOVERNANCE

**Table 8** shows current Board membership. No contested elections are apparent for at least the past ten years. The District's bylaws are posted on their website and were last revised in 2004.<sup>55</sup>

**Table 8 LMCHD Board Members**

Position	Name	Term Began	Term Expires
President	Replacement to be appointed Dec. 11, 2017		
Vice President	Vern Cromartie	Elected Nov. 2004	Nov. 2020
Treasurer	Linda Strong	Elected Nov. 2010	Nov. 2018
Secretary	Arthur Fountain	Elected Nov. 2014	Nov. 2018
Board Member	Lloyd Lee Mason	Appointed July 2017	Nov. 2018

*Source: LMCHD Response to LAFCO Data Request, Appx. L, rev'd. 11/29/17*

The LMCHD is in the process of interviewing candidates to fill the position vacated by the former Board president Emmanuel Ogunleye. The District anticipates designating a replacement at its meeting in December 2017.

## ACCOUNTABILITY

### Public Outreach

The District healthcare needs are identified through organizational and online surveys, community outreach by the Executive Director, holding community meetings, and talking with community stakeholders.

The LMCHD Internship Program received the CSDA 2015 Exceptional Public Outreach and Advocacy Award on September 23, 2015.

<sup>55</sup> LMCHD Bylaws, Rev. 2/11/04. See website section: public info section/transparency docs <http://lmchd.org/php/misc.php>

## Transparency

The Special District Leadership Foundation (SDLF) presented a “District Transparency Certificate of Excellence” to LMCHD in 2016;<sup>56</sup> this award required a broad range of documents and actions demonstrating that the District has met established criteria for governance “transparency”.

The District follows many of the policy and practices recommended by the SDLF, including:

- Board members attend Association of California Healthcare Districts (ACHD) and the California Special District Association (CSDA) for governance, ethics, financial practices, and leadership training. The Executive Director is a member of and has received training from the American College of Healthcare Executives.
- Statements of Interest Forms (FPPC form 700) are filed in the LMCHD office and with the clerk of the board. The LMCHD Conflict of Interest Code on its website.
- The District reported that it provides budget data annually to the State Controller’s Office,<sup>57</sup> although the data was provided late, according to the SCO.<sup>58</sup>

A review of the District’s website<sup>59</sup> and other documents indicates that the District does not meet a number of SDLF criteria including (but not limited to):

- The District maintains a website; however, it includes information that is outdated and in some cases not well organized or difficult to find. The District indicated that it is in the process of “reviewing and updating its website to fix any broken links, eliminate outdated information, and provide recent board packets and minutes.”<sup>60</sup>
- Information on the website regarding current officer and their terms is not accurate, e.g., terms are shown that are inconsistent with information in LAFCO’s Directory. The District is correcting this information.

The website includes important information, e.g., minutes of meetings, however in many cases the information is difficult to find. Other sections are not well-organized, e.g., important policies are placed in a location designated “transparency documents” rather than in a location that indicates the type of information.

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<sup>56</sup> LMCHD response to LAFCO followup data request, 11/22/17.

<sup>57</sup> LMCHD response to LAFCO data request.

<sup>58</sup> According to an email received by R.Berkson from Cal. SCO 11/02/17, the LMCHD FY 2015-16 financial transactions report was received on 3/17/2017, which was late.

<sup>59</sup> <http://lmchd.org/>

<sup>60</sup> LMCHD response to LAFCO data request.

### Finance and Human Resources Best Practices

The District adheres to many of the policies and procedures identified as “best practices” by the Special District Leadership Foundation (SDLF),<sup>61</sup> including:

- The Board receives and reviews reports on financial investments every month, including investments with the Local Agency Investment Fund (LAIF)
- The District regularly conducts training workshops for the Board for training purposes and planning
- Annual reviews occur of staff job descriptions and salaries, in accordance with the District’s Personnel Handbook
- The District has adopted the State Controller’s Office Internal Control Guidelines<sup>62</sup>
- A District committee periodically looks at internal control policy (the last review took place in March 2017)<sup>63</sup>
- The District’s finance committee reviews revenues and expenditures monthly; expense receipts, subject to District policies, are submitted and reviewed by the Executive Director, and budget amounts are established annually for major expenditures
- Procurement policies dictate a competitive bid process and Board review

The District has established policies for the process of fund transfers between its investment account and its checking account.<sup>64</sup>

### Grant Process

Consistent with the District’s Strategic Plan, the District provides grant applicants with guidelines for preparation of their submittal, review and follow-up.<sup>65</sup> The guidelines describe the District’s goals and require the applicant to specify the health needs that the grant-funded program will address.<sup>66</sup> Grant applications are reviewed and scored at a Grants and Policy

<sup>61</sup> Special District Leadership Foundation (SDLF), High Performing District Checklist, Finance and Human Resources.

<sup>62</sup> See [http://www.sco.ca.gov/Files-AUD/2015\\_internal\\_control\\_guidelines.pdf](http://www.sco.ca.gov/Files-AUD/2015_internal_control_guidelines.pdf)

<sup>63</sup> LMCHD response to LAFCO data request.

<sup>64</sup> LMCHD Resolution No. 151108 Adopting the bank/investment account creation, access, and monitoring policy.

<sup>65</sup> Ibid, LMCHD Strategic Plan, Goal 1, Strategy 1.1, Action Step 5 (pg. 18).

<sup>66</sup> See “LMCHD\_2017\_SummerHealthWellnessProgram\_Application.pdf” for application form, and “LMCHD\_2017\_SummerHealthWellnessProgram\_Guidelines.pdf” for grant requirements.

Committee Study Session,<sup>67</sup> then reported and approved at board meetings; funds are withheld if application requirements are not met (e.g., documentation of non-profit status; plan for use of funds). Interim and final reports are required by the District in a standardized format requesting description of outcomes.<sup>68</sup> Site visits are reported by the Executive Director at Board meetings.

## LMCHD GOALS, POLICIES AND PLANS

LMCHD's Strategic Plan for 2011-2016 describes five goals, as well as strategies and specific actions to achieve the goals.<sup>69</sup> The Plan includes measurable outcomes to provide a means to assess the District's progress and accomplishments. The Plan was adopted in 2010 but has not been revised since. The District indicated that it currently is updating the Plan.<sup>70</sup>

The Strategic Plan includes the following goals:<sup>71</sup>

- Goal 1:** LMCHD will improve availability of and access to direct health and mental health services.
- Goal 2:** LMCHD will support preventative and public health efforts that promote and protect the personal, community, and environmental well-being and health of District residents.
- Goal 3:** LMCHD will engage in population-specific efforts to address the needs of those residents in the District that are historically underserved or particularly impacted by health disparities.
- Goal 4:** LMCHD supports research and educational programming.
- Goal 5:** LMCHD will work through the Board of Directors and Staff to establish solid, sustainable agency infrastructure components guided by fair and ethical governing principles and fiscally sound policies to ensure sufficient resources to achieve LMCHD's vision, mission, and strategic plan.

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<sup>67</sup> LMCHD response to LAFCO followup data request, 11/22/17.

<sup>68</sup> See "LMCHD\_2016\_FallHealthGrantFundingProgram.pdf" and "LMCHD\_DPAC\_final\_report\_form.pdf" for reporting forms.

<sup>69</sup> LMCHD Strategic Plan 2011-2016, Adopted October 2010.

<sup>70</sup> LMCHD Response to LAFCO Request for Information, prepared by Godfrey Wilson, LMCHD Executive Director, received by Contra Costa LAFCO Sept. 21, 2017.

<sup>71</sup> LMCHD Strategic Plan 2011-2016, Adopted October 2010.

LMHCD's Community Health Programs and lease of its building for use as a health clinic help to meet these goals. The District's grant application materials require that applicants provide information about how the recipients' programs address these goals, and follow-materials require documentation of expenditures and persons served.

The District reports the nature of the programs funded and persons served, although in many cases, the persons served appear to represent the total for a program as a whole, not just a portion attributable to the District's assistance and share of program funding. Follow-up reports are not available on the District's website. As shown in **Appendix D**, the District reported about 20,000 persons served directly by its Fall 2016 and Summer 2017 programs. In Fall 2016, the District reported that its funds and programs indirectly benefited all District residents (approximately 100,000 residents) in 2014 and 2015 combined.

## LMCHD SERVICES

The District allocates a share of its revenues to funding health-related grants and programs that further its Strategic Plan goals. The District leases its former hospital building to the County of Contra Costa for use as the Pittsburg Health Center. The following sections further describe these services.

### COMMUNITY HEALTH PROGRAMS

**Table 9** describes community health programs funded by LMCHD property tax revenues, documented in the District's most recent financial report (FY15-16). **Appendix D** includes descriptions of recent grants and other program funding for the Fall of 2016 and Summer 2017. The lists include a total of 28 programs with grants generally ranging from \$5,000 to \$10,000 with some exceptions as shown.

**Table 9 Summary of LMCHD FY15-16 Grants**

Agency/Program	FY 2015/16
Student Eyeglasses Program	\$7,750
Youth Intern Program	\$4,682
African American Community Baby Shower	\$10,000
District Programs and Activities Committee	\$851
CPR/FAST	\$8,980
Pittsburg Swim Academy	\$20,900
Supervisor Glover's Youth Summit	\$10,000
St. Vincent de Paul RotaCare	\$30,000
Health and Wellness Fall Allocation	\$85,988
Health and Wellness Summer Allocation	\$75,359
Board Community Benefit Fund	\$10,300
Community Garden	\$3,759
<b>TOTAL FUNDING</b>	<b>\$268,569</b>

Source: LMCHD Annual Financial Report, June 30, 2016, Note 6 pg. 28

As shown below in **Table 10**, LMCHD's Community Funding has generally increased since FY12-13. However, the funding has declined as a percent of total property tax revenues from about 49% down to a projected 42% in FY17-18.

**Table 10 Summary of LMCHD Grants as a % of General Fund Revenues**

Item	FY12-13	FY13-14	FY14-15	FY15-16	Budget* FY16-17	Budget* FY17-18
Community Funding	\$327,404	\$291,216	\$216,018	\$278,149	\$333,875	\$397,875
Outreach, Program Development & Admin.	<u>17,555</u>	<u>88,322</u>	<u>87,044</u>	<u>60,527</u>	<u>31,500</u>	<u>14,000</u>
Total	\$344,959	\$379,538	\$303,062	\$338,676	\$365,375	\$411,875
% of General Fund Revenues	49%	48%	35%	35%	40%	42%

Source: LMCHD Financial Reports and Budgets

\* Budget estimates do not include admin. allocation (approx. \$41,400 in FY15-16).

The LMCHD website lists awards that it has received in recent years, including:

- CSDA 2014 Innovative Program of the Year Small District Award "Summer Intern Program".
- Contra Costa Board of Supervisors-- Federal Glover Certificate of Recognition LMCHD Community Garden 2014 Contra Costa Leadership Sustainability Award.
- California State Senate Mark DeSaulnier Certificate of Recognition "LMCHD Community Garden" Leadership in Sustainability Award Finalist.
- California State Assembly --Susan Bonilla Certificate of Recognition 2014 Contra Costa Leadership in Sustainability Award Finalist.

## COORDINATION WITH OTHER PROVIDERS

- Through its grants and programs, the District helps to fund about 30 community agencies.
- The District's Health Profile utilizes County-generated information about health needs, however, much of the data is five to ten years old.
- The District participates in the Healthy and Livable Pittsburg Collaborative (HLPC), a collaboration of multiple agencies and service providers.
- The District indicated that it coordinates with a number of agencies including Contra Costa County Public Health for data, school districts, Kaiser Permanente, the City of Pittsburg Police Department, and other community agencies funded by the District.<sup>72</sup>

## LMCHD PROPERTY

The District leases its former hospital building at 2311 Loveridge Road to the County of Contra Costa for its use as the Pittsburg Health Center. The building is 130,900 square feet; District offices are adjacent to the building.

The number and type of services of the Pittsburg Health Center include "Women, Infants and Children (WIC), immunizations, labs, new exam rooms."<sup>73</sup> The District notes that it encourages its "other service providers, Reading Advantage Smart Baby Program, Community Forums, and Center for Human Development to collaborate with the Pittsburg Health Center."<sup>74</sup>

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<sup>72</sup> LMCHD response to LAFCO Data Request, Question 2A.

<sup>73</sup> LMCHD response to LAFCO Data Request. For more information about the clinic, see <https://cchealth.org/centers/pittsburg.php>

<sup>74</sup> *ibid*, LMCHD response to LAFCO Data Request.



The County of Contra Costa pays the District \$100,000 per year for the use of the District's former hospital building, in accordance with the lease negotiated during the bankruptcy settlement process.<sup>75</sup> The initial lease term expires July 31, 2018; lease extension and payments are being negotiated.

The last estimate of the building's fair market value was \$9,450,000, according to a CBRE appraisal dated May 17, 2011.<sup>76</sup> The LMCHD audit report for FY15-16 reported a depreciated value for the land and building of \$2.47 million. The audit report does not appear to include the reported \$24 million of capital improvements to the Health Center funded by the County.<sup>77</sup>

The 2007 MSR described LMCHD plans for building improvements. According to the District "The renovation of the building is 95% complete... There are new completed improvements include modification of the entrance to the LMCHD office from the hospital, ADA ramp installation, LMCHD signs, and ADA parking lot renovations."<sup>78</sup> The District funded an initial ADA study from its General Fund, then improvements were funded by the County.<sup>79</sup>

The District has no Capital Improvement Plan or facility plan providing assessments of building conditions. At its October 2017 meeting, the District's Finance Committee discussed creation of a capital reserve policy.<sup>80</sup> The County is contractually responsible for maintaining and/or making improvements to the building.<sup>81</sup>

## LMCHD FINANCES

As shown in **Table 11**, the District spent about 35 percent of its annual General Fund revenues for community health programs in FY2015-16. About 36 percent of total General Fund revenues are expended for overhead (not including program administration and outreach), administration

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<sup>75</sup> Lease, Los Medanos Community Hospital District to Contra Costa County for 2311 Loveridge Road, Pittsburg, California, 7/15/98.

<sup>76</sup> LMCHD response to LAFCO Request for Information.

<sup>77</sup> Amount of capital improvements since 1998 according to the County of Contra Costa, Resolution No. 2017/384.

<sup>78</sup> LMCHD response to LAFCO Request for Information.

<sup>79</sup> LMCHD response to LAFCO followup Request for Information, 11/22/17.

<sup>80</sup> LMCHD Finance Committee Agenda, Oct. 23, 2017.

<sup>81</sup> LMCHD response to LAFCO Request for Information (see the Lease Agreement page 8 Section F).

and interest. Depreciation, a non-cash expense, of about \$160,000 is included in operating expenses.

Although the positive cash flows suggest the District could allocate additional funds to community health programs, reserves will be needed to pay for increased payment obligations to OSHPD in future years.

**Table 11 Summary of LMCHD Revenues and Expenditures (FY2015-16)**

Item	Gen. Fund Actual FY 2015/16	% of Rev.	Business-type Activities	TOTAL	% of Rev.
<b>Beginning Balance (1)</b>	\$1,322,246		\$1,552,785	\$2,875,031	
<b>Revenues (2)</b>					
Property Tax	\$871,328	91%	\$0	\$871,328	
Charges for Services			\$100,000		
Other	<u>89,002</u>	<u>9%</u>	<u>0</u>	<u>89,002</u>	
<b>Total Revenues</b>	<b>\$960,330</b>	<b>100%</b>	<b>\$100,000</b>	<b>\$1,060,330</b>	<b>100%</b>
<b>Expenditures (2)</b>					
Salaries and Benefits	\$140,720			\$140,720	
Board Stipend	\$24,977			24,977	
Board Election	\$0			0	
Services and Supplies	<u>179,822</u>			<u>179,822</u>	
Subtotal (3)	\$345,519	36%	\$241,289	\$586,808	55%
<u>Community Health Programs</u>					
Community Funding	278,149	29%		\$278,149	
Outreach and Program Development	19,118	2%		19,118	
Program Administration	<u>41,409</u>	<u>4%</u>		<u>41,409</u>	
Subtotal	\$338,676	35%		\$338,676	32%
<b>Total Expenditures</b>	<b>\$684,195</b>		<b>\$241,289</b>	<b>\$925,484</b>	
Net Change (to beginning balance)	\$276,135	29%	(\$141,289)	\$134,846	13%
Transfer	(\$17,150)		17,150	0	
<b>Ending Balance (4)</b>	<b>\$1,581,231</b>		<b>\$1,428,646</b>	<b>\$3,009,877</b>	

(1) LMCHD Annual Financial Report, June 30, 2016, Statement of Activities, pg. 13, 16 w/prior yr adjustment.

(2) ibid, Financial Report, pg. 30.

(3) "Business-type Activities" expenditures include interest to OSHPD, depreciation, and misc. bldg. expenses.

(4) Minor additional reconciliation req'd in the audit for GAAP vs. budget accounting. 10/6/17

## BUDGET FORECAST

As shown in **Table 12**, the District's FY17-18 budget projects an annual net cash flow for both of its funds combined of \$52,450<sup>82</sup> and increased Community Health Program funding totaling \$411,875, or about 42 percent of General Fund revenues. Administrative expenses account for about 51 percent of total General Fund revenues. This administrative percentage will be less if County rent is included in total revenues, and if rent for the clinic increases above its current \$100,000 annually, assuming other costs and revenues remain relatively constant.

In FY2018-19 and the following year, budget outlays will increase by \$400,000 pursuant to the Bankruptcy Settlement Agreement payments to OSHPD. Unless lease revenues from the County increase above the current \$100,000 annually, the District will need to do some combination of the following: 1) draw down reserves by as much as \$300,000 to \$400,000 annually for each of the two years; 2) reduce expenditures for Community Health Program funding.

In FY2020-21 and subsequent years, the \$400,000 additional annual payment is no longer applicable, and payments are limited to lease revenues similar to current terms. After the OSHPD obligation is fulfilled January 1, 2026, lease revenues (currently \$100,000 annually) will accrue to the District.

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<sup>82</sup> Los Medanos Community Healthcare District 2017-2018 Budget, 6/22/2017.

**Table 12 Summary of LMCHD Budgets (FY2016-17, FY2017-18)**

Item	FY 2016/17 (1)			FY 2017/18 (2)		
	Gen. Fund Budget	% of Rev.	Business Activities	Gen. Fund Budget	% of Rev.	Business Activities
<b>Revenues</b>						
Property Tax	\$905,572	99%	\$0	975,758	98%	
Charges for Services			\$100,000			\$100,000
Other Property Tax-related		0%			0%	
Misc.	<u>4,600</u>	<u>1%</u>		<u>16,000</u>	<u>2%</u>	
<b>Total Revenues</b>	<b>\$910,172</b>	<b>100%</b>	<b>\$100,000</b>	<b>\$991,758</b>	<b>100%</b>	<b>\$100,000</b>
<b>Expenditures</b>						
Salaries and Benefits	\$214,400			\$258,100		
Board Stipend	24,000			24,000		
Board Election	71,316			0		
Services and Supplies	58,600			58,350		
County Fees/District Dues	22,600			23,600		
Insurance	36,500			36,500		
Legal Services	50,000			60,000		
Office Expenses	30,200			34,148		
Seminars/Travel	<u>14,000</u>			<u>15,000</u>		
Subtotal (3)	\$521,616	<b>57%</b>	\$123,100	\$509,698	<b>51%</b>	\$117,735
<u>Community Health Programs</u>						
Community Funding	333,875	37%		397,875	<b>40%</b>	
Outreach & Program Dev.	31,500	3%		14,000	<b>1%</b>	
Program Administration	<u>na</u>			<u>na</u>		
Subtotal	\$365,375	<b>40%</b>		\$411,875	<b>42%</b>	
<b>Total Expenditures</b>	<b>\$886,991</b>	<b>97%</b>	<b>\$123,100</b>	<b>\$921,573</b>	<b>93%</b>	<b>\$117,735</b>
<b>Revenues Less Expenditures</b>	<b>\$23,181</b>		<b>(\$23,100)</b>	<b>\$70,185</b>		<b>(\$17,735)</b>
Transfer	(\$23,100)	3%	\$23,100	(\$58,135)		\$58,135
Net Change after Transfer	\$81		\$0	\$12,050		\$40,400

(1) LMCHD 2016-2017 Adopted Budget.

(2) LMCHD 2017-2018 Adopted Budget, 06/22/2017.

(3) "Business Type" activity expenditures include debt (P&I), security, repairs/maint. (landscape), and property taxes. Depreciation is not included.

11/30/17

## LMCHD REVENUES

### PROPERTY TAX

Over 90 percent of the District's annual revenues derive from its share of property taxes paid within the district boundaries, generated by assessed value shown in **Table 13**. In FY16-17 property taxes totaled nearly \$1 million. This revenue grows with improvements in real estate values, depending on how many properties sell and are re-assessed at market value, and/or the amount and value of new development. The District receives a small amount of property tax pass-throughs from former redevelopment project areas that continue to retain tax increment to repay debt.<sup>83</sup>

**Table 13 Summary of Assessed Value within the LMCHD Boundaries**

Area	Total A.V. Total City or Community (1)	District Assessed Value (1)		
		%	\$	% Dist.
<b><u>INCORPORATED</u></b>				
Pittsburg	\$5,984,286,726	100%	\$5,983,988,937	76.0%
Antioch	9,895,423,599	4%	355,310,495	4.5%
Clayton	2,118,878,268	1%	18,556,388	0.2%
Concord	<u>15,009,077,656</u>	0.2%	<u>34,251,052</u>	<u>0.4%</u>
<b>Total, Incorporated</b>	\$33,007,666,249	19%	\$6,392,106,872	81.2%
<b><u>UNINCORPORATED</u></b>				
Bay Point				
Clyde				
Other Unincorporated				
<b>Total, Unincorporated</b>			\$1,478,812,538	18.8%
<b>TOTAL</b>			\$7,870,919,410	100.0%

(1) Source: Contra Costa County Assessor, 2017-18 Total A.V.

10/16/17

### OTHER REVENUES

The County of Contra Costa pays the District \$100,000 per year for the use of the District's former hospital building, in accordance with the lease negotiated during the bankruptcy

<sup>83</sup> Debts of the former County and City of Pittsburg redevelopment areas are not anticipated to be satisfied until 2036 and 2037, respectively (from the LMCHD response to LAFCO's followup data request, 11/22/17).

settlement process.<sup>84</sup> However, currently the entire amount is committed to OSHPD in repayment of the District's bankruptcy debt default. The initial term of the lease agreement ends July 31, 2018; the County has the right to exercise two 5-year extensions with base rent to be negotiated.

## LMCHD EXPENDITURES

### OVERHEAD AND ADMINISTRATION

The FY15-16 financial report (see prior **Table 11**) showed administrative costs totaling \$345,500 or about 36% of total General Fund revenues. Including the \$41,400 administrative staff costs allocated to Community Health Programs, administrative costs total \$386,900 or 40% of General Fund revenues. Staff costs include payroll taxes and worker's compensation insurance; no benefits are provided. Board members are paid \$100 per meeting (maximum \$400 per month).

The FY17-18 budget reported in **Table 12** shows \$509,698 of total administrative expenditures, including staff costs that may subsequently be allocated to Community Health Programs. This administrative cost represents about 51% of total General Fund revenues.

The allocations to overhead are high, as they represent roughly half of total revenues, and exceed the amounts budgeted for community health programs and grants. By comparison, the CPHHCD allocates about 20 percent of revenues to overhead and administration. Federal grant programs default to 10 percent, although negotiated rates plus direct administration costs can significantly exceed these default rates. As another example, although on a different scale, the Contra Costa County budget shows expenditure of \$7.5 million for "Public Health Administration and Financial Management" out of \$50-\$70 mill total budget public health budget, or about 10 percent to 15 percent of the total budget.<sup>85</sup>

**Table 14** shows staff positions reported to the State Controllers Office. The FY17-18 budgeted staff expense increase compared to FY15-16 reflects the 2016 filling of the temporarily vacant CEO position, and the addition of one staff person.

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<sup>84</sup> Lease, Los Medanos Community Hospital District to Contra Costa County for 2311 Loveridge Road, Pittsburg, California, 7/15/98.

<sup>85</sup> County of Contra Costa FY 2017-2018 Recommended Budget, Health and Human Services, FY17 actual and FY18 recommended.

**Table 14 Summary of LMCHD Positions and Salaries, 2016 vs. FY17-18 Total**

<b>Administrative Position</b>	<b>Amount (1)</b>
CEO	\$87,273
Secretary To Board Of Directors	54,160
Staff To Board Of Directors	39,194
Custodian	<u>3,340</u>
Total	\$183,967
FY17-18 Budget for Total Salaries (2)	\$234,000
Change since 2016	27%

1) Source: Government Compensation in California  
Cal. Controllers Office, 2016, <http://publicpay.ca.gov/Reports>

2) FY17-18 Budget, 6/30/18 (excludes Workers Comp and Payroll Taxes).

In addition to the staff listed in **Table 14** above, the District in FY17-18 is contracting for other services including auditing services (\$9,000), accounting/bookkeeping (\$24,000), and legal services (\$60,000).

## COMMUNITY HEALTH PROGRAMS

The District's financial reports for FY15-16 show approximately \$340,000 expended for Community Health Programs. These expenditures include the following:

- **Community Funding** – funds provided directly to service providers.
- **Outreach and Program Development** -- direct expenses the District incurs in communicating with the community to develop new programs or refine existing ones. This category includes a grant writing contract, and expenses related to a community garden program.
- **Program Administration** -- the cost of the time devoted by the District's employees to the Community Benefit Program (grant administration).

The District indicates that the latter two categories of expenditures “are important to enabling the District to further the Community Benefit Program.”<sup>86</sup>

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<sup>86</sup> LMCHD response to LAFCO data request, question 9B.

## OTHER EXPENDITURES

### OSHPD

As required by the Settlement Agreement following District Bankruptcy, the District assigned to OSHPD all rent from the lease of the District's former hospital building lease to the County. This requirement applies during the initial lease term through July 31, 2018. During the initial lease term, lease payments are \$100,000 annually and are paid by the County directly to OSHPD.

For two years beginning August 1, 2018 the District's OSHPD obligation will be \$500,000 annually regardless of the amount of lease revenue collected. From August 1, 2020 through January 1, 2026 the obligation will require transfer of all rental income.

### Enterprise Fund

Although the County transfers lease payments directly to OSHPD, the lease revenue and its expenditure to OSHPD are shown in the District's balance sheet and budget.

The District's financial reports report \$159,954 depreciation expense in FY15-16. Additional expenses include \$66,199 interest portion of the \$100,000 due to OSHPD. The balance of the \$100,000 payment to OSHPD, or \$33,801, represents a payment against the balance due to OSHPD for District Bankruptcy obligations. Additional expenses total \$17,150 for taxes and property expenses. Property insurance for the former hospital building is maintained by the County as required by the property lease.

The Enterprise Fund also pays for certain minor expenses related to its former hospital building which are not otherwise the responsibility of the County.<sup>87</sup> Expenses include, for example, security and landscaping.

## LMCHD ASSETS AND LIABILITIES

### ASSETS

According to the District's most current audit, the District's assets totaled \$4.2 million at the end of June 30, 2016.<sup>88</sup> About half of the total assets, or \$2.47 million, consists of the depreciated

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<sup>87</sup> Under the terms of the lease with the District the County pays all costs of maintenance, repair and alterations to the facility. It has spent more than \$24 million for capital improvements to the property since 1998.

<sup>88</sup> LMCHD Annual Financial Report, June 30, 2016, Statement of Net Position, pg. 9.



capital asset value of the former hospital building and its land value. Unrestricted assets total \$1.67 million.

## LIABILITIES

The District's FY15-16 audit reports total liabilities of \$1,096,512 primarily consisting of the remaining principal balance due of \$948,651 on its obligation to OSHPD arising from the District's bankruptcy.<sup>89</sup> The District's current amortization schedule indicates that the principal balance remaining as of August 2017 was \$768,463.<sup>90</sup> OSHPD's original bankruptcy claim secured by the rents from the former hospital building was \$1.4 million, which was addressed in the agreement with LMCHD to assigned rental payments from the former hospital facility. The payment obligations are as follows:

08/01/1998 – 07/31/2018	\$100,000 per year
08/01/2018 – 07/31/2020	\$500,000 per year, minimum, regardless of the amount of rent actually paid/collected
08/01/2020 – 01/31/2026	all rental income, if any

Interest accrues on OSHPD obligation outstanding principal balances at an interest rate of 6.5 percent annually.<sup>91</sup>

## RESERVE POLICIES

LMCHD's financial policies require that "LMCHD will maintain an economic uncertainty reserve of at least 3% of total General Fund operating expenditures (including other financing)."<sup>92</sup> The District's unrestricted balance exceeds this policy level, which would require approximately \$25,000 of reserves.

At its October 2017 meeting, the District's Finance Committee discussed creation of a capital reserve policy.<sup>93</sup>

The District has adopted no other reserve policies.

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<sup>89</sup> LMCHD Annual Financial Report, June 30, 2016, Statement of Net Position, pg. 9.

<sup>90</sup> Current amortization schedule received in LMCHD's response to LAFCO's followup data request.

<sup>91</sup> LMCHD Annual Financial Report, June 30, 2016, Note 5 pg. 26 re: Settlement Agreement.

<sup>92</sup> See LMCHD website section /Public Info/Transparency Docs/AccountingPoliciesProcedures.pdf.

<sup>93</sup> LMCHD Finance Committee Agenda, Oct. 23, 2017.

## LMCHD ORGANIZATIONAL ISSUES AND OPTIONS

- Maintain the Status Quo** -- The current District would remain intact, and the Board of Directors would continue to be an elected governing body and conduct District business.<sup>94</sup> In the near-term (e.g., next two years), increased OSHPD payment obligations could reduce net funds available for Community Health Programs. Currently the District spends about \$340,000 annually, or one-third of annual revenues, for community funding, outreach and program development, and program administration. After the OSHPD obligation is retired in 2026, funds currently paid to OSHPD will thereafter become available for Community Health Programs. The total amount available will change if the District renegotiates its lease agreement with the County.
- Dissolution with Appointment of Successor for Winding-up Affairs** -- Dissolution would eliminate the LMCHD as a special district in Contra Costa County. On November 16, 2017, Contra Costa County submitted an application to LAFCO asking the Commission to consider dissolving the LMCHD. If dissolution is approved, LAFCO would appoint a successor agency to wind up the affairs of the LMCHD and manage the liquidation and distribution of assets and satisfaction of District obligations.<sup>95</sup> The future use of the District's former hospital building would no longer be under the control of the District or dedicated to healthcare purposes unless dictated by LAFCO terms and conditions. Current District property tax revenues would be distributed to other taxing entities within the same Tax Rate Area, unless the County otherwise dedicates the revenue to specific purposes as directed by LAFCO terms.
- Reorganization with Creation of a New District (CSA) to Continue Services** -- LAFCO has the ability to create a CSA to continue service provision. The District's assets could be liquidated or transferred to another agency. Other LAFCO Terms and Conditions could include 1) creation of an advisory board comprised of city, county and public representatives;

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<sup>94</sup> The governing body of a healthcare district is an elective office, but if there are fewer candidates than vacancies, or if only one person files a declaration of candidacy, the Board of Supervisors makes the appointment. Health and Safety Code, Sec. 32100, Elections Code, Sec. 10515. A district-wide general election is estimated to cost approximately \$40,000 (Registrar of Voters, 11/21/17).

<sup>95</sup> AB 2910 amended Government Code, section 57077.1, effective January 1, 2017, to make significant changes to the law governing the dissolution of a hospital (healthcare) district. If dissolution is consistent with a prior action of the Commission pursuant to Government Code, sections 56378 (special study) 56425 (sphere change) or 56430 (municipal service review), the Commission may immediately order a dissolution initiated by the district board without an election or protest proceedings. If the dissolution is initiated by an affected local agency, by the Commission, or by petition, unless there is a majority protest the Commission may order the dissolution after holding at least one noticed public hearing, and after conducting protest proceedings (Gov. Code, § 57077.1(c)).

2) limitation on expenditure of funds to within the boundaries of the LMCHD; 3) disposition of assets, which may include transfer of the former LMCHD hospital building to the County.

The County Board of Supervisors would serve as the governing body of the CSA. Creating a new CSA dependent upon the County requires approval of the cities within the LMCHD service area and approval of the voters.<sup>96</sup>

- **Reorganize LMCHD as Subsidiary District** -- In the case of a subsidiary district, the district is not extinguished, but rather is reorganized with a city council sitting as the governing body.<sup>97</sup> Creating a subsidiary district would require that the LCMHD boundaries be reduced such that 70% of land area and registered voters of the subsidiary district fall within the boundaries of the city. Excluding much of the current sparsely populated unincorporated areas, with the exception of Bay Point and Clyde, would achieve this minimum 70 percent. Reductions to exclude the small portions of Antioch, Clayton and Concord currently within LCMHD boundaries, totaling about 2.5 percent of District population, would also help to achieve this standard. District property tax revenues could be reduced about 24 percent.

Viability of this option depends on the willingness and ability of the City of Pittsburg to manage LMCHD as a subsidiary district, including continuation of community health programs and ownership of the former LMCHD hospital building if it is not otherwise transferred to the County. Cost savings are likely, as demonstrated by the successful transition of the Mt. Diablo Healthcare District into a subsidiary district of Concord.

- **Consolidation with Another Healthcare District** – Neither of the other two healthcare districts in the County represent viable candidates for consolidation. The WCCHD is yet to emerge from bankruptcy, and the CPHHCD is a subsidiary district to the City of Concord. This option is not considered viable.
- **Consolidation with County Service Area EM-1** – This option was reviewed in LAFCO’s special study of the WCCHD and not pursued due to the County’s concerns and lack of interest in the option. Therefore, this option was not pursued in the current review of LMCHD options.
- **Special Legislation** – This option was initiated by the County to provide a viable and cost-effective governance structure for the WCCHD as it emerges from Chapter 9 bankruptcy and embarks on a long period of debt repayment. This type of special legislation could be initiated by the District or the County. Neither agency has signaled an interest in pursuing this option in relation to the LMCHD.

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<sup>96</sup> See pages 31-33 of the December 14, 2016 Special Study of Governance Options, West Contra Costa Healthcare District prepared by Berkson Associates, for a detailed discussion of the steps involved in creating a new CSA.

<sup>97</sup> State law requires that a healthcare district have its own Board of Directors, which raises questions about reorganizing a healthcare district as a subsidiary district. However, the Mt. Diablo Healthcare District was successfully reorganized as a subsidiary district to the City of Concord.

## 6. WEST CONTRA COSTA HEALTHCARE DISTRICT (WCCHD)

**Figure 8** shows the boundaries of the District. The WCCHD serves 262,000 residents, nearly half of which reside in Richmond.

As described in LAFCO's 2016 Special Study of WCCHD prepared by LAFCO,<sup>98</sup> this district struggled financially beginning in the mid-1990's,<sup>99</sup> experiencing increasing costs, declining reimbursements, and growing service demand from low-income populations - the uninsured and underinsured. Although the District emerged from a 2006 bankruptcy, it never managed to regain financial solvency and fell further into debt. Eventually, in 2015, the District shut its hospital, a full-service acute care facility. The closure resulted in a significant loss of hospital beds and emergency department facilities, as well as the elimination of other specialized services, in an underserved community with significant healthcare needs.

After WCCHD failed in its initial efforts to save its closed hospital, the District announced it had "little choice but to file bankruptcy... With no chance to bring in revenue in the short term to cover existing District expenses, such as worker compensation claims and medical record storage, the District Board voted unanimously to file for bankruptcy to allow for the orderly disposition of remaining financial obligations, including those owed to past District employees and vendors."<sup>100</sup> The District unanimously approved a resolution declaring a fiscal emergency and authorizing the filing of Chapter 9 proceedings at its board meeting October 19, 2016.

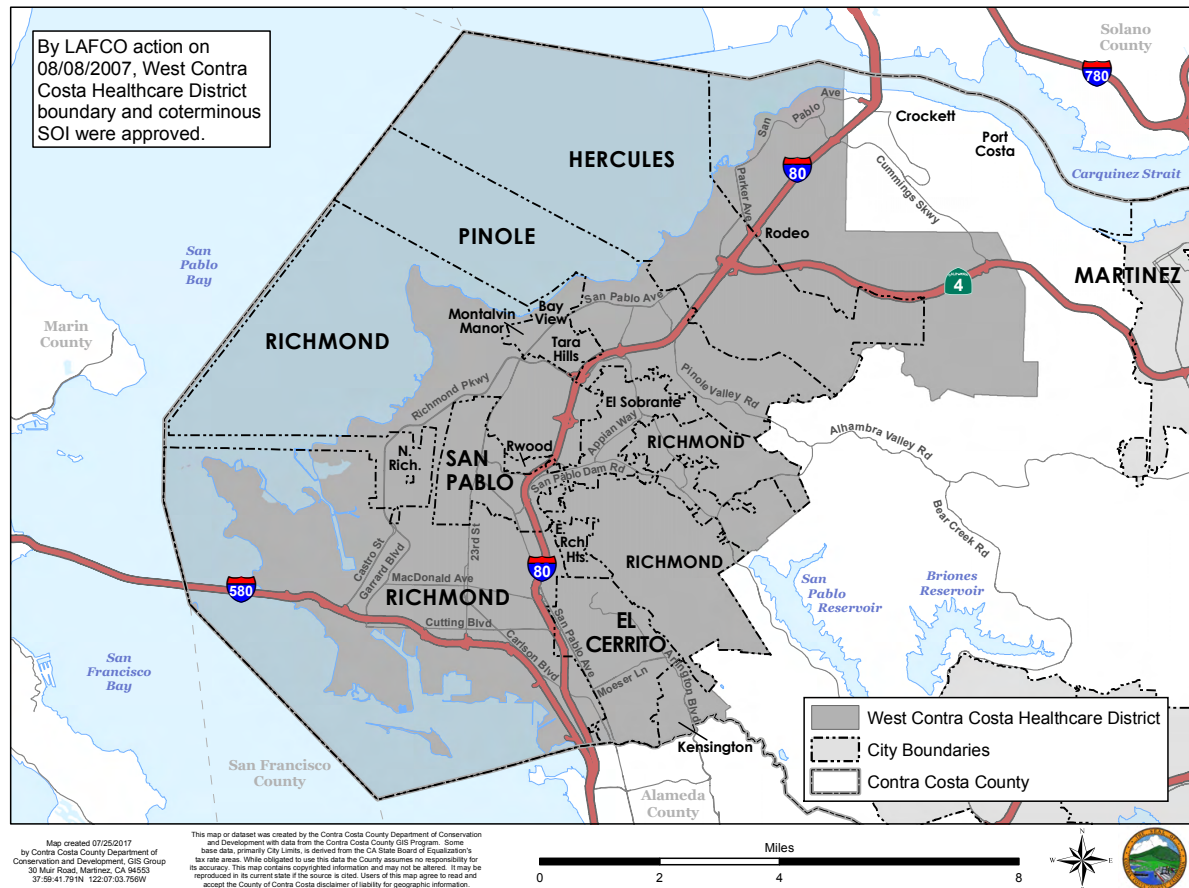
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<sup>98</sup> Special Study of Governance Options - West Contra Costa Healthcare District, prepared for the Contra Costa Local Agency Formation Commission by Berkson Associates, accepted by LAFCO 12/14/16.

<sup>99</sup> Impact Evaluation Report: Doctors Medical Center San Pablo Potential Closure of Emergency Services, Prepared by the Contra Costa Emergency Medical Services Agency, June 13, 2014

<sup>100</sup> Press release issued by WCCHD, 10/20/16.

Figure 8 WCCHD Boundaries



About 81 percent of the District's 265,000 residents reside in incorporated communities, as summarized in **Table 15**. The City of Richmond is the largest city within the District and accounts for 43 percent of District residents.

Table 15 Summary of Population and Area within the WCCHD Boundaries

Area	Population		District Population (2)(3)		Area (sq.miles)		
	Total City or Community (1)	%	Residents	% Dist.	Total City or Community	District Area (3) Sq. Miles	% Dist.
<b>INCORPORATED</b>							
Richmond	111,785 (1)	100%	111,785	42.7%	30.00	30.00	44.1%
El Cerrito	24,600 (1)	100%	24,600	9.4%	3.90	3.90	5.7%
Hercules	25,675 (1)	100%	25,675	9.8%	8.10	8.10	11.9%
Pinole	18,975 (1)	100%	18,975	7.2%	11.60	11.60	17.0%
San Pablo	<u>31,053</u> (1)	100%	<u>31,053</u>	<u>11.9%</u>	<u>2.50</u>	<u>2.50</u>	<u>3.7%</u>
<b>Total, Incorporated</b>	212,088	100%	212,088	81.0%	56.10	56.10	82.4%
<b>UNINCORPORATED</b>							
Bayview	1,728 (2)	100%	1,728	0.7%			0.0%
Crockett	3,044 (2)	1%	20	0.0%	(3)		0.0%
East Richmond Heights	3,272 (2)	100%	3,272	1.2%			0.0%
El Sobrante	13,388 (2)	100%	13,388	5.1%			0.0%
Kensington	5,595 (2)	100%	5,595	2.1%			0.0%
Montalvin Manor	3,164 (2)	100%	3,164	1.2%			0.0%
North Richmond	3,988 (2)	100%	3,988	1.5%			0.0%
Rodeo	9,724 (2)	100%	9,724	3.7%			0.0%
Rollingwood	2,847 (2)	100%	2,847	1.1%			0.0%
Tara Hills	4,778 (2)	100%	4,778	1.8%			0.0%
Other Unincorporated	<u>1,404</u> (3)	100%	<u>1,404</u>	<u>0.5%</u>			<u>0.0%</u>
<b>Total, Unincorporated</b>	52,932 (1)	94%	49,908	19.0%	12.00	12.00	17.6%
<b>TOTAL</b>	265,020 (1)	99%	261,996	100.0%	68.10	68.10	100.0%

(1) Source: Cal. Dept. of Finance, Report E-1: City/County Population Estimates 1/1/17

(2) Census, American Community Survey, 5-year

(3) County of Contra Costa GIS, 2017-07-19

7/24/17

## BANKRUPTCY PROCEEDINGS

Attorneys for the District anticipate that a Plan of Adjustment of the District's debt will be confirmed by the court in late 2017 an effective date in early 2018.<sup>101</sup>

As summarized in the bankruptcy Disclosure Statement, the Plan of Adjustment "provides that the District will sell the Hospital and will be reorganized into the Reorganized District and enter a period of operational dormancy during which the Reorganized District focuses its revenues on the repayment of creditors pursuant to the Plan. After the majority of creditor repayments are

<sup>101</sup> Correspondence from L. Texeira, LAFCO, 2017-07-11.

accomplished, estimated to occur in 2024, the Reorganized District intends to utilize its revenues to resume providing healthcare services to the citizens of West Contra Costa County.”<sup>102</sup>

Pending State legislation, if enacted, will allow the Contra Costa County Board of Supervisors to appoint the district governing board members.<sup>103</sup> This process signals the potential of closer coordination with the County and resulting administrative economies. At a minimum, election costs, budgeted at \$450,000 every two years, will be avoided. Actual cost savings could be less; the District's election cost during a gubernatorial election could be as low as \$120,000.<sup>104</sup>

## HEALTH NEEDS IN THE DISTRICT

The LAFCO Special Study prepared for the District described significant health needs within the District; the closure of Doctors Hospital compounded issues of access to healthcare services. Following closure of the hospital, the number of emergency stations fall below the Countywide average of 2.4 emergency medical treatment stations per 10,000 population, however, emergency department use has been declining with the increased use of urgent care and outpatient clinics, and increased access to insurance coverage.

Although the District will not be financially positioned to address health needs until it repays its bankruptcy obligations, the Kaiser Foundation Hospital in Richmond will continue to prepare analyses of health needs, in addition to analysis to be prepared by the County Health Services, for example, as part of its forthcoming Strategic Plan.

## POPULATION GROWTH

As shown in prior **Table 1**, ABAG projects the District’s population to grow by about 1.2 percent annually. Over the period from 2015 through 2020, this rate of growth would increase the District’s population by about 10,300 residents. ABAG projects longer-term growth to continue, increasing the need for healthcare services accordingly; ABAG estimates, by 2040, the District’s resident population will grow by 28 percent compared to 2015.

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<sup>102</sup> Disclosure Statement for the Plan for the Adjustment of Debts Dated June 9, 2017, United States Bankruptcy Court Northern District of California Oakland Division, Case No. 16-42917.

<sup>103</sup> SB 522, Glazer.

<sup>104</sup> The WCCHD conservatively budgets \$450,000 every two years for elections. In 2014, election costs were \$414,000 including a gubernatorial election (\$117,000) and a separate Measure C election (\$297,000) per County correspondence with LAFCO, 12/4/2017.

## DISADVANTAGED COMMUNITIES

Prior **Figure 2** depicts disadvantaged communities in the County, and shows qualifying areas in the District, primarily consisting of Richmond and San Pablo, and a portion of Hercules. Other unincorporated areas in the vicinity, for example North Richmond, also fall within the designation.

## MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

As described and mapped in **Appendix B**, OSHPD designates areas with different types of medical professional shortages.

The District encompasses the only area designated as Medically Underserved within the County (see **Figure B-1**), and the only area designated as a Dental Health Professional Shortage Area (see **Figure B-3**). Areas are also designated as Mental Health Professional Shortage Areas (see **Figure B-4**) and Primary Care Shortage Areas (see **Figure B-2**).

## HEALTH NEEDS ASSESSMENTS

The Kaiser Foundation Hospital in Richmond (KFH-Richmond) prepared a 2016 CHNA.<sup>105</sup> The CHNA prioritized “Obesity, Diabetes, Healthy Eating, and Active Living” as a need in its service area, followed by “Violence and Injury Prevention” and “Economic Security”.

## OTHER STUDIES AND INDICATORS

In 2011, Contra Costa Health Services prepared special studies of the impacts of sweetened beverage consumption on Richmond and San Pablo residents.<sup>106</sup> These studies reinforce the health priority identified in the Kaiser CHNA noted above.

Contra Costa Health Services prepared a “Richmond Health Equity Report Card” in 2015 that documented health issues and inequities in Richmond. The data utilized was from 2010 through 2012, and covers a range of health concerns facing the area, including economic security and education, safe communities, environmental and health justice, quality and accessible health and social services, health behaviors, and health outcomes.

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<sup>105</sup> 2016 Community Health Needs Assessment, Kaiser Foundation Hospitals Oakland and Richmond, approved September 21, 2016.

<sup>106</sup> The Impact of Sugar Sweetened Beverage Consumption on the Health of Richmond Residents, A Report from Contra Costa Health Services, Dec. 12, 2011, and see a related report for San Pablo, Nov. 15, 2011.



## FACILITIES AND SERVICES IN THE DISTRICT

**Figure 9** shows the locations of medical facilities within and proximate to the District. The map shows the closed Doctors Hospital, and the Kaiser Permanente Richmond Medical Center. As noted previously, West County is lacking in emergency stations as noted in prior **Table 2**.

## WCCHD GOVERNANCE

The WCCHD board continues to meet during the bankruptcy process. **Table 16** lists the current Board of Directors and their terms. Following bankruptcy, the Plan of Adjustment anticipates State legislation to enable the Contra Costa County Board of Supervisors to appoint the WCCHD board and eliminate election costs. The County may also elect to provide administrative services to the District to achieve other cost savings.

**Table 16 WCCHD Board Members**

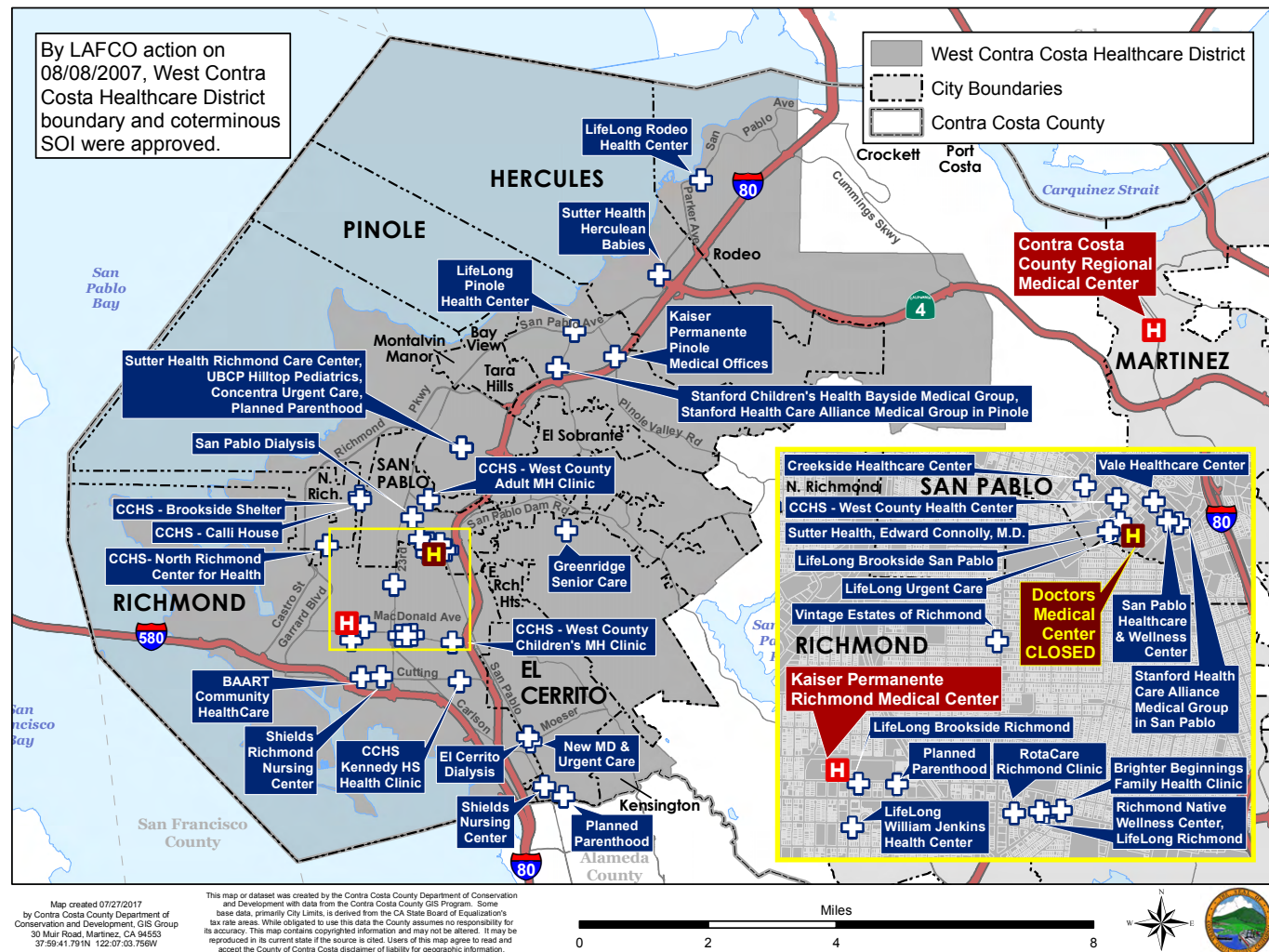
Position	Name	Term Began	Term Expires
Chairperson	Nancy Casazza, RN	1/21/15	Jan. 2019
Vice Chair	Beverly Wallace	1/21/15	Jan. 2019
Treasurer	Irma Anderson, RN	1/21/15	Jan. 2019
Secretary	William van Dyk DDS	2/1/17	Feb. 2021
Vice Secretary	Deborah Campbell, RN	12/2/16	Dec. 2020

*Source: B. Ellerston, WCCHD, July 19, 2017*

## ACCOUNTABILITY

The District continues to post notice of its meetings, agendas, and minutes on its website, as well as current financial documents and bankruptcy-related items.

Figure 9 Health Care Facilities in the WCCHD



## WCCHD GOALS, POLICIES AND PLANS

The WCCHD's website states the District's mission:

"Our mission is to provide leadership and oversight in the delivery of healthcare in the West Contra Costa Healthcare District by:

Acting as an advocate for quality healthcare to all. Providing a conduit for healthcare information and services. Fostering, developing, maintaining and supporting programs that serve the healthcare needs of the communities served. Providing assurance, through oversight of the District's healthcare facilities, of equal access to healthcare, without regard to race, color, age, religion, sex, sexual orientation, national origin, citizenship, handicap or ability to pay."<sup>107</sup>

As previously noted, since 2016, the District has focused on its bankruptcy proceedings, which should be completed by the end of 2017 or early 2018.

## WCCHD SERVICES

With the closure of Doctors Hospital and District bankruptcy, WCCHD does not anticipate resuming services until at least 2024. As stated in the bankruptcy Plan of Adjustment, "after the majority of creditor repayments are accomplished, estimated to occur in 2024, the Reorganized District intends to utilize its revenues to resume providing healthcare services to the citizens of West Contra Costa County."<sup>108</sup>

At the present time, the District has not determined the services that would be provided in the future when revenues are likely to be available for healthcare purposes. In light of potential significant changes in Federal and State funding of healthcare, and anticipated legislative reorganization of the District, determination of policies, plans and services probably will be deferred until the District has significant discretionary revenues available.

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<sup>107</sup> WCCHD website, Nov. 18, 2016,

<https://web.archive.org/web/20161118050309/http://wcchd.ca.gov/mission/>

<sup>108</sup> Plan for the Adjustment of Debts Dated June 9, 2017, Appendix D to the Disclosure Statement.

## WCCHD PROPERTY

The District is in the process of selling its assets, including the former Doctors Hospital building. The District will not own property post-bankruptcy.

## WCCHD FINANCES

During the bankruptcy proceedings, the District continues to fund various expenses, including administrative costs for contract staff; minimal expenses related to maintenance of the Doctors Hospital building; and other financial and legal costs in addition to the District's ongoing obligations to pay its debts and other liabilities.

The District's primary ongoing revenues are ad valorem property taxes, totaling about \$4.0 million annually before repayment to the County for property tax advances. Additional District parcel taxes, totaling approximately \$5.65 million annually, are dedicated to the repayment of Certificates of Participation (COPs). The sale of the Doctors Hospital building, the District's primary asset, will repay outstanding obligations in accord with the bankruptcy Plan of Adjustment.

Following bankruptcy and repayment of the County and other obligations and expenses, the District's projected net cash flow (after expenses) of approximately \$3-\$3.5 million annually will be available for healthcare services after about 2024. This net revenue includes parcel taxes collected in excess of annual COP payment requirements. The actual net available will depend upon the proposed reorganization of the District, whether costs of administrative services will be provided by the County in lieu of District staff and contracts, and the future amount of property tax growth.

**Table 17** shows the District's budget for 2017, including actual monthly revenues and expenditures through August 2017 and projected monthly cash flows for the balance of the year. The second page of the budget shows projected annual cash flows from 2018 through 2027.

Table 17 Summary of WCCHD Budget

West Contra Costa Healthcare District: Projected Monthly Cash Flow, 2017 ASSUMING NO SALE IN 2017														
2017														
	ACTUAL								FORECASTED				2017 TOTAL	
	January	February	March	April	May	June	July	August	September	October	November	December		
Beginning Cash Balance	\$ 168,763	\$ 288,966	\$ 325,925	\$ 297,911	\$ 284,030	\$ 1,298,428	\$ 1,066,942	\$ 872,163	\$ 549,288	\$ 262,534	\$ 72,722	\$ 86,251	\$ 168,763	
Cash Receipts*:														
Ad Valorem Tax					1,000,000								1,000,000	
(1) Receipts from US Bank	474,943	290,338	334,426	237,802	311,208					118,893	297,233	297,233	2,362,077	
(2) Other Receipts	8,550	15,726	16,508	14,396	5,944	28,565	26,023	17,307	125,525	5,000	5,000	5,000	273,543	
Sale of Building														
<b>Total Cash Receipts</b>	<b>483,493</b>	<b>306,064</b>	<b>350,934</b>	<b>252,198</b>	<b>1,317,152</b>	<b>28,565</b>	<b>26,023</b>	<b>17,307</b>	<b>125,525</b>	<b>123,893</b>	<b>302,233</b>	<b>302,233</b>	<b>3,635,620</b>	
Expenses:														
Payroll/Administration	54,989	62,879	72,202	46,436	51,453	51,988	32,570	91,154	55,000	55,000	55,000	55,000	683,672	
Bookkeeping Services	-	2,066	2,500				713		3,000	3,000	3,000	3,000	17,278	
Annual Audits	-	-	-		42,500			42,500	22,500	25,000			132,500	
Other	6,508	-		6,186		1,568	9,933	4,310	5,000	5,000	5,000	5,000	48,505	
<b>Total personnel/consulting costs</b>	<b>61,497</b>	<b>64,945</b>	<b>74,702</b>	<b>52,622</b>	<b>93,953</b>	<b>53,556</b>	<b>43,215</b>	<b>137,964</b>	<b>85,500</b>	<b>88,000</b>	<b>63,000</b>	<b>63,000</b>	<b>881,954</b>	
Office Expenses	2,254	2,030	2,498	1,794	1,638	1,471	2,226	2,801	2,000	2,000	2,000	2,000	24,713	
Security	48,555	31,175	45,099	31,999	17,440	52,703	35,093	50,531	35,000	35,000	35,000	35,000	452,595	
Utilities	31,213	32,740	37,088	29,130	24,109	18,077	17,978	18,864	20,000	20,000	20,000	20,000	289,199	
Landscaping	1,700	1,700	-	3,400	1,700		3,400	1,700	1,700	1,700	1,700	1,700	20,400	
All other (repairs, general office)	957	920	1,800	620	1,133		9,523	140	3,000	3,000	3,000	3,000	27,093	
Insurance	13,730	12,177	11,106	46,912	13,269		15,429	13,579	51,575	11,500	11,500	11,500	212,277	
<b>Total facilities costs</b>	<b>98,409</b>	<b>80,742</b>	<b>97,590</b>	<b>113,855</b>	<b>59,289</b>	<b>72,251</b>	<b>83,650</b>	<b>87,616</b>	<b>113,275</b>	<b>73,200</b>	<b>73,200</b>	<b>73,200</b>	<b>1,026,276</b>	
Legal	12,728	9,569	20,197	12,102	15,047	16,128	19,674	21,354	20,572	20,000	20,000	20,000	207,371	
Records Storage	22,504	45,009	22,505	22,505	22,505	22,505	22,505	22,505	22,505	22,505	22,505	22,505	292,560	
Fees and Other	22,763	59,391	-	-	-	-	-	-	5,000	5,000	5,000	5,000	102,153	
<b>Total other costs</b>	<b>57,995</b>	<b>113,969</b>	<b>42,702</b>	<b>34,607</b>	<b>37,552</b>	<b>38,633</b>	<b>42,178</b>	<b>43,858</b>	<b>48,077</b>	<b>47,505</b>	<b>47,505</b>	<b>47,505</b>	<b>602,084</b>	
Consulting - Financial/Operating	8,800	9,450	15,526		9,000	13,500	13,017	70,744	15,000	15,000	15,000	15,000	200,037	
Legal - Bankruptcy Counsel	136,589	-	148,428	64,996	102,959	82,112	38,741	-	130,428	80,000	80,000	80,000	944,253	
Unsecured Creditor Committee									20,000	10,000	10,000	10,000	50,000	
Chapter 9 and Professional Fees	145,389	9,450	163,954	64,996	111,959	95,612	51,758	70,744	165,428	105,000	105,000	105,000	1,194,290	
<b>Total Cash Payments</b>	<b>363,290</b>	<b>269,105</b>	<b>378,948</b>	<b>266,079</b>	<b>302,753</b>	<b>260,051</b>	<b>220,802</b>	<b>340,182</b>	<b>412,280</b>	<b>313,705</b>	<b>288,705</b>	<b>288,705</b>	<b>3,704,604</b>	
<b>Net Cash Flow for Month</b>	<b>120,203</b>	<b>36,958</b>	<b>(28,014)</b>	<b>(13,881)</b>	<b>1,014,398</b>	<b>(231,486)</b>	<b>(194,779)</b>	<b>(322,875)</b>	<b>(286,755)</b>	<b>(189,811)</b>	<b>13,529</b>	<b>13,529</b>	<b>(68,984)</b>	
<b>Total Cash Available</b>	<b>288,966.39</b>	<b>\$ 325,925</b>	<b>\$ 297,911</b>	<b>\$ 284,030</b>	<b>\$ 1,298,428</b>	<b>\$ 1,066,942</b>	<b>\$ 872,163</b>	<b>\$ 549,288</b>	<b>\$ 262,534</b>	<b>\$ 72,722</b>	<b>\$ 86,251</b>	<b>\$ 99,780</b>	<b>\$ 99,780</b>	

Table 17 Summary of WCCHD Budget (cont'd)

West Contra Costa Healthcare District: Projected Annual Cash Flow											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
<b>Beginning Balance (Operating Acct at Citibank)</b>	99,780	12,286,058	9,179,212	7,417,616	7,224,955	7,507,366	9,277,897	12,760,890	15,686,709	19,075,167	99,780
Ad Valorem tax receipts	4,006,980	4,027,015	4,047,150	4,067,386	4,087,723	4,108,161	4,128,702	4,149,346	4,170,093	4,190,943	40,983,500
(1) Sale of Property	12,700,000										12,700,000
Parcel tax, 2004	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	5,650,000	56,500,000
(2) Other	8,430,598										8,430,598
<b>Total Cash Receipts</b>	<b>30,787,578</b>	<b>9,677,015</b>	<b>9,697,150</b>	<b>9,717,386</b>	<b>9,737,723</b>	<b>9,758,161</b>	<b>9,778,702</b>	<b>9,799,346</b>	<b>9,820,093</b>	<b>9,840,943</b>	<b>118,614,098</b>
<b>Cash Payments:</b>											
Payroll/Administration	273,967	280,816	287,837	295,033	302,409	309,969	317,718	325,661	333,802	342,148	3,069,360
Bookkeeping Services	40,000	20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	239,090
Cost Report Audits and Settlement	30,000	30,750	31,519	32,307	33,114						157,690
Annual Financial Audit	15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733	168,051
Audit/Actuarial for Successor Pension Plan	78,000	79,950	81,949	83,997	86,097	88,250	90,456	92,717	95,035	97,411	873,864
IT Costs	12,000	12,300	12,608	12,923	13,246	13,577	13,916	14,264	14,621	14,986	134,441
Other	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489	112,034
<b>Total personnel/consulting costs</b>	<b>458,967</b>	<b>449,441</b>	<b>460,677</b>	<b>472,194</b>	<b>483,999</b>	<b>462,157</b>	<b>473,711</b>	<b>485,554</b>	<b>497,693</b>	<b>510,135</b>	<b>4,754,529</b>
Office Expenses	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	336,101
<b>Total facilities costs</b>	<b>30,000</b>	<b>30,750</b>	<b>31,519</b>	<b>32,307</b>	<b>33,114</b>	<b>33,942</b>	<b>34,791</b>	<b>35,661</b>	<b>36,552</b>	<b>37,466</b>	<b>336,101</b>
(2) Records Storage	216,164	191,904	164,316	131,606	96,116	62,722	34,391	23,653	18,980	15,045	954,897
Legal Fees	300,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Fees and Other	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
Election costs every two years		450,000		450,000		450,000		450,000		450,000	2,250,000
<b>Total other costs</b>	<b>526,164</b>	<b>751,904</b>	<b>274,316</b>	<b>691,606</b>	<b>206,116</b>	<b>622,722</b>	<b>144,391</b>	<b>583,653</b>	<b>128,980</b>	<b>575,045</b>	<b>4,504,897</b>
Unsecured Creditors	2,000,000	2,000,000	2,000,000								6,000,000
Repayment to County (Unsecured, past election)		218,133									218,133
EDD	661,371	661,371									1,322,742
Local 39 Claim	41,335	41,335	41,335	41,335	41,335	41,335	41,335	41,335	41,335	35,411	407,421
CNA Medical Pension Plan	250,000	250,000	250,000	250,000	250,000	250,000	250,000	375,000	375,000	-	2,500,000
Successor Pension Plan Payments	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	13,000,000
Committee Counsel Fees	50,000										50,000
Contract Cure Costs	58,500										58,500
Cell Rights Settlements	800,000										800,000
(4) Repayment of 928(b) Orders	2,362,077										2,362,077
2004 COPs Payment (US Bank)	1,895,006	1,895,988	1,894,013	1,894,081	1,895,925	1,894,275	1,894,131	1,895,225	1,895,475	1,896,325	18,950,444
2011 COPs Payment (US Bank)	2,460,900	2,457,925	2,459,738	2,461,138	2,457,100	2,457,350	2,457,350	2,457,100	2,456,600	2,455,850	24,581,050
Repayment to County (Ad Valorem tax exchange)	3,006,980	3,027,015	3,047,150	3,067,386	3,087,723	3,125,850	-	-	-	-	16,462,104
<b>Creditor Payments</b>	<b>17,586,169</b>	<b>11,551,765</b>	<b>10,692,235</b>	<b>8,713,939</b>	<b>8,732,082</b>	<b>6,868,809</b>	<b>5,642,816</b>	<b>5,768,660</b>	<b>5,768,410</b>	<b>5,387,586</b>	<b>86,712,470</b>
<b>Total Cash Payments</b>	<b>18,601,300</b>	<b>12,783,861</b>	<b>11,458,747</b>	<b>9,910,047</b>	<b>9,455,312</b>	<b>7,987,631</b>	<b>6,295,709</b>	<b>6,873,527</b>	<b>6,431,634</b>	<b>6,510,231</b>	<b>96,307,998</b>
<b>Net Cash Flow, Annual</b>	<b>12,186,278</b>	<b>(3,106,846)</b>	<b>(1,761,597)</b>	<b>(192,661)</b>	<b>282,411</b>	<b>1,770,531</b>	<b>3,482,994</b>	<b>2,925,819</b>	<b>3,388,458</b>	<b>3,330,712</b>	<b>22,306,100</b>
<b>Total Cash Available</b>	<b>\$ 12,286,058</b>	<b>\$ 9,179,212</b>	<b>\$ 7,417,616</b>	<b>\$ 7,224,955</b>	<b>\$ 7,507,366</b>	<b>\$ 9,277,897</b>	<b>\$ 12,760,890</b>	<b>\$ 15,686,709</b>	<b>\$ 19,075,167</b>	<b>\$ 22,405,879</b>	<b>\$ 22,405,879</b>

**Notes:**

(1) Receipts of \$12,700,000 is net proceeds from the sale of the property; Sale price is \$13,000,000, less the broker fees and other closure costs estimated at \$300,000.

(2) Amount projected by the District to be held by U.S. Bank as of 1/1/2018 reflecting all parcel taxes collected prior to 2018 less all payments on the 2004 Cops and 2011 Cops through 2017. This amount may be less due to accruing trustee fees and expenses.

Table 18 illustrates current assessed value within the District by jurisdiction.

**Table 18 Summary of Assessed Value within the WCCHD Boundaries**

Area	Total A.V.	District Assessed Value (1)		
	Total City or Community (1)	%	\$	% Dist.
<u>INCORPORATED</u>				
Richmond	\$ 13,082,516,425	100%	\$ 13,082,516,425	43.0%
El Cerrito	\$ 4,017,973,881	100%	\$ 4,017,973,881	13.2%
Hercules	\$ 3,449,453,774	100%	\$ 3,449,453,774	11.3%
Pinole	\$ 2,282,460,991	100%	\$ 2,282,460,991	7.5%
San Pablo	<u>\$ 1,707,066,788</u>	100%	<u>\$ 1,707,066,788</u>	<u>5.6%</u>
Total, Incorporated	24,539,471,859	100%	\$ 24,539,471,859	80.7%
Total, Unincorporated			\$ 5,869,875,498	19.3%
TOTAL			\$ 30,409,347,357	100.0%

(1) Source: Contra Costa County Auditor-Controller

## WCCHD ASSETS AND LIABILITIES

After the bankruptcy court approves the District's Plan of Adjustment, the District will not be subject to any former liabilities other than the payment obligations specified by the bankruptcy Plan of Adjustment. Those payment obligations include:<sup>109</sup>

- Full repayment of outstanding Certificates of Participation (approximately \$56 million) plus interest.
- \$218, 132.50 representing 50% of the total amount owed to the County for prior District election costs.<sup>110</sup>
- Local 39 Pension Claim - \$31,480.99 per year for ten years; Local 39 Health Claim \$8,214.98 per year for nine years.<sup>111</sup>

<sup>109</sup> Disclosure Statement for the Plan for the Adjustment of Debts dated June 9, 2017, Section 3.1 Proposed Treatment of Claims.

<sup>110</sup> See First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 11, Section 4.2.

<sup>111</sup> See First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 13, Section 4.7.



- WCCHD Successor Pension Plan – the Reorganized District to assume all rights and responsibilities regarding these pension plan claims. Within 30 days after the effective date of the plan \$4 million will be transferred to the plan administrator. Thereafter, the District will pay \$1 million per year to the plan administrator until the pension plan is fully funded.<sup>112</sup>
- Approximately \$2.7 million owed to the California Nurses Association (CNA).<sup>113</sup>
- About \$1.3 million owed to the State EDD for claims.<sup>114</sup>
- \$6 million shall be paid to other unsecured allowed claims.

The foregoing information is included in the current version of the Plan of Adjustment proposed by the debtor, however, as of the writing of this report, the bankruptcy proceedings are not final; other claims may be submitted and/or modified. Until there is a final order or judgment of the bankruptcy court confirming the Plan and all appeal periods have expired, the District's obligations under the Plan cannot be known to a legal certainty.

## WCCHD ORGANIZATIONAL ISSUES AND OPTIONS

The Special Study prepared by Contra Costa LAFCO for the WCCHD outlined a number of governance options. The Special Study supported pursuit of legislation to enable the County Board of Supervisors to appoint the governing body of the WCCHD that could include the Board of Supervisors. If this special legislation passes,<sup>115</sup> the District will no longer be burdened by election costs and there may be new opportunities for a partnership between the County and the reorganized District, including administrative support and other shared resources.

The reorganization described above could be re-assessed at a future point in time, if other options appear more viable. For example, if legislation modifies the requirements for subsidiary district formation, this option may be viable if the City of Richmond is willing and able at a future point in time to assume responsibility for District functions.

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<sup>112</sup> See, First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 11, Section 4.3.

<sup>113</sup> See, First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 12, Section 4.4.

<sup>114</sup> See, First Amended Plan for the Adjustment of Debts Dated July 21, 2017, filed on August 3, 2017, Page 12, Section 4.5.

<sup>115</sup> SB 522, Glazer.





## APPENDICES UNDER SEPARATE COVER



**Berkson  
Associates**

Urban Economics  
Policy Forensics & Forecasting  
Planning & Policy Analysis

**PUBLIC REVIEW DRAFT**

HEALTHCARE SERVICES

MUNICIPAL SERVICE REVIEW &

SPHERE OF INFLUENCE UPDATES

APPENDICES

Prepared for Contra Costa LAFCO

Prepared by Berkson Associates

In association with the Abaris Group

December 2, 2017



## APPENDICES

### A. OVERVIEW OF MSR DETERMINATIONS AND APPLICABILITY TO HEALTHCARE DISTRICT MUNICIPAL SERVICE REVIEWS

Table A-1 Overview of MSR Determinations Applicability to Healthcare District MSRs

### B. MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

Figure B-1 Medically Underserved Areas in Contra Costa County

Figure B-2 Primary Care Shortage Areas in Contra Costa County

Figure B-3 Dental Health Professional Shortage Areas in Contra Costa County

Figure B-4 Mental Health Professional Shortage Areas in Contra Costa County

### C. HEALTH NEEDS ASSESSMENTS IN CONTRA COSTA COUNTY

### D. LMCHD GRANT PROGRAMS

LMCHD Grant Programs Fall of 2016 and Summer 2017



## APPENDIX A

### OVERVIEW OF MSR DETERMINATIONS AND APPLICABILITY TO HEALTHCARE DISTRICT MUNICIPAL SERVICE REVIEWS

**Table A-1 Overview of MSR Determinations Applicability to Healthcare District MSRs**

Determination	Applicability to HCD MSRs	Methodology and Data Sources
<b>(1) Growth and population projections for the affected area.</b>	<b>How will growth and population projections affect determinations</b> re: current and future healthcare district services and service area? Changes in demographics and underserved populations? Implications for funding?	<b>Regional agencies</b> can provide forecasts, but may require GIS analysis to define district boundaries. LAFCOs/counties often can provide GIS maps.
<b>(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</b>	<b>Are there Disadvantaged Communities and/or underserved areas</b> that can be more equitably provided services, eg. via SOI and service area changes? Are HCDs addressing the needs of these communities?	<b>LAFCOs</b> can identify Disadvantaged Communities, in collaboration with county.  <b>OSHPD</b> can provide GIS data to create maps to delineate underserved areas.
<b>(3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</b>	<b>Are district services "adequate",</b> i.e. acceptable in quantity and quality:  <b>Grant Quantity</b> - any increase above current funding from other agencies should be considered "adequate" as long as "Admin %" ratios meets standards. Do the grants make a difference in health outcomes of identified needs?  <b>Grant Quality</b> - Are grantees effectively and efficiently using funds to meet community health needs, including those of disadvantaged communities?  <b>Direct Services</b> - Is the district effectively and efficiently using funds to meet community health needs, including those of disadvantaged communities?	<b>Show historic patterns of grant allocations</b> , and as a % vs. other expenditures.  <b>Document consistency of grants and services with district Strategic Plan</b> goals and documented health needs in the district, eg with reference to Community Health Needs Assessment reports prepared by hospitals.  <b>Review basis for decisions regarding health needs and priorities</b> , in light of other agencies and available information.  Compare grant review, award and followup to <b>Best Practices</b> .

**Table A-1 Overview of MSR Determinations and Applicability to Healthcare District MSRs (cont'd)**

Determination	Applicability to HCD MSRs	Methodology and Data Sources
(4) Financial ability of agencies to provide services.	<p><b>Grants</b> - is staff adequate to review, administer, track, and report on grant outcomes to assure adequacy of grants in an efficient manner?</p> <p><b>Direct Services</b> -is funding adequate to effectively provide services, and maintain adequate reserves for capital and for contingencies?</p>	<p>Document <b>historic pattern of revenues and expenditures, and financial position</b>, utilizing budgets and financial reports.</p> <p>Utilize <b>performance measures</b> specific to direct services provided, eg., is admin 20% or less of expenditures?</p> <p>Document potential financial risks and financial planning and ability to address these risks.</p>
(5) Status of, and opportunities for, shared facilities.	<p><b>Does the district collaborate with other healthcare providers</b> to minimize redundant overhead, leverage resources, and coordinate targeting of health needs?</p>	<p><b>Document participation in regional healthcare planning</b> with other healthcare agencies, and utilization of healthcare needs assessments.</p>
(6) Accountability for community service needs, including governmental structure and operational efficiencies.	<p><b>Does the district achieve:</b></p> <p>a) <b>Special District standards</b> for high performance, transparency, and website content/accessibility;</p> <p>b) Effective <b>public engagement</b>;</p> <p>c) <b>Strategic planning</b> to engage public, coordinate with other agencies, and provide transparency re: goals and related actions;</p> <p>d) <b>Other best practices</b> and performance standards?</p>	<p>Compare district website and practices to checklists available from <b>Special District Leadership Foundation</b>.</p> <p><b>Document public outreach</b> and process for developing/reviewing goals, policies and Strategic Plan.</p> <p>Investigate any applicable <b>civil grand jury reports</b>.</p> <p>Review <b>prior LAFCO MSRs</b> or special studies re: governance issues and options.</p> <p>Review other applicable <b>industry</b></p>
(7) Any other matter related to effective or efficient service delivery, as required by commission policy.	<p>For example, does the District expend funds on or receive revenue from non-healthcare services (e.g., real estate)? Can district resources be better utilized for other purposes or by other entities?</p>	<p>Review press re: local issues; investigate any applicable civil grand jury reports. Review prior LAFCO MSRs or special studies.</p>

11/15/17



## APPENDIX B

### MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

## MEDICALLY UNDERSERVED & HEALTH PROFESSIONAL SHORTAGE AREAS

One area within the County is designated as a Medically Underserved Area (MUA) according to the Office of Statewide Health Planning and Development (OSHPD), as shown in **Figure B-1**.<sup>1</sup> This area falls within the boundaries of the WCCHD.

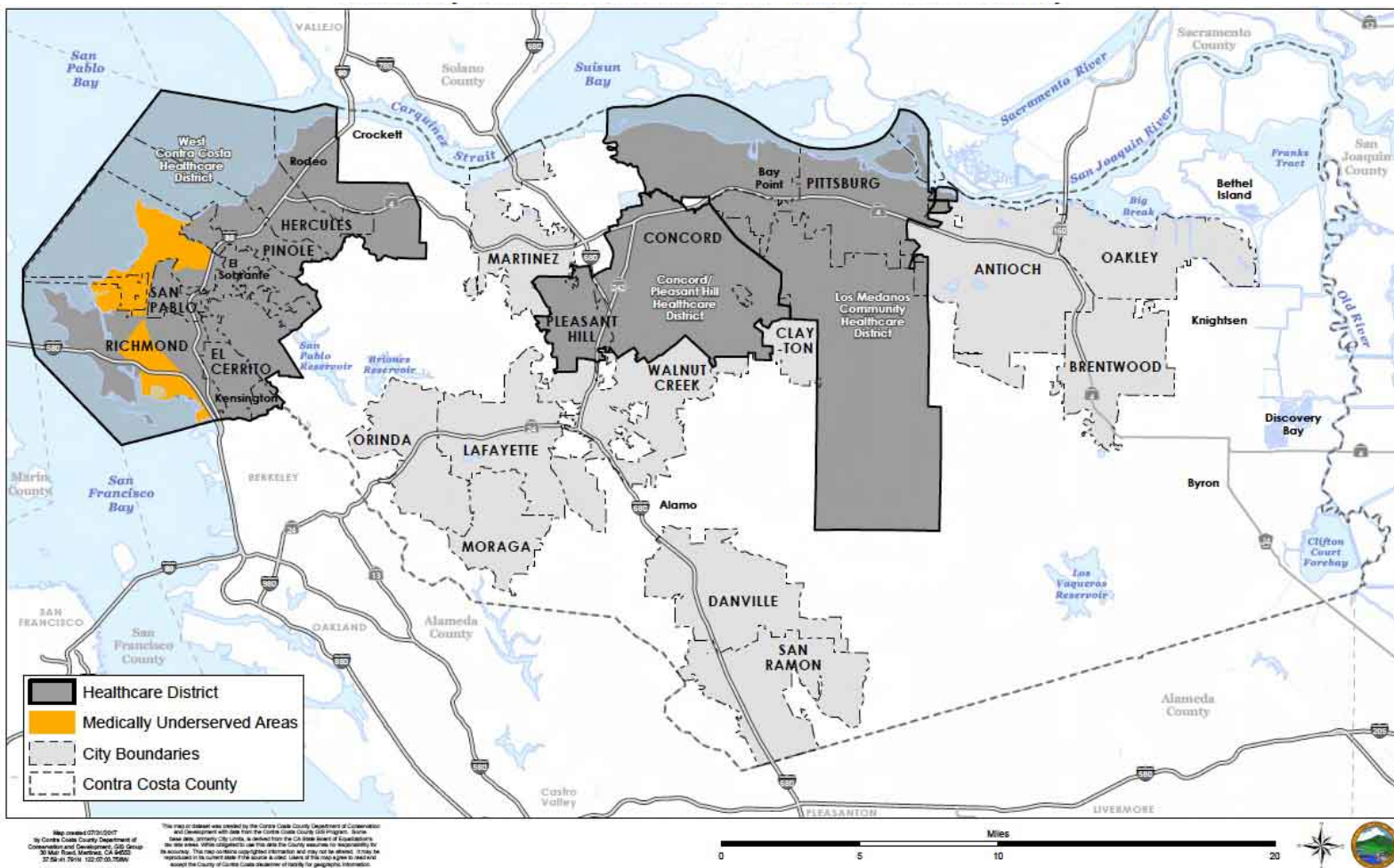
The “medically underserved” are people with life circumstances that make them susceptible to falling through the cracks in the health care system. Many do not have health insurance or cannot afford it; those who do have insurance sometimes face insufficient coverage. The MUA includes a shortage of dental health and mental health professionals.

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<sup>1</sup> See <http://gis.oshpd.ca.gov/atlas/topics/shortage/mua/contra-costa-service-area>



Figure B-1 Medically Underserved Areas in Contra Costa County



Recognition as a federally designated Health Professional Shortage Area (HPSA) for Primary Care, Dental Health, and Mental Health disciplines or Medically Underserved Area/Medically Underserved Population (MUA/MUP) enables a clinic to be eligible for assignment of National Health Services Corp Personnel or apply for Rural Health Clinic Certification, Federally Qualified Health Center status (FQHC), FQHC Look-Alike, or New Start/Expansion program, depending on the designation.<sup>2</sup> Designation provides other benefits, noted below for each designation.

### **Primary Care Health Professional Shortage Areas**

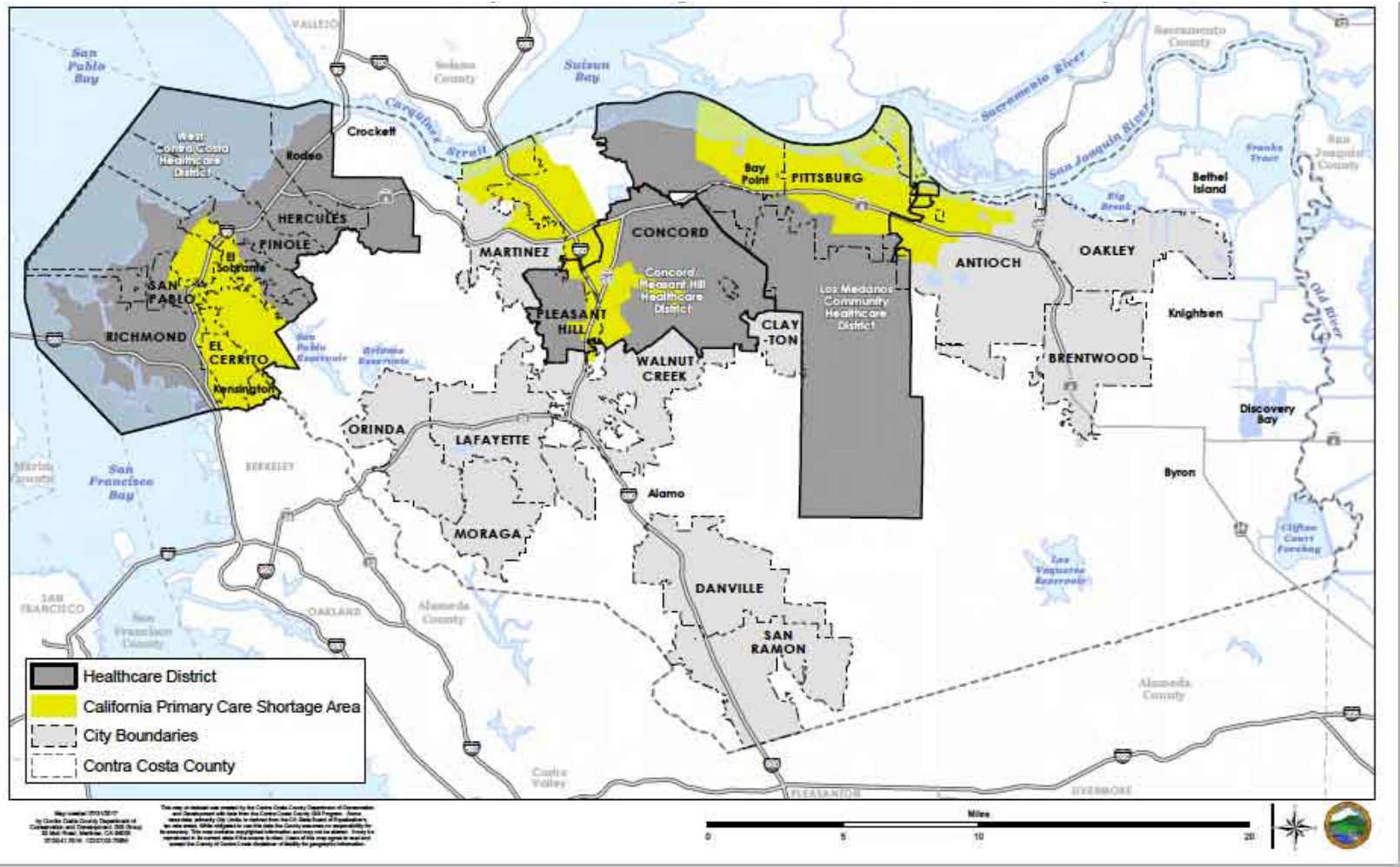
Primary Care Shortage Areas (PCHPSAs) exist in each of the three healthcare districts, and some adjoining unincorporated areas, as shown in **Figure B-2**. A PCHPSA designation requires:

- A rational service area, e.g., a Medical Service Study Area
- Population to primary care physician ratio: 3,500:1 or 3,000:1 plus population features demonstrating "unusually high need;" and
- A lack of access to health care in surrounding areas because of excessive distance, overutilization, or access barriers.

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<sup>2</sup> OSHPD Shortage Designation Program webpage, <http://www.oshpd.ca.gov/HWDD/Shortage-Designation-Program.html>

Figure B-2 Primary Care Shortage Areas in Contra Costa County



Benefits of designation as a PCHPSA, according to OSHPD,<sup>3</sup> include:

- Education loan repayment and personnel placement through the National Health Service Corps (NHSC);
- Improved Medicare reimbursement. Physicians in geographic PCHPSAs are automatically eligible for a 10% increase in Medicare reimbursement;
- Eligibility for Rural Health Clinic Certification (a prospective payment method designed to enhance access to primary health care in rural underserved areas);
- Eligibility for the NHSC/State Loan Repayment Program;
- Enhanced federal grant eligibility; and
- Funding preference for primary care physician, physician assistant, nurse practitioner, and nurse midwife programs that provide substantial training experience in HPSAs.<sup>4</sup>

#### **Dental Health Professional Shortage Areas**

The only Dental Health Professional Shortage Area (DHPSA) in the County exists within the WCCHD boundaries in Richmond, as shown in **Figure B-3**. The federal Dental HPSA designation identifies areas as having a shortage of dental providers on the basis of availability of dentists and dental auxiliaries.<sup>5</sup> A DHPSA designation requires:

- A rational service area, e.g., a Medical Service Study Area

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<sup>3</sup> OSHPD Shortage Designation Program website,  
<https://www.oshpd.ca.gov/HWDD/Shortage-Designation-HPSA.html#PCHPSA>

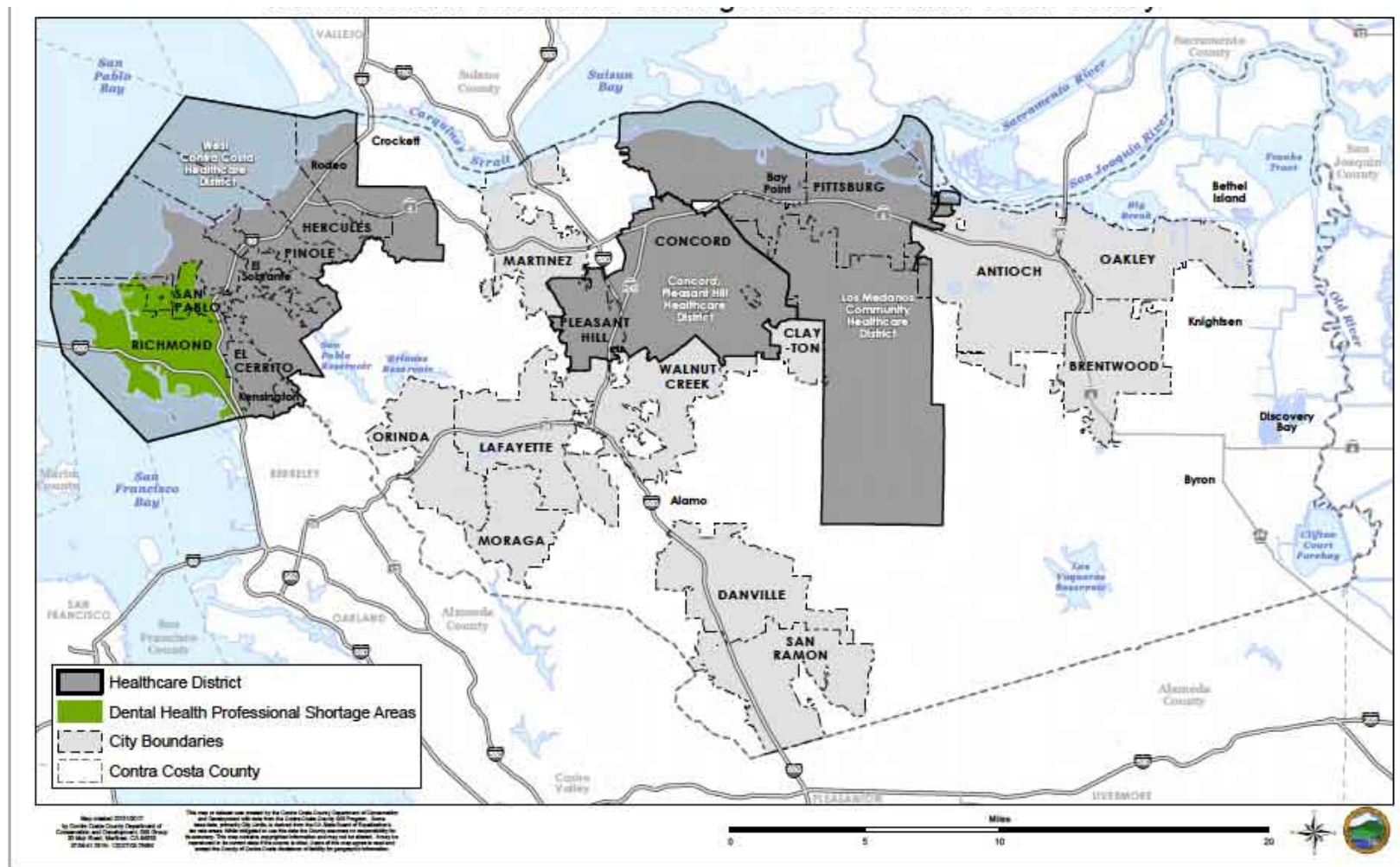
<sup>4</sup> *ibid*, OSHPD Shortage Designation Program website.

<sup>5</sup> OSHPD Shortage Designation Program website,  
<https://www.oshpd.ca.gov/HWDD/Shortage-Designation-HPSA.html#DHPSA>

- Population to general practice dentist ratio: 5,000:1 or 4,000:1 plus population features demonstrating "unusually high need;" and
- A lack of access to dental care in surrounding areas because of excessive distance, overutilization, or access barriers.



Figure B-3 Dental Health Professional Shortage Areas in Contra Costa County



Benefits of designation as a PCHPSA, according to OSHPD, include:

- Education loan repayment and personnel placement through the National Health Service Corps (NHSC);
- Eligibility for the NHSC/State Loan Repayment Program;
- Scholarships for dental training in return for service in a shortage area; and
- Funding priorities for training in general practice dentistry in programs that provide substantial training in shortage areas.<sup>6</sup>

### **Mental Health Professional Shortage Areas**

Designated Mental Health Professional Shortage Areas (MHPSA) exist in the WCCHD and the LMHCD, and in substantial areas of East County, as shown in **Figure B-4**. The federal MHPSA designation identifies areas as having a shortage of mental health providers on the basis of availability of psychiatrist and mental health professionals.<sup>7</sup> A MHPSA designation requires:

- A rational service area;
- The population-to-core mental health professional and/or the population-to-psychiatrist ratio meet established shortage criteria; and
- A lack of access to mental health care in surrounding areas because of excessive distance, overutilization, or access barriers.

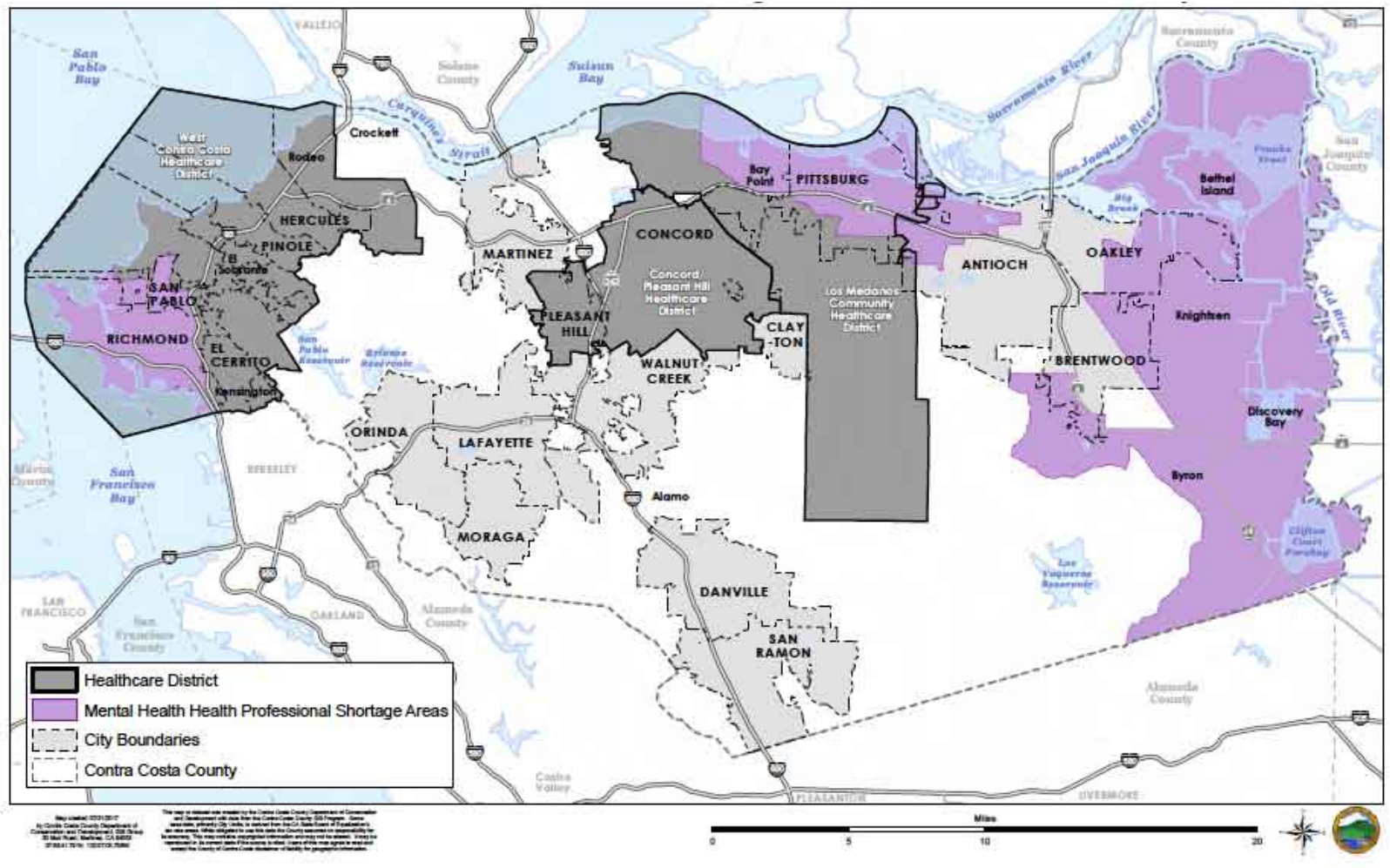
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<sup>6</sup> ibid, OSHPD Shortage Designation Program website.

<sup>7</sup> OSHPD Shortage Designation Program website

<https://www.oshpd.ca.gov/HWDD/Shortage-Designation-HPSA.html#MHPSA>

Figure B-4 Mental Health Professional Shortage Areas in Contra Costa County





Benefits of designation as a MHPSA, according to OSHPD, include:

- Eligibility for the National Health Services Corp/State Loan Repayment Program;
- Improved Medicare reimbursement; and
- Enhanced federal grant eligibility.<sup>8</sup>

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<sup>8</sup> *ibid*, OSHPD Shortage Designation Program website.



## APPENDIX C

### HEALTH NEEDS ASSESSMENTS IN CONTRA COSTA COUNTY

**John Muir Health**

John Muir Health (JMH) prepared a CHNA in 2016 that covers its medical centers in Concord and Walnut Creek, and its Behavioral Health Center in Concord.<sup>9</sup> JMH's primary and secondary service areas include central and eastern Contra Costa County, generally encompassing areas served by the CPPHD and LMHD.<sup>10</sup> The John Muir Medical Center - Concord (JMMC-Concord) and the JMH Behavioral Center are located within the boundaries of the CPPHD in addition to urgent care facilities, physician offices, emergency and other outpatient services. JMH physician offices are located in Pittsburg within LMHD boundaries.

The CHNA identified the following health priorities in the community, based on input from the community and public health experts.

1. Obesity, Diabetes, Healthy Eating, and Active Living
2. Economic Security
3. Healthcare Access & Delivery, including Primary & Specialty Care
4. Oral/Dental Health
5. Mental Health
6. Substance Abuse, including Alcohol, Tobacco, and Other Drugs
7. Unintentional Injuries
8. Violence and Injury Prevention

JMH filed its 2016 Community Health Improvement Plan (CHIP)<sup>11</sup> with the IRS and selected the community health needs it planned to address, and identified related implementation actions under the guidance of JMH governing bodies and its Community Health Improvement Department.

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<sup>9</sup> 2016 Health Needs Assessment, John Muir Health.

<sup>10</sup> Community Health Implementation Plan (CHIP), John Muir Health, adopted 11/15/16.

<sup>11</sup> *ibid*, Community Health Improvement Plan (CHIP), John Muir Health, adopted 11/15/16.

For each of the identified health priorities listed above, the CHIP specifies long-term and intermediate goals, actions and resources, anticipated impacts, and planned collaborators. The goals are organized around three areas: healthcare access and delivery, including primary and specialty care; behavioral health; and obesity, diabetes, health eating and active living. These groups generally encompass all of the identified health priorities with the exception of “economic security”.

The CHIP does not explicitly propose collaborations with any Contra Costa healthcare districts. The JMH 2015 Community Benefit Report<sup>12</sup> summarizes the CHIP and benefits to the community, but also does not list any healthcare districts as collaborators (with the exception of the John Muir/Mt. Diablo Health Fund which includes representatives of CPPHD on the Health Fund board).

### **Kaiser Foundation Hospitals**

#### *KFH-Walnut Creek*

The KFH-Walnut Creek service area includes the cities of Concord and Pleasant Hill, which largely comprise the CPHHD, and unincorporated areas within the LMHD. In addition to central Contra Costa County, the KFH-Walnut Creek service area includes portions of Alameda County. The CHNA identified “vulnerable populations”, or areas meeting certain criteria for lack of education and poverty levels; those areas fall within CPHHD and LMHD.<sup>13</sup> Service area health need priorities include the following:

1. Obesity, Diabetes, Healthy Eating, and Active Living
2. Oral/Dental Health
3. Substance Abuse, including Alcohol, Tobacco, and Other Drugs
4. Economic Security
5. Healthcare Access & Delivery, including Primary & Specialty Care

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<sup>12</sup> 2015 Community Benefit Report, John Muir Health.

<sup>13</sup> Community Health Needs Assessment, Kaiser Foundation Hospital – Walnut Creek, approved 9/21/16, pg. 11.

6. Mental Health
7. Violence and Injury Prevention

#### *KFH-Richmond*

The Kaiser Foundation Hospital in Richmond (KFH-Richmond) prepared a 2016 CHNA.<sup>14</sup> The KFH-Richmond hospital is located within the WCCHD service area, and expanded its number of emergency beds in response to the closure of WCCHD's Doctors Hospital. The CHNA's health need priorities include:

1. Obesity, Diabetes, Healthy Eating, and Active Living
2. Violence and Injury Prevention
3. Economic Security
4. Mental Health
5. Substance Abuse, including Alcohol, Tobacco, and Other Drugs
6. Healthcare Access & Delivery, including Primary & Specialty Care
7. Sexually Transmitted Infections
8. Asthma
9. Infectious Diseases (non-STIs)
10. Cancer

#### *KFH-Antioch*

KFH-Antioch Hospital serves East County, including Pittsburg and unincorporated Bay Point within the boundaries of LMHD. The CHNA identified "vulnerable populations", or areas meeting certain criteria for lack of education and poverty levels, within portions of LMHD and other

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<sup>14</sup> 2016 Community Health Needs Assessment, Kaiser Foundation Hospitals Oakland and Richmond, approved September 21, 2016.

service area communities. The Kaiser Foundation Hospital in Antioch (KFH-Antioch) 2016 CHNA prioritized the following health categories:<sup>15</sup>

1. Economic Security
2. Obesity, Diabetes, Healthy Eating, and Active Living
3. Healthcare Access & Delivery, including Primary & Specialty Care
4. Oral/Dental Health
5. Mental Health
6. Unintentional Injuries
7. Violence and Injury Prevention
8. Substance Abuse, including Alcohol, Tobacco, and Other Drugs

The KFH-Antioch 2016 CHNA provides quantitative and qualitative community input on the nature of health issues listed above.

#### **Sutter Delta Medical Center**

The Sutter Delta Medical Center (SDMC), located in Antioch, serves a population that includes Pittsburg and Bay Point, which fall within the LMHD. The latter areas were identified as “Communities of Concern”, in addition to a portion of Antioch. These Communities of Concern are defined as “populations within the HSA that have the greatest concentration of poor health outcomes and are home to more medically underserved, low income, and diverse populations at greater risk for poorer health.”<sup>16</sup> Health need priorities include:

- Access to Quality Primary Care Health Services
- Access to Affordable, Healthy Food

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<sup>15</sup> 2016 Community Health Needs Assessment, Kaiser Foundation Hospital Antioch, approved September 21, 2016;

<sup>16</sup> A Community Health Needs Assessment of the Sutter Delta Medical Center Service Area, Community Health Insights, May 2016.

- Access to Basic Needs, such as Housing and Employment
- Access to Mental, Behavioral, and Substance Abuse Services
- Safe and Violence-Free Environment
- Health Education and Health Literacy
- Access to Transportation and Mobility
- Access to Specialty Care



## APPENDIX D

### LMCHD GRANT PROGRAMS

### FALL OF 2016 AND SUMMER 2017



## 2016 Fall Programs

Organization	Program	Address	Amount Received	Individuals Served*	Description
<b>All Star Cheer Reaction</b>	All Star Cheer Reaction	535 Azores Circle Bay Point, CA 94565	\$ 10,000.00	60	Introduce children ages 5-18 to fitness and healthy eating choices. Get them away from TV, computers, and internet surfing.
<b>APT Sports</b>	APT Sports' Elite Basketball Program	271 Patricia Ave Pittsburg, CA 94565	\$ 10,000.00	195	Provides healthy, positive activities for youth from ages 7 to 18. This is accomplished by offering a basketball program, which instills healthy living and positive lifestyles, as well as mentoring for participants.
<b>Center for Human Development</b>	"Mind, Body, and Soul" - African American Wellness Program	901 Sunvalley Blvd Suite 220 Concord, CA 94520	\$ 7,525.00	60	Helps enhance the capacity of the Mind, Body, and Soul Support Groups and augments the monthly curriculum for african american adults, living in Pittsburg and Bay Point, to include health eating and active physical exercise.
<b>East County Junior Warriors Basketball League</b>	East County Junior Warriors Basketball League	2120 Railroad Avenue Suite 103-320 Pittsburg, CA 94565	\$ 10,000.00	332	Through an organized basketball league the program targets youth between the ages of 8 and 16 and provide them with a safe, supervised environment. The program also provides fitness, peer mentoring, and nutritional counseling.
<b>Eddy Hart All in One Foundation</b>	Eddy Hart All in One Foundation	640 Bailey Rd #170 Pittsburg, CA 94565	\$ 10,000.00	400+	Help youth to improve health conditions, increase their knowledge of good health, increase physical activity, improve understanding of healthy eating habits, and teach the value of maintaining an active life style.
<b>Food Bank of Contra Costa &amp; Solano</b>	Community Produce Program	4010 Nelson Ave Concord, CA 94565	\$ 10,000.00	1,010 households 3534 individuals	Distribute fresh fruits and vegetables in neighborhoods identified by the US Department of Agriculture as food deserts, where healthy food is hard to access.
<b>Greater Faith Food Pantry</b>	Greater Faith Food Pantry	4150 Railroad Ave Pittsburg, CA 94565	\$ 15,000.00	741 families 2,403 family members	Assists any employed, unemployed homeless or hungry in the community by providing a three day supply of food for a family of four. Emergency food provided upon request by contacting the Food Pantry.
<b>Healthy Hearts Institute</b>	El Pueblo Community Garden	8452 N Lake Drive Pittsburg, CA 94565	\$ 10,000.00	10 households	This program will construct a community garden, establish ten garden members, and provide garden training for members.

\*Data taken from 2016 Fall Health and Wellness Midterm Reports and will be subject to change upon program completion.

Fall 2016

Page 1

## 2017 Summer Programs

Organization	Program	Address	Amount Received	Individuals Served	Description
<b>Bay Point Community Foundation</b>	Teen Garden Corp Program	36 Sandview Drive Bay Point, CA 94565	\$ 2,500.00	6	The youth who participate will learn about the importance of nutrition and physical activity and will participate in cooking and gardening demonstrations to develop leadership skills.
<b>Contra Costa Health Ministries</b>	Integrated Nutrition Educational & Physical Activity Program	4464 Lone Tree Way Suite 535 Antioch, CA 94531	\$ 8,877.00	160	This project will provide culturally relevant health promotion and wellness programs in the underserved areas of Pittsburg and Bay Point where African Americans, Latinos, and other underserved persons predominantly reside. The objective is to provide education and support to children and families in communities at risk that can benefit them not only during summer months but also can be replicated in their daily lives.
<b>East County Midnight Basketball League</b>	2017-2018 East County Midnight Basketball League	4654 Aberdeen Court Antioch, CA 94531	\$ 10,000.00	45-60	Through the organized basketball league and organized life skill workshops, the East County Midnight Basketball League utilizes basketball as a tool to help create a positive social change within the community by helping young adults learn how to value education, employment, stable family, and responsibility.
<b>First Baptist Head Start</b>	Training Our Youth Will Ensure a Healthy Community Tomorrow	3890 Railroad Ave Pittsburg, CA 94565	\$ 10,000.00	167	The main objective of the youth training program is to target at-risk youth who face challenges of developing high blood pressure, obesity, and diabetes due to their surroundings and sedentary lifestyles. The program trains students to prepare healthy meals as well as indoor/outdoor physical activities.
<b>Full Stride Track Club</b>	Full Stride Youth Track & Field Club	311 Alta Vista Circle Pittsburg, CA 94565	\$ 5,000.00	47	Provides low cost, positive and healthy athletic activity, which focuses on building the children's self-esteem by facilitating the achievement of numerous goals.



## CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

651 Pine Street, Sixth Floor • Martinez, CA 94553-1229

e-mail: LouAnn.Teixeira@lafco.cccounty.us

(925) 335-1094 • (925) 335-1031 FAX

**Lou Ann Teixeira**  
*Executive Officer*

### MEMBERS

**Candace Andersen**  
*County Member*

**Donald A. Blubaugh**  
*Public Member*

**Federal Glover**  
*County Member*

**Michael R. McGill**  
*Special District Member*

**Rob Schroder**  
*City Member*

**Igor Skaredoff**  
*Special District Member*

**Don Tatzin**  
*City Member*

### ALTERNATE MEMBERS

**Diane Burgis**  
*County Member*

**Sharon Burke**  
*Public Member*

**Tom Butt**  
*City Member*

**Stanley Caldwell**  
*Special District Member*

December 13, 2017 (Agenda)

December 13, 2017  
Agenda Item 10

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

### Commissioner Terms - 2018

Dear Members of the Commission:

This is an update regarding Commissioner terms and the process for filling vacancies.

The authority and procedures for appointing Commissioners are set forth in the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH). All terms of office on LAFCO are four years, expiring on the first Monday in May, unless otherwise specified.

In May 2018, the terms of four Commissioners will expire: County members Diane Burgis and Federal Glover, and Special District members Igor Skaredoff and Stan Caldwell. In addition, at the November 8, 2017 LAFCO meeting, Alternate Public Member Sharon Burke announced that effective January 1, 2018, she will be stepping down as a LAFCO Commissioner.

The selection process per the CKH and Commission policies for the County, Special District and Public members is summarized below:

*County Members* – appointed by the Board of Supervisors. LAFCO staff will coordinate with the County regarding the upcoming vacancies, and report back to the Commission following the appointments. The Board of Supervisors typically makes its appointments in January each year.

*Special District Members* – selected by the Independent Special District Selection Committee through the local chapter of the Special Districts Association. LAFCO staff will conduct the election in conjunction with the Contra Costa Special Districts Association, and report back to the Commission following the election in April 2018.

*Public Members* - appointed by the other members of the commission subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities (i.e., city, county, special district). The public member must be a resident of the County, and cannot be a current board member, officer, or employee of the County, a city or special district located in this county.

With prior Public Member vacancies, the Commission has followed the selection process provided for in the Commissioner Handbook (see attached) which includes a public announcement of the vacancy and appointment of a screening committee.

In accordance with local policy, the LAFCO Chair appoints the screening committee, consisting of one city member, one county member and one special district member. The committee is charged with screening the applications and providing a recommendation to the full Commission.

The recommended timeline for completing the recruitment and appointing the new public member is as follows:

- ❖ December 18, 2017 – Announcement appears on the Contra Costa LAFCO website and in local newspapers
- ❖ January 18, 2018 – Recruitment closes
- ❖ January 31, 2018 – Screening committee completes review of applications and determines which applicants to interview
- ❖ February 2018 – Screening committee conducts interviews and develops a recommendation
- ❖ March 14, 2018 – Commission considers applicants, screening committee's recommendation, and make the appointment

#### RECOMMENDATION

It is recommended that 1) the Commission receive this report; 2) the Chair appoint the screening committee; and 3) the Commission direct staff to move forward with the recruitment to fill the Alternate Public Member seat in accordance with the timeline as recommended or as amended by the Commission.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment – Commissioner Handbook - Section 1.2 - Membership

## 1.2 MEMBERSHIP (EXCERPT)

### A. Selection and Terms of Office

The authority and procedures for appointing members of the Commission are set forth in the CKH Act. All terms of office on LAFCO are for four years, expiring on the first Monday in May, unless procedures adopted by the Commission specify an alternative date to apply uniformly to all members.

#### 1) City Members

The two regular City members and one alternate member must be members of a city council during the time they serve. They are chosen by, and serve at the pleasure of, the City Selection Committee (Contra Costa County Mayors Conference). (§§56325, 56335)

The Committee consists of the mayor of each city. In the absence of the mayor another member of that city council may be appointed to attend and vote in place of the mayor.

City Selection Committee meetings are open to the public. The Clerk of the Board of Supervisors serves as the secretary and recording officer, per statute.

#### 2) County Members

The two regular County members and one alternate member must be county supervisors when they serve. They are appointed by, and serve at the pleasure of, the Board of Supervisors.

#### 3) Special District Members

The two regular special district members and one alternate member must be members of the governing board of an independent special district while they serve. They are chosen by, and serve at the pleasure of, the Special District Selection Committee.

The Committee consists of the presiding officer of each independent special district in the county, and its meetings are open to the public. The LAFCO Executive Officer calls and gives notice of these Committee meetings, per statute.

#### 4) Public Members

The one regular public member and one alternate member are appointed by, and serve at the pleasure of, the regular city, county and special district members of the Commission.

#### 5) Selection of Public and Alternate Public Members

The method for selecting public members is determined by the City, County and Special District members. At least four affirmative votes are required to appoint the public members, and there must be at least one vote from each of the other member categories: City, County and Special District.

Unless the Commission gives alternative direction, the following procedure is used to recruit and select public members of Contra Costa LAFCO.

Public Member Recruitment Process

- Public announcement of the vacancy.
- Committee appointed by the Chair, consisting of a City member, County member and Special District member, screens applications and letters of interest.
- A committee composed of part or all of the Commission conducts interviews of selected applicants.
- The committee makes recommendations to the Commission.
- The Commission may conduct subsequent interviews and make a selection.

The use of any alternative selection process requires at least four affirmative votes, and there must be at least one vote from each of the other member categories: City, County and Special District.

A public member who is appointed following the Public Member Recruitment Process may be re-appointed under an alternative selection procedure once. Any subsequent reappointments require use of the Public Member Recruitment Process.



## AGENDA

December 13, 2017  
Agenda Item 12

### RETIREMENT BOARD MEETING

SECOND MONTHLY MEETING  
November 21, 2017  
9:00 a.m.

Pleasant Hill Community Center  
McHale Room  
320 Civic Drive  
Pleasant Hill, California

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.
2. Accept comments from the public.

#### ***CLOSED SESSION***

3. CONFERENCE WITH LABOR NEGOTIATORS  
(Government Code Section 54957.6)

Agency designated representatives:  
Gail Strohl, Chief Executive Officer  
Christina Dunn, Deputy Chief Executive Officer  
Joe Wiley, CCCERA's Chief Negotiator

Employee Organization: AFSCME, Local 2700  
Unrepresented Employees: All CCCERA unrepresented positions

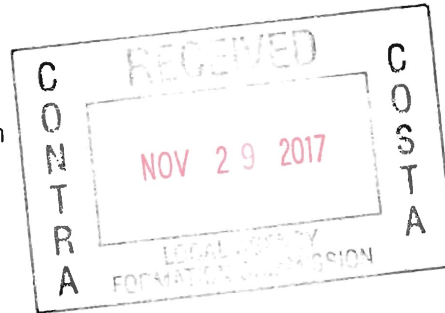
#### ***OPEN SESSION***

4. Consider and take possible action to adopt Board of Retirement Resolution 2017-7 to continue to participate in Social Security coverage.
5. Consider and take possible action to adopt the CCCERA Strategic Plan for 2018-2020.
6. Consider and take possible action on renewal of contract with Segal Consulting for actuarial services.
7. Presentation from staff on the investment measures of success.
8. Education session from Verus on investment risk.
9. Review of total portfolio performance for period ending September 30, 2017.
10. Miscellaneous
  - a. Staff Report
  - b. Outside Professionals' Report
  - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

November 22, 2017

Ms. Lou Ann Texeira  
Executive Officer  
Contra Costa Local Agency Formation Commission  
651 Pine Street, 6th Floor  
Martinez, California 94553-1229



December 13, 2017  
Agenda Item 13

**Re: Proposed Bylaw Revisions**

Dear Ms. Texeira,

On November 1, 2017, the SDRMA Board of Directors approved tentative Bylaw revisions in draft form and authorized staff to send the proposed Bylaw revisions to members for review and comment. Current Bylaws require that members receive a draft of the proposed Bylaw revisions at least 30 days before final approval by the SDRMA Board of Directors. The Board will take final action on the revised Bylaws at the next regular board meeting at 8:30 a.m. on January 4, 2018 in Sacramento, California at the SDRMA administration building.

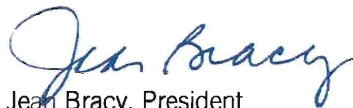
Regarding the Bylaw revisions, there was an issue that needed to be addressed to protect the overall pool regarding member terminations as well as some minor housekeeping revisions. For your review we have attached a copy of the "redlined" version of the Bylaws showing proposed revisions and a "clean" version with the proposed revisions incorporated into the Bylaws.

**There is no action required by your agency.** However, if you have any comments on the proposed Bylaw revisions mail them to:

SDRMA  
c/o Greg Hall, CEO  
1112 I Street Suite 300  
Sacramento, California 95814

Thank you for helping make SDRMA a premier risk management provider! If you have any questions, please contact the C. Paul Frydendal, Chief Operating Officer at 800.537.7790 or 916.231.4141 or by email at [pfrydendal@sdrrma.org](mailto:pfrydendal@sdrrma.org).

Sincerely,  
Special District Risk Management Authority



Jean Bracy, President  
Board of Directors



**BYLAWS  
OF  
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THESE BYLAWS are for the regulation of Special District Risk Management Authority (the "Authority"). The definitions of terms used in these Bylaws shall be those definitions contained in the Sixth Amended and Restated Joint Powers Agreement relating to the Authority (the "Agreement"), supplements to such Agreement, and subsequent amendments to such Agreement, unless the context requires otherwise.

**ARTICLE I  
MEMBERSHIP**

**1. Eligibility**

Any district, public agency, or public entity organized under the laws of the State of California, which is a member of the California Special Districts Association ("CSDA") is eligible for membership in the Authority upon approval by the Board of Directors of the Authority.

**2. Participating Member**

A "Member," as that term is used herein, is any public entity described in Section 1 above in the State of California whose participation in the Authority has been approved by the Board of Directors, and which (a) has executed the Joint Powers Agreement or successor document pursuant to which these Bylaws are adopted, and (b) which participates in a Joint Protection Program. Absent specific approval of the Board of Directors, all members shall at all times be a participant in either the Property/Liability Program or Workers' Compensation Program established by the Authority.

**3. Successor Member Entity**

Should any Member reorganize in accordance with the statutes of the State of California, the successor in interest, or successors in interest, if a member of CSDA, may be substituted as a Member upon approval by the Board of Directors of the Authority.

**4. Annual Membership Meeting**

An annual meeting of the members of the Authority shall be held at a time and place to be determined by the Board of Directors. The annual meeting shall be conducted in accordance with policies established by the Board of Directors. Each and every entity that is a Member of the Authority shall, no less than thirty (30) calendar days prior to such meeting, be given written notice of the time and place of the meeting. The final agenda will be posted 72 hours prior to the meeting in the manner provided by the Ralph M. Brown Act (California Government Code Section 54950 *et seq.* (the "Brown Act")). The agenda shall include:

- a. Those matters which are intended to be presented for action by the Board of Directors;
- b. The general nature of any proposal to be presented for action; and
- c. Such other matters, if any, as may be expressly required by statute or by the Agreement.

**ARTICLE II  
BOARD OF DIRECTORS**

**1. Powers**

Under the Agreement or successor document, the Authority is empowered to carry out all of its powers and functions through a Board of Directors. The Board of Directors shall have the powers set forth as follows, or as otherwise provided in the Agreement:

- a. to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;
- b. to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;

- c. to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- d. to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- e. to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities;
- f. to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- g. to employ agents and employees, and/or to contract for such services;
- h. to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- i. to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- j. to sue and be sued in its own name; and
- k. to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act.

## **2. Nomination of Directors**

Members may nominate candidates to the Board of Directors in the following manner:

- a. A Member may place into nomination its candidate for any open position on the Board of Directors in accordance with election guidelines established by the Board of Directors.
- b. Each candidate for election as a director must be a member of the board of directors or a management employee of a Member (as determined by the Member's governing board). Only one representative from any Member may serve on the Board of Directors at the same time.
- c. Nominating forms must be completed and received by the Authority at least fifty (50) days before the date the election will occur.
- d. This nomination process shall be the sole method for placing candidates into nomination for the Board of Directors.

## **3. Terms of Directors**

The composition of the Board shall be as set forth in the Agreement. The election of directors shall be held in each odd-numbered year. The terms of the directors elected by the Members will be staggered. Four directors will serve four-year terms, to end on December 31 of one odd-numbered year. Three directors will serve four-year terms, to end on December 31 of the alternate odd-numbered year.

The failure of a director to attend three (3) consecutive regular meetings of the Board (provided such meetings shall occur in a period of not less than three (3) successive months), except when prevented by sickness, or except when absent from the State with the prior consent of the Board, as provided by Government Code, Section 1770 shall cause such director's remaining term in office to be considered vacant. A successor director shall be selected for the duration of such director's term as set forth in Section 5 hereof.

## **4. Election of Directors**

Members may vote for directors in accordance with the balloting process guidelines established herein or as otherwise established by policy of the Board of Directors. Each Member shall have one vote in the election per elected position.

The Board of Directors will conduct the election of directors to serve on the Board of Directors by all-mail ballot. Written notice shall be sent by mail to each Member no later than ninety (90) days prior to the date scheduled for such election. Said notice shall (i) inform each Member of the positions to be filled on the Board of Directors at such election; and (ii) inform each Member of its right to nominate candidates for any office to be filled at the election to Article II, Section 2 of the Bylaws. A form of mail ballot containing all mailed nominations accepted for any office to be filled at the election shall be mailed in accordance with policy established by the Board of Directors to each Member. Said mailed ballot shall indicate that each Member may return the ballot to the principal business address of the

Authority and that only those ballots received prior to the close of business on the date designated for the election shall be considered valid and counted.

### **5. Vacancy**

Upon the death or resignation of any member of the elected Board of Directors, or the determination such member's remaining term is vacant pursuant to Section 3 hereof, the vacancy shall be filled for the balance of the unexpired term by appointment in accordance with policy established by the Board of Directors.

### **6. Meetings**

The business of the Board of Directors shall be conducted and exercised only at a regular or special meeting of the Board of Directors held in accordance with law. Written notice of each meeting shall be given to each director of the Board by mail or other means of written communication, in the manner provided by the Brown Act. Such notice shall specify the place, the date, and the hour of such meeting.

Special meetings of the Board of Directors, for the purpose of taking any action permitted by statute and the Agreement, may be called at any time by the President, or by the Vice President in the absence or disability of the President, or by a majority of the members of the Board.

Any annual, regular, or special Board of Directors' meeting, whether or not a quorum is present, may be adjourned from time to time, as provided by the Brown Act.

Minutes of any and all open meetings shall be available to Members upon request and distributed by mail, electronically, or available on the Authority's MemberPlus on-line web portal.

### **7. Quorum and Required Vote**

A quorum of the Board of Directors shall be a majority of the total number of directors. A quorum must be present at any meeting before the business of the Board of Directors can be transacted. The vote of a majority of the Board of Directors shall be required for any act or decision of the Board of Directors, except as otherwise specifically provided by law or the Agreement. The directors present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave less than a quorum.

### **8. Expenses**

Board members shall be reimbursed by the Authority in accordance with policy approved by the Board of Directors for all reasonable and necessary travel expenses when required or incurred by any director in connection with attendance at a meeting of the Board of Directors or a committee thereof and for such other expenses as are approved by the Board. These expenses shall include, but shall not be limited to, all charges for meals, lodging, airfare, and the costs of travel by automobile at a rate per mile established by the Board of Directors.

## **ARTICLE III OFFICERS AND EMPLOYEES**

### **1. President, Vice President and Secretary**

There shall be three officers of the Board: a president, a vice president and a secretary, who shall be members of the Board of Directors.

Election of officers shall be held at the first meeting following January 1 of each year, and each officer's term shall begin immediately thereafter, and shall end following adjournment of the first meeting following January 1 of the next year, or as soon thereafter as a successor is elected.

In the event the president, vice president or secretary so elected ceases to be a member of the Board of Directors, the resulting vacancy in the office shall be filled by election at the next regular meeting of the Board of Directors after such vacancy occurs. The president or vice president may be removed, without cause, by the Board of Directors at any regular or special meeting thereof, by a two-thirds vote of the voting members of the Board.

The president shall preside at and conduct all meetings of the Board of Directors, and shall carry out the resolutions and orders of the Board of Directors and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe. The president shall be ex-officio a member of all standing committees, if any. In the absence of the president, the vice president shall carry out the duties of the president. The secretary shall keep, or cause to be kept, minutes of all meetings, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

### **2. Board Committees**

Committees of the Board may be appointed in accordance with policy established by the Board of Directors, and membership on such committees may be open to non-members of the Board of Directors. Committees shall include at least one (1) member of the Board of Directors, but may not include a majority of the Board of Directors.

### **3. Chief Executive Officer**

The Board shall appoint a Chief Executive Officer who shall have general administrative responsibility for the activities of the Authority. The Chief Executive Officer shall be paid by the Authority and is a contract position.

The Chief Executive Officer shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office or such other place as the Executive Committee may order, a book of minutes of actions taken at all meetings of the Board of Directors, whether regular or special (and, if special, how authorized), the notice thereof given, the names of those present at the meetings, and the proceedings thereof. The Chief Executive Officer/ shall keep, or cause to be kept, at the principal executive office of the Authority a list of all designated representatives and alternates of each Member. The Chief Executive Officer/ shall give, or cause to be given, notice of all the meetings of the Board of Directors required by the Bylaws or by statute to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Agreement or the Bylaws.

The Chief Executive Officer shall have the duty of administering the Programs of the Authority, as provided for in the Agreement, shall have direct supervisory control of and responsibility for the operation of the Authority including appointment of necessary employees thereof, subject to the approved budget and prior authorization of each position by the Board, and such other related duties as may be prescribed by the Board or elsewhere in these Bylaws or the Agreement.

### **4. Execution of Contracts**

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and such authorization may be general or confined to specific instances except as otherwise provided by these Bylaws or the Agreement. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

### **5. Resignation**

Any officer may resign at any time by giving written notice to the president or to the Chief Executive Officer of the Authority, without prejudice, however, to the rights, if any, of the Authority under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## **ARTICLE IV** **DESIGNATED ENTITY**

The Lewiston Community Services District is hereby designated as the applicable entity for defining the restrictions upon the manner of exercising power as set forth in the California Government Code Section 6509, and as provided for in the Agreement of which these Bylaws are a part.

Should the Lewiston Community Services District terminate its membership or be involuntarily terminated in accordance with provisions of these Bylaws, the Board of Directors shall, by resolution, name a successor Member as the "designated entity" until such time as this Article can be amended.



## **ARTICLE V**

### **JOINT PROTECTION PROGRAMS**

#### **1. Implementation of Joint Protection Programs**

The Board of Directors may, at any time, offer such Programs as it may deem desirable. Such Program or Programs shall be offered on such terms and conditions as the Board of Directors may determine. Members must participate in at least one Joint Protection Program, but participation in any additional Programs or plans will be optional. Those Programs currently include: Property/Liability, Workers' Compensation, Health Benefits and various optional ancillary coverages. The Board of Directors shall establish the amount of Contributions, Estimated Contributions and Assessments, determine the amount of loss reserves, provide for the handling of claims, determine both the type and amount of insurance and/or reinsurance, if any, to be purchased, and otherwise establish the policies and procedures necessary to provide a particular Program for Members. As soon as feasible after development of the details of a Program, the specific rules and regulations for the implementation of such Program shall be adopted by the Board, which shall cause them to be set forth in written form in a policy and procedures manual prepared by the Authority for the Members.

#### **2. Method of Calculating Contributions**

The Board of Directors shall establish the method of calculating contributions for Members in each Program or plan annually.

## **ARTICLE VI**

### **FINANCIAL AFFAIRS**

#### **1. Accounts and Records**

In compliance with California Government Code Sections 6505.5 and 6505.6 (or as they may be amended), the Treasurer of the Authority shall establish and maintain such bank accounts and maintain such books and records as determined by the Board of Directors and as required by ~~good accounting practice~~ generally accepted accounting principles, the Governing Documents, applicable law, or any Resolution of the Authority. Books and records of the Authority shall be open to inspection at all reasonable times by authorized representatives of Members. Periodically, but not less often than annually, financial reports shall be made available to all Members.

As provided in the Agreement, the funds, reserves and accounts of each Program shall not be commingled and shall be separately accounted for; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be allocated among Programs as determined by the Board of Directors.

#### **2. Audit**

The Authority shall obtain an annual audit of its financial statements, which audit shall be made by an independent certified public accountant and shall conform to generally accepted auditing standards and accounting principles. A copy of said audit report shall be available, upon request, to each of the Members. Such audit report shall be obtained and filed within six months after the end of the fiscal year under examination with the State Controller and the Auditor-Controller of Sacramento County. A copy will also be posted to the Authority's website.

#### **3. Annual Budget**

Prior to the beginning of each Fiscal Year (or Program Year, as appropriate) the Board shall annually approve an operating budget for the Authority, including a budget for each Joint Protection Program.

#### **4. Risk Sharing**

- a. Except as otherwise determined by the Board, all Programs established and/or operated under the Agreement or these Bylaws are intended to be risk-sharing programs. Notwithstanding this intention, and upon findings by the Board of Directors of the Authority that confirm the value thereof, the Board of Directors may recognize sound risk management and loss control by the members through contribution and coverage modifications.
- b. The Board of directors authorizes the Chief Executive Officer to make adjustments to a member agency's specific deductibles, risk factor, experience modification factor or the coverage afforded based on:
  - i. The Member's loss experience in comparison to the loss experience of the other members;

- ii. Non-compliance with SDRMA recommended risk management or loss control measures;
- iii. The Member's failure to allow SDRMA or its agents reasonable access to facilities and records in the event of a claim or a loss control inspection;
- iv. The Member's failure to cooperate with SDRMA's officers, agents, employees, attorneys and claim adjusters; or
- v. The Member's failure to honor any other reasonable request by SDRMA with respect to fulfilling the Member's responsibilities as outlined in Article 17 of the Joint Powers Agreement relating to the Authority.

### 5. Distribution of Net Position

Any Net Position from the operation of any Program, in such amounts and under such terms and conditions as may be determined by the Board of Directors, may be distributed to the Members in such Program. Any distribution of such funds shall be made on a pro rata basis in relation to net contributions paid to that Program and shall be made only to those Members which participated in the Program during the Program Year in which the Net Position were generated. Such distributions may be made to Members based on the Program Year(s) during which the Member participated, even if the Member is not a Member at the time of the distribution.

### 6. Assessments

- a. If, in the opinion of the Board of Directors, claims against Members in any particular Program or plan for any particular Program Year are of such a magnitude as to endanger the ability of the Authority to continue to meet its obligations for that Program for that Program Year, each Member who has participated in that particular Program or plan of the Authority during the applicable Program Year shall be assessed a pro rata share of the additional amount determined necessary by the Board of Directors to restore the ability of the Authority to continue to meet its obligations for the applicable Program Year.
- b. Each Member's pro rata share of the total Assessment shall be in the same proportion as that Member's gross contributions paid during or due for the applicable Program Year bears to the total gross Contributions paid by or due from all Members during the applicable Program Year. In calculating these amounts, the Assessment shall not be included in gross Contributions.
- c. Failure of any Member to pay any regular Contribution or Assessment when due shall be cause for the involuntary termination of that entity's membership in the Authority. Such Assessment shall be a debt due by all Members who have participated in the applicable Program or plan during the applicable Program Year, and shall not be discharged by termination of membership.

### 7. Fiscal Year

The Authority shall operate on a fiscal year commencing on July 1 and ending on the following June 30. Such fiscal year shall also be the Program Year for any Member in any Joint Protection Program.

### 8. Agency Funds; No Loans

All funds received within a Joint Protection Program, as determined by the Board, for the purposes of the Authority shall be utilized solely for the purposes of such Joint Protection Program, and all expenditures of funds shall be made only upon signatures authorized by the Board of Directors, which shall establish the necessary procedures for doing so. Any funds not required for the immediate need of the Authority, as determined by the Board of Directors, may be invested in any manner authorized by law for the investment of funds of a special district.

Except for the allocation of administrative and overhead expenses, and for investment purposes as set forth in the Agreement, Program funds shall not be commingled and shall be separately accounted for.

The Board may not approve loans between Programs.

### 9. Grants and Donations

Without in any way limiting the powers otherwise provided for in the Agreement, these Bylaws, or by statute, the Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Member, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for

purposes consistent with the provisions of the Agreement, which funds may be provided by any Member, their agents, or representatives.

**10. Recovery of Payment**

In the event of any payment by the Authority, the Authority may on behalf of the Member, either in the name of the Authority, in the name of the Member or both, recover sums paid to or on behalf of the Member from any person or organization liable, legally, contractually or otherwise, and the Member shall execute and deliver such instruments and papers, and do whatever else is necessary including execution of an assignment of all claims, including all rights to recover attorney fees, to the Authority or to a third party at the Authority's request, to secure such recovery and shall do nothing to impair such recovery. All sums recovered shall be applied to reimburse the Authority for payments made to or on behalf of the Member, to reimburse the Authority for the expense of such recovery, and to reimburse the Member for any deductible or co-insurance penalty paid.

**ARTICLE VII****WITHDRAWALS; TERMINATION OF MEMBERSHIP****1. Withdrawal from Programs**

A Member may voluntarily withdraw from any particular Program only in accordance with the applicable provision of the Agreement or any successor document thereto. A Member may withdraw from a Program without withdrawing from the Agreement if it is a participant in another Joint Protection Program of the Authority. Notice of intention to withdraw from a Program must be given to the Authority at least ninety (90) days prior to the end of the Program Year. No withdrawal shall become effective until the end of the applicable Program Year.

**2. Involuntary Termination**

Membership shall be deemed automatically terminated immediately and without prior notice upon the failure of any Member to maintain membership in at least one of the Authority's Programs.

In addition, a Member may be terminated from membership in a Program or the Agreement for cause upon a majority vote of the Board of Directors. The effective date of such termination shall be as determined by the Board of Directors, except that such termination shall take effect no later than sixty (60) days following the Board's decision to terminate and notice thereof is provided to the Member pursuant to Article VII, Section 3. For purposes of this Section, cause shall be deemed to include the following:

- a. Failure to pay any contribution, deposit, contribution to loss reserve, or assessment when due.
- b. Failure to comply with the Bylaws or with the policies and procedures established by the Authority.
- c. Based on a Member's loss experience, the Board of Directors has determined it to be detrimental to the stability of the pool.
- d. Dissolution of a Member.
- e. Failure to maintain membership in CSDA.
- f. Failure to undertake or continue risk management or loss control measures recommended by SDRMA or the Board of Directors.
- g. Failure to allow SDRMA or its agents reasonable access to all facilities and records of the Member which are necessary for the proper administration of a Program.
- h. Failure to cooperate fully with SDRMA officers, employees, attorneys, claims adjusters or other agents.
- i. Failure of a Member, the elected governing body of a Member, or of other personnel of the Member to exercise the Member's powers or fulfill the Member's duties in accordance with the Constitution or laws of the State of California.
- j. Any other act, omission or event, whether or not the fault of the Member, which causes the Member's continued membership in SDRMA to be inconsistent with the best interests of SDRMA or any of its programs.

**3. Notification; Hearing, Obligations Upon Involuntary Termination**

A Member which is automatically terminated on account of its failure to maintain membership in at least one of the Authority's Programs shall be given notice of such termination within thirty (30) days after such automatic termination. However, the failure to give such notice shall not operate to reinstate such Member.

If the Chief Executive Officer determines that cause exists for a Member's termination and that the Member should, in the best interest of the Authority, be terminated, the Chief Executive Officer shall issue a written notice to the Member.



sent by certified or first class mail, stating the reason or reasons for the proposed termination. In addition, the notice shall state that the Board of Directors, at the next regularly scheduled meeting or at a special meeting, on a date specified in the notice at least thirty (30) days following the date of the notice, will consider the Member's termination at the recommendation of the Chief Executive Officer, and invite the Member to request a hearing on the proposed termination at the board meeting. Any request for a hearing must be made within ten (10) days of the date of the notice. If a hearing is timely requested by the Member at the meeting specified in the notice the Chief Executive Officer shall present the case for termination for cause to the Board of Directors. The Member shall have a reasonable opportunity to present its case to the Board of Directors and may attempt to show that since the date of the notice, it has undertaken steps to cure any curable grounds for termination.

~~In the event of a termination for cause by the Board of Directors, a Member may be terminated only after a written notice sent by certified or first class mail from the Chief Executive Officer of the Authority, stating the reasons for termination. Such notice shall provide the Member thirty (30) calendar days to cure the grounds for termination. The Member may request a hearing before the Board of Directors prior to the final termination of the Member's membership in the Authority. The Chief Executive Officer of the Authority shall present the case for termination to the Board of Directors, and the Member shall have reasonable opportunity to present its case to the Board of Directors.~~

~~The decision by a majority of the Board of Directors to terminate a Member after notice and hearing or after the failure of the Member to cure the grounds given for termination shall be final and shall not be subject to appeal in any forum. The termination after notice and hearing shall take effect thirty (30) days after the decision to terminate is approved by the Board of Directors. Notice of the Board's decision shall be given to the Member by certified or first class mail within five (5) days following the decision of the Board of Directors and shall state the effective date of the termination.~~

Any terminated Member shall continue to be bound to those same continuing obligations to which a withdrawing Member is obligated in accordance with Article VII, Section 6 of these Bylaws.

#### **4. Voluntary Withdrawal from Agreement**

A Member may withdraw voluntarily only as provided in the Agreement. Notice of intention to withdraw from the Agreement must be given to the Authority at least 90 days prior to the end of the Program Year of any Program in which the Member participates at the time of the notice.

#### **5. Payment Upon Termination of Membership**

In the event of a termination of the membership of any Member by involuntary or voluntary termination, said Member shall thereafter be entitled to receive its pro rata share of any distribution of Net Position declared by the Board of Directors that pertains to a coverage year during which the terminated Member participated in any particular Program for which such distribution is made. Such payment shall be in full settlement and satisfaction of any and all claims that said terminated Member may have against the Authority.

#### **6. Continued Liability**

Upon withdrawal or involuntary termination of a Member, the Agreement shall not terminate and that Member shall continue to be responsible for any unpaid Contributions and for any Assessment(s) levied in accordance with the provisions of the Agreement or Bylaws. Such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid or donated by the Member to the Authority, or to return of any loss reserve contribution, or to any distribution of assets (except payment of any Net Position, as set forth in Article VII, section 5 above).

### **ARTICLE VIII**

#### **TERMINATION OF THE AUTHORITY; TERMINATION OF PROGRAMS**

1. After having made proper provision for the winding up of the affairs of the Authority and each of the Programs operated by the Authority, the Authority shall distribute the net assets of the Authority as follows:
  - a. The net remaining assets of the Property/Liability Joint Protection Program shall be paid on a pro rata share basis to each Member who is a member of said Joint Protection Program at the time of termination of the Authority. A Member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to said Joint Protection Program or its predecessor in interest from its inception in 1986 and continuing



throughout said Member's period of participation bears to the total Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest during its period of operation by all members of said Joint Protection Program at the time of termination.

- b. The Authority shall pay to each Member who is a member of the Workers' Compensation Coverage Joint Protection Program at the time of termination its pro rata share of the net remaining assets of said Joint Protection Program. A member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to said Joint Protection Program and its predecessor in interest offered by SDWCA, from its inception in 1982 and continuing throughout that Member's participation, bears to the total Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest offered by SDWCA, during its period of operation by all members of said Joint Protection Program at the time of termination.
  - c. The Authority shall pay to each Member who is a member of any additional Program, excluding the Health Benefits Program operated by the Authority at the time of termination its pro rata share of the net remaining assets of said Program. A Member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to such Program during its period of participation bears to the total Contributions and Assessments paid to that Program during its entire period of operation by all Members of that Program at the time of termination.
2. The Board of Directors is also vested with the power to terminate individual Programs operated by the Authority without terminating the Agreement or terminating the Authority. In the event of termination of a Program operated by the Authority, said Program shall continue to exist for the purpose of paying or making provision for the payment of all known claims arising within said Program; for insuring, reinsuring or making other provision for the payment of any and all unknown claims covered by such Program; for the payment of all debts, liabilities, administrative expenses, and obligations of that Program out of the assets of that Program; and to perform all other functions necessary to wind up the business affairs of that Program. After having made proper provisions for the winding up the business affairs of a terminated Program, the Authority shall pay to each Member who is a member of that Program at the time of termination its pro rata share of net remaining assets of that Program. A Member's pro rata share of the net remaining assets of each such terminated Program shall be computed as set forth in paragraph (1) above.
  3. In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the existing Members, may elect to assign and transfer all of the Authority's rights, assets, claims, liabilities and obligations to a successor joint powers authority created under the Act.

## **ARTICLE IX**

### **PROVISIONS RELATING TO CSDA**

#### **1. Board of Directors; Alliance Executive Council**

In the event the Alliance Executive Council MOU has been terminated or the Authority has withdrawn from the MOU, two (2) additional directors to be appointed by CSDA shall increase the composition of the Board of Directors. So long as the Authority is a participant in the MOU, the Board shall appoint three (3) members of the Board to serve as members of the Alliance Executive Council.

CSDA is authorized to appoint two (2) directors as provided in the Agreement, the terms of such appointed directors will end on December 31 of the alternate odd-numbered year to coincide with SDRMA's election of the minority number of directors.

Upon the death or resignation of a member of the Board of Directors appointed by CSDA, the vacancy shall be filled for the balance of the unexpired term by appointment by CSDA.

**ARTICLE X**  
**AMENDMENTS: EFFECTIVE DATE**

These Bylaws may be amended at any time by majority vote of the Board of Directors following a 30-day written notice to all Members as to the amendment(s) proposed to be adopted, except that these Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Agreement or successor document and any amendment thereof. Said written notice provided to members shall include notification of the Board meeting date, time and location that action will be taken by the Board on the proposed amendments.

**ARTICLE XI**  
**PRIOR BYLAWS REVOKED**

When approved by the Board of Directors these Bylaws, upon coming effective pursuant to Article X will supersede and replace all prior bylaws.

\* \* \* \* \*

AYES:

NOES:

ABSTAINED:

ABSENT:

**Approved:**

\_\_\_\_\_  
~~David Aranda~~ Jean Bracy, President - Board of Directors  
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

January 4, 2018  
Date

**Attested:**

\_\_\_\_\_  
Gregory S. Hall, ARM, Chief Executive Officer  
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

## **BYLAWS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THESE BYLAWS are for the regulation of Special District Risk Management Authority (the "Authority"). The definitions of terms used in these Bylaws shall be those definitions contained in the Sixth Amended and Restated Joint Powers Agreement relating to the Authority (the "Agreement"), supplements to such Agreement, and subsequent amendments to such Agreement, unless the context requires otherwise.

### **ARTICLE I MEMBERSHIP**

**1. Eligibility**

Any district, public agency, or public entity organized under the laws of the State of California, which is a member of the California Special Districts Association ("CSDA") is eligible for membership in the Authority upon approval by the Board of Directors of the Authority.

**2. Participating Member**

A "Member," as that term is used herein, is any public entity described in Section 1 above in the State of California whose participation in the Authority has been approved by the Board of Directors, and which (a) has executed the Joint Powers Agreement or successor document pursuant to which these Bylaws are adopted, and (b) which participates in a Joint Protection Program. Absent specific approval of the Board of Directors, all members shall at all times be a participant in either the Property/Liability Program or Workers' Compensation Program established by the Authority.

**3. Successor Member Entity**

Should any Member reorganize in accordance with the statutes of the State of California, the successor in interest, or successors in interest, if a member of CSDA, may be substituted as a Member upon approval by the Board of Directors of the Authority.

**4. Annual Membership Meeting**

An annual meeting of the members of the Authority shall be held at a time and place to be determined by the Board of Directors. The annual meeting shall be conducted in accordance with policies established by the Board of Directors. Each and every entity that is a Member of the Authority shall, no less than thirty (30) calendar days prior to such meeting, be given written notice of the time and place of the meeting. The final agenda will be posted 72 hours prior to the meeting in the manner provided by the Ralph M. Brown Act (California Government Code Section 54950 *et seq.* (the "Brown Act")). The agenda shall include:

- a. Those matters which are intended to be presented for action by the Board of Directors;
- b. The general nature of any proposal to be presented for action; and
- c. Such other matters, if any, as may be expressly required by statute or by the Agreement.

### **ARTICLE II BOARD OF DIRECTORS**

**1. Powers**

Under the Agreement or successor document, the Authority is empowered to carry out all of its powers and functions through a Board of Directors. The Board of Directors shall have the powers set forth as follows, or as otherwise provided in the Agreement:

- a. to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;
- b. to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;

- c. to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- d. to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- e. to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities;
- f. to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- g. to employ agents and employees, and/or to contract for such services;
- h. to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- i. to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- j. to sue and be sued in its own name; and
- k. to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act.

**2. Nomination of Directors**

Members may nominate candidates to the Board of Directors in the following manner:

- a. A Member may place into nomination its candidate for any open position on the Board of Directors in accordance with election guidelines established by the Board of Directors.
- b. Each candidate for election as a director must be a member of the board of directors or a management employee of a Member (as determined by the Member's governing board). Only one representative from any Member may serve on the Board of Directors at the same time.
- c. Nominating forms must be completed and received by the Authority at least fifty (50) days before the date the election will occur.
- d. This nomination process shall be the sole method for placing candidates into nomination for the Board of Directors.

**3. Terms of Directors**

The composition of the Board shall be as set forth in the Agreement. The election of directors shall be held in each odd-numbered year. The terms of the directors elected by the Members will be staggered. Four directors will serve four-year terms, to end on December 31 of one odd-numbered year. Three directors will serve four-year terms, to end on December 31 of the alternate odd-numbered year.

The failure of a director to attend three (3) consecutive regular meetings of the Board (provided such meetings shall occur in a period of not less than three (3) successive months), except when prevented by sickness, or except when absent from the State with the prior consent of the Board, as provided by Government Code, Section 1770 shall cause such director's remaining term in office to be considered vacant. A successor director shall be selected for the duration of such director's term as set forth in Section 5 hereof.

**4. Election of Directors**

Members may vote for directors in accordance with the balloting process guidelines established herein or as otherwise established by policy of the Board of Directors. Each Member shall have one vote in the election per elected position.

The Board of Directors will conduct the election of directors to serve on the Board of Directors by all-mail ballot. Written notice shall be sent by mail to each Member no later than ninety (90) days prior to the date scheduled for such election. Said notice shall (i) inform each Member of the positions to be filled on the Board of Directors at such election; and (ii) inform each Member of its right to nominate candidates for any office to be filled at the election to Article II, Section 2 of the Bylaws. A form of mail ballot containing all mailed nominations accepted for any office to be filled at the election shall be mailed in accordance with policy established by the Board of Directors to each Member. Said mailed ballot shall indicate that each Member may return the ballot to the principal business address of the



Authority and that only those ballots received prior to the close of business on the date designated for the election shall be considered valid and counted.

**5. Vacancy**

Upon the death or resignation of any member of the elected Board of Directors, or the determination such member's remaining term is vacant pursuant to Section 3 hereof, the vacancy shall be filled for the balance of the unexpired term by appointment in accordance with policy established by the Board of Directors.

**6. Meetings**

The business of the Board of Directors shall be conducted and exercised only at a regular or special meeting of the Board of Directors held in accordance with law. Written notice of each meeting shall be given to each director of the Board by mail or other means of written communication, in the manner provided by the Brown Act. Such notice shall specify the place, the date, and the hour of such meeting.

Special meetings of the Board of Directors, for the purpose of taking any action permitted by statute and the Agreement, may be called at any time by the President, or by the Vice President in the absence or disability of the President, or by a majority of the members of the Board.

Any annual, regular, or special Board of Directors' meeting, whether or not a quorum is present, may be adjourned from time to time, as provided by the Brown Act.

Minutes of any and all open meetings shall be available to Members upon request and distributed by mail, electronically, or available on the Authority's MemberPlus on-line web portal.

**7. Quorum and Required Vote**

A quorum of the Board of Directors shall be a majority of the total number of directors. A quorum must be present at any meeting before the business of the Board of Directors can be transacted. The vote of a majority of the Board of Directors shall be required for any act or decision of the Board of Directors, except as otherwise specifically provided by law or the Agreement. The directors present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave less than a quorum.

**8. Expenses**

Board members shall be reimbursed by the Authority in accordance with policy approved by the Board of Directors for all reasonable and necessary travel expenses when required or incurred by any director in connection with attendance at a meeting of the Board of Directors or a committee thereof and for such other expenses as are approved by the Board. These expenses shall include, but shall not be limited to, all charges for meals, lodging, airfare, and the costs of travel by automobile at a rate per mile established by the Board of Directors.

**ARTICLE III  
OFFICERS AND EMPLOYEES**

**1. President, Vice President and Secretary**

There shall be three officers of the Board: a president, a vice president and a secretary, who shall be members of the Board of Directors.

Election of officers shall be held at the first meeting following January 1 of each year, and each officer's term shall begin immediately thereafter, and shall end following adjournment of the first meeting following January 1 of the next year, or as soon thereafter as a successor is elected.

In the event the president, vice president or secretary so elected ceases to be a member of the Board of Directors, the resulting vacancy in the office shall be filled by election at the next regular meeting of the Board of Directors after such vacancy occurs. The president or vice president may be removed, without cause, by the Board of Directors at any regular or special meeting thereof, by a two-thirds vote of the voting members of the Board.

The president shall preside at and conduct all meetings of the Board of Directors, and shall carry out the resolutions and orders of the Board of Directors and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe. The president shall be ex-officio a member of all standing committees, if any. In the absence of the president, the vice president shall carry out the duties of the president. The secretary shall keep, or cause to be kept, minutes of all meetings, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

**2. Board Committees**

Committees of the Board may be appointed in accordance with policy established by the Board of Directors, and membership on such committees may be open to non-members of the Board of Directors. Committees shall include at least one (1) member of the Board of Directors, but may not include a majority of the Board of Directors.

**3. Chief Executive Officer**

The Board shall appoint a Chief Executive Officer who shall have general administrative responsibility for the activities of the Authority. The Chief Executive Officer shall be paid by the Authority and is a contract position.

The Chief Executive Officer shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office or such other place as the Executive Committee may order, a book of minutes of actions taken at all meetings of the Board of Directors, whether regular or special (and, if special, how authorized), the notice thereof given, the names of those present at the meetings, and the proceedings thereof. The Chief Executive Officer/ shall keep, or cause to be kept, at the principal executive office of the Authority a list of all designated representatives and alternates of each Member. The Chief Executive Officer/ shall give, or cause to be given, notice of all the meetings of the Board of Directors required by the Bylaws or by statute to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Agreement or the Bylaws.

The Chief Executive Officer shall have the duty of administering the Programs of the Authority, as provided for in the Agreement, shall have direct supervisory control of and responsibility for the operation of the Authority including appointment of necessary employees thereof, subject to the approved budget and prior authorization of each position by the Board, and such other related duties as may be prescribed by the Board or elsewhere in these Bylaws or the Agreement.

**4. Execution of Contracts**

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and such authorization may be general or confined to specific instances except as otherwise provided by these Bylaws or the Agreement. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

**5. Resignation**

Any officer may resign at any time by giving written notice to the president or to the Chief Executive Officer of the Authority, without prejudice, however, to the rights, if any, of the Authority under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**ARTICLE IV**  
**DESIGNATED ENTITY**

The Lewiston Community Services District is hereby designated as the applicable entity for defining the restrictions upon the manner of exercising power as set forth in the California Government Code Section 6509, and as provided for in the Agreement of which these Bylaws are a part.

Should the Lewiston Community Services District terminate its membership or be involuntarily terminated in accordance with provisions of these Bylaws, the Board of Directors shall, by resolution, name a successor Member as the "designated entity" until such time as this Article can be amended.

**ARTICLE V**  
**JOINT PROTECTION PROGRAMS**

**1. Implementation of Joint Protection Programs**

The Board of Directors may, at any time, offer such Programs as it may deem desirable. Such Program or Programs shall be offered on such terms and conditions as the Board of Directors may determine. Members must participate in at least one Joint Protection Program, but participation in any additional Programs or plans will be optional. Those Programs currently include: Property/Liability, Workers' Compensation, Health Benefits and various optional ancillary coverages. The Board of Directors shall establish the amount of Contributions, Estimated Contributions and Assessments, determine the amount of loss reserves, provide for the handling of claims, determine both the type and amount of insurance and/or reinsurance, if any, to be purchased, and otherwise establish the policies and procedures necessary to provide a particular Program for Members. As soon as feasible after development of the details of a Program, the specific rules and regulations for the implementation of such Program shall be adopted by the Board, which shall cause them to be set forth in written form in a policy and procedures manual prepared by the Authority for the Members.

**2. Method of Calculating Contributions**

The Board of Directors shall establish the method of calculating contributions for Members in each Program or plan annually.

**ARTICLE VI**  
**FINANCIAL AFFAIRS**

**1. Accounts and Records**

In compliance with California Government Code Sections 6505.5 and 6505.6 (or as they may be amended), the Treasurer of the Authority shall establish and maintain such bank accounts and maintain such books and records as determined by the Board of Directors and as required by generally accepted accounting principles, the Governing Documents, applicable law, or any Resolution of the Authority. Books and records of the Authority shall be open to inspection at all reasonable times by authorized representatives of Members. Periodically, but not less often than annually, financial reports shall be made available to all Members.

As provided in the Agreement, the funds, reserves and accounts of each Program shall not be commingled and shall be separately accounted for; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be allocated among Programs as determined by the Board of Directors.

**2. Audit**

The Authority shall obtain an annual audit of its financial statements, which audit shall be made by an independent certified public accountant and shall conform to generally accepted auditing standards and accounting principles. A copy of said audit report shall be available, upon request, to each of the Members. Such audit report shall be obtained and filed within six months after the end of the fiscal year under examination with the State Controller and the Auditor-Controller of Sacramento County. A copy will also be posted to the Authority's website.

**3. Annual Budget**

Prior to the beginning of each Fiscal Year (or Program Year, as appropriate) the Board shall annually approve an operating budget for the Authority, including a budget for each Joint Protection Program.

**4. Risk Sharing**

- a. Except as otherwise determined by the Board, all Programs established and/or operated under the Agreement or these Bylaws are intended to be risk-sharing programs. Notwithstanding this intention, and upon findings by the Board of Directors of the Authority that confirm the value thereof, the Board of Directors may recognize sound risk management and loss control by the members through contribution and coverage modifications.
- b. The Board of directors authorizes the Chief Executive Officer to make adjustments to a member agency's specific deductibles, risk factor, experience modification factor or the coverage afforded based on:
  - i. The Member's loss experience in comparison to the loss experience of the other members;

- ii. Non-compliance with SDRMA recommended risk management or loss control measures;
- iii. The Member's failure to allow SDRMA or its agents reasonable access to facilities and records in the event of a claim or a loss control inspection;
- iv. The Member's failure to cooperate with SDRMA's officers, agents, employees, attorneys and claim adjusters; or
- v. The Member's failure to honor any other reasonable request by SDRMA with respect to fulfilling the Member's responsibilities as outlined in Article 17 of the Joint Powers Agreement relating to the Authority.

### 5. Distribution of Net Position

Any Net Position from the operation of any Program, in such amounts and under such terms and conditions as may be determined by the Board of Directors, may be distributed to the Members in such Program. Any distribution of such funds shall be made on a pro rata basis in relation to net contributions paid to that Program and shall be made only to those Members which participated in the Program during the Program Year in which the Net Position were generated. Such distributions may be made to Members based on the Program Year(s) during which the Member participated, even if the Member is not a Member at the time of the distribution.

### 6. Assessments

- a. If, in the opinion of the Board of Directors, claims against Members in any particular Program or plan for any particular Program Year are of such a magnitude as to endanger the ability of the Authority to continue to meet its obligations for that Program for that Program Year, each Member who has participated in that particular Program or plan of the Authority during the applicable Program Year shall be assessed a pro rata share of the additional amount determined necessary by the Board of Directors to restore the ability of the Authority to continue to meet its obligations for the applicable Program Year.
- b. Each Member's pro rata share of the total Assessment shall be in the same proportion as that Member's gross contributions paid during or due for the applicable Program Year bears to the total gross Contributions paid by or due from all Members during the applicable Program Year. In calculating these amounts, the Assessment shall not be included in gross Contributions.
- c. Failure of any Member to pay any regular Contribution or Assessment when due shall be cause for the involuntary termination of that entity's membership in the Authority. Such Assessment shall be a debt due by all Members who have participated in the applicable Program or plan during the applicable Program Year, and shall not be discharged by termination of membership.

### 7. Fiscal Year

The Authority shall operate on a fiscal year commencing on July 1 and ending on the following June 30. Such fiscal year shall also be the Program Year for any Member in any Joint Protection Program.

### 8. Agency Funds; No Loans

All funds received within a Joint Protection Program, as determined by the Board, for the purposes of the Authority shall be utilized solely for the purposes of such Joint Protection Program, and all expenditures of funds shall be made only upon signatures authorized by the Board of Directors, which shall establish the necessary procedures for doing so. Any funds not required for the immediate need of the Authority, as determined by the Board of Directors, may be invested in any manner authorized by law for the investment of funds of a special district.

Except for the allocation of administrative and overhead expenses, and for investment purposes as set forth in the Agreement, Program funds shall not be commingled and shall be separately accounted for.

The Board may not approve loans between Programs.

### 9. Grants and Donations

Without in any way limiting the powers otherwise provided for in the Agreement, these Bylaws, or by statute, the Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Member, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for



purposes consistent with the provisions of the Agreement, which funds may be provided by any Member, their agents, or representatives.

**10. Recovery of Payment**

In the event of any payment by the Authority, the Authority may on behalf of the Member, either in the name of the Authority, in the name of the Member or both, recover sums paid to or on behalf of the Member from any person or organization liable, legally, contractually or otherwise, and the Member shall execute and deliver such instruments and papers, and do whatever else is necessary including execution of an assignment of all claims, including all rights to recover attorney fees, to the Authority or to a third party at the Authority's request, to secure such recovery and shall do nothing to impair such recovery. All sums recovered shall be applied to reimburse the Authority for payments made to or on behalf of the Member, to reimburse the Authority for the expense of such recovery, and to reimburse the Member for any deductible or co-insurance penalty paid.

**ARTICLE VII****WITHDRAWALS: TERMINATION OF MEMBERSHIP****1. Withdrawal from Programs**

A Member may voluntarily withdraw from any particular Program only in accordance with the applicable provision of the Agreement or any successor document thereto. A Member may withdraw from a Program without withdrawing from the Agreement if it is a participant in another Joint Protection Program of the Authority. Notice of intention to withdraw from a Program must be given to the Authority at least ninety (90) days prior to the end of the Program Year. No withdrawal shall become effective until the end of the applicable Program Year.

**2. Involuntary Termination**

Membership shall be deemed automatically terminated immediately and without prior notice upon the failure of any Member to maintain membership in at least one of the Authority's Programs.

In addition, a Member may be terminated from membership in a Program or the Agreement for cause upon a majority vote of the Board of Directors. The effective date of such termination shall be as determined by the Board of Directors, except that such termination shall take effect no later than sixty (60) days following the Board's decision to terminate and notice thereof is provided to the Member pursuant to Article VII, Section 3. For purposes of this Section, cause shall be deemed to include the following:

- a. Failure to pay any contribution, deposit, contribution to loss reserve, or assessment when due.
- b. Failure to comply with the Bylaws or with the policies and procedures established by the Authority.
- c. Based on a Member's loss experience, the Board of Directors has determined it to be detrimental to the stability of the pool.
- d. Dissolution of a Member.
- e. Failure to maintain membership in CSDA.
- f. Failure to undertake or continue risk management or loss control measures recommended by SDRMA or the Board of Directors.
- g. Failure to allow SDRMA or its agents reasonable access to all facilities and records of the Member which are necessary for the proper administration of a Program.
- h. Failure to cooperate fully with SDRMA officers, employees, attorneys, claims adjusters or other agents.
- i. Failure of a Member, the elected governing body of a Member, or of other personnel of the Member to exercise the Member's powers or fulfill the Member's duties in accordance with the Constitution or laws of the State of California.
- j. Any other act, omission or event, whether or not the fault of the Member, which causes the Member's continued membership in SDRMA to be inconsistent with the best interests of SDRMA or any of its programs.

**3. Notification; Hearing, Obligations Upon Involuntary Termination**

A Member which is automatically terminated on account of its failure to maintain membership in at least one of the Authority's Programs shall be given notice of such termination within thirty (30) days after such automatic termination. However, the failure to give such notice shall not operate to reinstate such Member.

If the Chief Executive Officer determines that cause exists for a Member's termination and that the Member should, in the best interest of the Authority, be terminated, the Chief Executive Officer shall issue a written notice to the Member,

sent by certified or first class mail, stating the reason or reasons for the proposed termination. In addition, the notice shall state that the Board of Directors, at the next regularly scheduled meeting or at a special meeting, on a date specified in the notice at least thirty (30) days following the date of the notice, will consider the Member's termination at the recommendation of the Chief Executive Officer, and invite the Member to request a hearing on the proposed termination at the board meeting. Any request for a hearing must be made within ten (10) days of the date of the notice. If a hearing is timely requested by the Member at the meeting specified in the notice the Chief Executive Officer shall present the case for termination for cause to the Board of Directors. The Member shall have a reasonable opportunity to present its case to the Board of Directors and may attempt to show that since the date of the notice, it has undertaken steps to cure any curable grounds for termination.

The decision by a majority of the Board of Directors to terminate a Member shall be final and shall not be subject to appeal in any forum. Notice of the Board's decision shall be given to the Member by certified or first class mail within five (5) days following the decision of the Board of Directors and shall state the effective date of the termination.

Any terminated Member shall continue to be bound to those same continuing obligations to which a withdrawing Member is obligated in accordance with Article VII, Section 6 of these Bylaws.

**4. Voluntary Withdrawal from Agreement**

A Member may withdraw voluntarily only as provided in the Agreement. Notice of intention to withdraw from the Agreement must be given to the Authority at least 90 days prior to the end of the Program Year of any Program in which the Member participates at the time of the notice.

**5. Payment Upon Termination of Membership**

In the event of a termination of the membership of any Member by involuntary or voluntary termination, said Member shall thereafter be entitled to receive its pro rata share of any distribution of Net Position declared by the Board of Directors that pertains to a coverage year during which the terminated Member participated in any particular Program for which such distribution is made. Such payment shall be in full settlement and satisfaction of any and all claims that said terminated Member may have against the Authority.

**6. Continued Liability**

Upon withdrawal or involuntary termination of a Member, the Agreement shall not terminate and that Member shall continue to be responsible for any unpaid Contributions and for any Assessment(s) levied in accordance with the provisions of the Agreement or Bylaws. Such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid or donated by the Member to the Authority, or to return of any loss reserve contribution, or to any distribution of assets (except payment of any Net Position, as set forth in Article VII, section 5 above).

**ARTICLE VIII**

**TERMINATION OF THE AUTHORITY; TERMINATION OF PROGRAMS**

1. After having made proper provision for the winding up of the affairs of the Authority and each of the Programs operated by the Authority, the Authority shall distribute the net assets of the Authority as follows:
  - a. The net remaining assets of the Property/Liability Joint Protection Program shall be paid on a pro rata share basis to each Member who is a member of said Joint Protection Program at the time of termination of the Authority. A Member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to said Joint Protection Program or its predecessor in interest from its inception in 1986 and continuing throughout said Member's period of participation bears to the total Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest during its period of operation by all members of said Joint Protection Program at the time of termination.
  - b. The Authority shall pay to each Member who is a member of the Workers' Compensation Coverage Joint Protection Program at the time of termination its pro rata share of the net remaining assets of said Joint Protection Program. A member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to said Joint Protection Program and its predecessor in interest offered by SDWCA, from its inception in 1982 and continuing throughout that Member's participation, bears to the total

Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest offered by SDWCA, during its period of operation by all members of said Joint Protection Program at the time of termination.

- c. The Authority shall pay to each Member who is a member of any additional Program, excluding the Health Benefits Program operated by the Authority at the time of termination its pro rata share of the net remaining assets of said Program. A Member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to such Program during its period of participation bears to the total Contributions and Assessments paid to that Program during its entire period of operation by all Members of that Program at the time of termination.
2. The Board of Directors is also vested with the power to terminate individual Programs operated by the Authority without terminating the Agreement or terminating the Authority. In the event of termination of a Program operated by the Authority, said Program shall continue to exist for the purpose of paying or making provision for the payment of all known claims arising within said Program; for insuring, reinsuring or making other provision for the payment of any and all unknown claims covered by such Program; for the payment of all debts, liabilities, administrative expenses, and obligations of that Program out of the assets of that Program; and to perform all other functions necessary to wind up the business affairs of that Program. After having made proper provisions for the winding up the business affairs of a terminated Program, the Authority shall pay to each Member who is a member of that Program at the time of termination its pro rata share of net remaining assets of that Program. A Member's pro rata share of the net remaining assets of each such terminated Program shall be computed as set forth in paragraph (1) above.
3. In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the existing Members, may elect to assign and transfer all of the Authority's rights, assets, claims, liabilities and obligations to a successor joint powers authority created under the Act.

#### **ARTICLE IX** **PROVISIONS RELATING TO CSDA**

**1. Board of Directors; Alliance Executive Council**

In the event the Alliance Executive Council MOU has been terminated or the Authority has withdrawn from the MOU, two (2) additional directors to be appointed by CSDA shall increase the composition of the Board of Directors. So long as the Authority is a participant in the MOU, the Board shall appoint three (3) members of the Board to serve as members of the Alliance Executive Council.

CSDA is authorized to appoint two (2) directors as provided in the Agreement, the terms of such appointed directors will end on December 31 of the alternate odd-numbered year to coincide with SDRMA's election of the minority number of directors.

Upon the death or resignation of a member of the Board of Directors appointed by CSDA, the vacancy shall be filled for the balance of the unexpired term by appointment by CSDA.

#### **ARTICLE X** **AMENDMENTS; EFFECTIVE DATE**

These Bylaws may be amended at any time by majority vote of the Board of Directors following a 30-day written notice to all Members as to the amendment(s) proposed to be adopted, except that these Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Agreement or successor document and any amendment thereof. Said written notice provided to members shall include notification of the Board meeting date, time and location that action will be taken by the Board on the proposed amendments.

**ARTICLE XI**  
**PRIOR BYLAWS REVOKED**

When approved by the Board of Directors these Bylaws, upon coming effective pursuant to Article X will supersede and replace all prior bylaws.

\* \* \* \* \*

AYES:

NOES:

ABSTAINED:

ABSENT:

**Approved:**

\_\_\_\_\_  
Jean Bracy, President - Board of Directors  
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

January 4, 2018  
Date

**Attested:**

\_\_\_\_\_  
Gregory S. Hall, ARM, Chief Executive Officer  
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

# CALAFCO Daily Legislative Report as of Wednesday, December 06, 2017

 December 13, 2017  
Agenda Item 15a

1

## **AB 464 (Gallagher R) Local government reorganization.**

**Current Text:** Chaptered: 7/10/2017 [html](#) [pdf](#)

**Introduced:** 2/13/2017

**Last Amended:** 3/14/2017

**Status:** 7/10/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 43, Statutes of 2017.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

### **Summary:**

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

### **Attachments:**

[CALAFCO Letter Requesting Governor Signature](#)

[CALAFCO Letter of Support April 2017](#)

**Position:** Sponsor

**Subject:** Annexation Proceedings

**CALAFCO Comments:** This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

## **AB 979 (Lackey R) Local agency formation commissions: district representation.**

**Current Text:** Chaptered: 9/1/2017 [html](#) [pdf](#)

**Introduced:** 2/16/2017

**Last Amended:** 5/15/2017

**Status:** 9/1/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 203, Statutes of 2017.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

### **Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides for the selection of representatives of independent special districts on each local agency formation commission by an independent special district selection committee pursuant to a nomination and election process. This bill would additionally require the executive officer to call and hold a meeting of the special district selection committee upon the adoption of a resolution of intention by the committee relating to proceedings for representation of independent special districts upon the commission pursuant to specified law.

### **Attachments:**



November 8, 2017

Contra Costa LAFCo  
651 Pine Street, 6th Floor  
Martinez, CA 94553



Dear Chair and Commission:

On behalf of the California Association of Local Agency Formation Commissions (CALAFCO), I would like to thank your commission for allowing some of your members and/or staff the opportunity to attend the CALAFCO 2017 annual conference in San Diego.

We know that resources remain tight and understand that prioritizing expenditures can be difficult. Ensuring you and your staff have access to ongoing professional development and specialized educational opportunities, allows all of you the opportunity to better serve your commission and fulfill the mission of LAFCo. The sharing of information and resources among the LAFCo commissioners and staff statewide serves to strengthen the LAFCo network and creates opportunities for rich and value-added learning that is applied within each LAFCo.

We would also like to acknowledge and thank Commissioner Mike McGill for his ongoing service on the CALAFCO Board of Directors and congratulate him on becoming the Association's Secretary.

Thank you again for your participation in the CALAFCO 2017 annual conference, I hope you found it a valuable experience. We truly appreciate your membership and value your involvement in CALAFCO.

Yours sincerely,

Pamela Miller  
Executive Director

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
PENDING PROPOSALS – DECEMBER 13, 2017 – UPDATED**

December 13, 2017  
Agenda Item 15b

<b>LAFCO APPLICATION</b>	<b>RECEIVED</b>	<b>STATUS</b>
Town of Discovery Bay Community Services District (DBCSD) sphere of influence (SOI) Amendment (Newport Pointe): proposed SOI expansion of 20+ acres bounded by Bixler Road, Newport Drive and Newport Cove	July 2010	Currently incomplete
DBCSD Annexation (Newport Pointe): proposed annexation of 20± acres to supply water/sewer services to a 67-unit single family residential development	July 2010	Currently incomplete
Bayo Vista Housing Authority Annexation to RSD: proposed annexation of 33+ acres located south of San Pablo Avenue at the northeastern edge of the District's boundary	Feb 2013	Continued from 11/12/14 meeting
Reorganization 186 (Magee Ranch/SummerHill): proposed annexations to Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) of 402± acres; 9 parcels total to CCCSD (8 parcels) and EBMUD (7 parcels)	June 2014	Removed from the Commission's calendar pending further notice
Tassajara Parks Project – proposed SOI expansions to CCCSD and EBMUD of 30± acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
Tassajara Parks Project – proposed annexations to CCCSD and EBMUD of 30+ acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
Heyden-Montalbo Annexation to City of Martinez and corresponding detachments from County Service Areas (CSAs) L-100 and P-6 – proposed boundary reorganization of 0.12+ acre (one parcel) on Sierra Avenue	Jan 2017	Currently incomplete
West County Wastewater District (WCWD) Annexation 317 (Sunborne Nursery) – proposed annexation of 6.981± acres (APNs 408-203-006/-011) located at the intersection of Brookside Drive and Central Street in unincorporated North Richmond	Aug 2017	Under review
2415 Donald Avenue Annexation to City of Martinez and corresponding detachments from CSAs L-100 and P-6 – proposed boundary reorganization of 0.10 acre (APN 375-091-007) located on Donald Avenue	Sept 2017	Under review
39 Kirkpatrick Drive Annexation to WCWD – proposed annexation of 0.73± acre (APN 430-161-021) in unincorporated El Sobrante near Argyle Road and Appian Way	Oct 2017	Under review
Plaza Drive Annexation to City of Martinez and corresponding detachments from CSAs L-100 and P-6 – proposed boundary reorganization of 0.32 acres (APN 375-311-028) located on Plaza Drive	Nov 2017	Under review
Dissolution of Los Medanos Community Healthcare District	Nov 2017	Under review



## **Voters to decide future of East Contra Costa Fire Protection District fire board**

- [Kyle Szymanski Staff Writer](#)
- Nov 9, 2017

The East Contra Costa Fire Protection District Board finalized a plan this week to ask voters in early 2018 to approve reducing the number of board members from nine to five, using an at-large representation method that allows board members to reside anywhere in the district.

The question is expected to be posed during an all-mail ballot election in March, at an estimated cost of \$225,000 – although the costs could be shared with at least one another community-services district and a city that plans to hold elections on the same day.

A second election, using the at-large format, will be held November 2018 to select either five or nine board members, depending on the voters' decision about the measure.

The board's future was kick-started with the November 2016 passage of Measure N, approving the transition from an appointed nine-member board to an at-large elected board. Board members are currently assigned: four selected by the Brentwood City Council; three by the Oakley City Council; and two by the Contra Costa Board of Supervisors.

The board's 6-2 decision this week to switch to an at-large representation model ends a fierce board debate on whether the district should be broken into wards.

Board members Susan Morgan and Dr. Cheryl Morgan voted in favor of wards, which would have divided the district into five geographic sectors with one representative coming from each area.

Board member Joe Young, who vehemently favored the at-large format, said voters already expressed preference for the at-large format during the Measure N election last year. He also pointed out that the only fire district in the county using the ward system struggles to fill all its seats and that it would likely cost the district more than \$10,000 to have ward maps drawn.

"The public has already voted on this issue," said Young.

Susan, however, expressed concern that the at-large format will intimidate candidates who had an interest in running but don't have the money to run a large-scale campaign.

"The difference between a ward (with roughly 22,000 or 23,000 constituents) versus an entire at-large election (with 114,000 constituents) is five times," she said. "That's five times the cost to

run an election of that scale. My concern is that by not going to divisions, we will eliminate the opportunity for the little guy who doesn't have a lot of money but may be interested in running."

Cheryl added the optics of the at-large method – likely ending with all board members being from the district's biggest cities of Brentwood and Oakley – would reflect poorly on the organization.

The 249-square-mile district covers the cities of Brentwood and Oakley along with the unincorporated areas of Discovery Bay, Bethel Island, Knightsen, Byron, Marsh Creek and Morgan Territory.

"You have basically written off the outlying areas," she said, noting that she believes constituents feel better represented when they have a representative in a ward-based system.

Young countered that even if a ward-based system was used, it would be impossible for outlying areas to receive their own wards, because the division boundaries would lump them together with bigger cities like Brentwood and Oakley.

Board President Joel Bryant added that he feels an at-large system will provide the same representation as the ward method, since board members represent the district as a whole, not just the geographic region in which they reside.

"I think anyone who cares enough to run for this board cares for every single person in this district," he said.

It's expected that ballots will be mailed in February and need to be returned by March 6.

## The Press (Brentwood etc.)

# Knightsen residents outraged over tax increase

- [Kyle Szymanski Staff Writer](#)
- Nov 9, 2017



Photo courtesy of [www.kbrhorse.net](http://www.kbrhorse.net).

As Knightsen property tax bills rolled in during the month of October, many residents' mouths dropped open.

The Knightsen Town Community Services District (KTCSD) recently increased its annual fees for developed parcels by \$150, to \$200 a year, and also upped fees on undeveloped properties by \$108, to \$133.

The board legally approved the hikes in a 3-1 vote during its June meeting, in large part to pay for a variety of small flood-control projects.

But several residents are outraged by the hike and the fact that the board did little to notify them of proposed increases before the vote.

“They should have sent a letter to every parcel owner saying, ‘This is what we are doing, this is why we want to raise it; please come to a meeting,’” said Trish Bello-Kunkel, who noted the meeting agenda was posted only on the garden club building’s window, and that the agenda item about the increase was ambiguous.

Steve Ohmstede, chair of the agency charged with constructing, operating, maintaining and servicing flood control and water quality improvements, admitted the district could have done a better public-outreach campaign. But he noted that residents have paid little attention to the district since its inception in 2005.

“Nobody has said anything for 12 years,” he said.

The hikes are slated to increase the district’s annual revenue by \$83,800, to \$110,800, with a chunk of the funds used on a variety of small projects to improve persistent flooding concerns, funneling storm-water runoff to the 646-acre former Nunn property on Byron Highway between Delta and Eagle Lane – the site of a future East Bay Regional Park District wetland restoration and flood protection project

Residents have expressed a variety of concerns about the board’s decision, including the steep increase in fees, whether flood control is even needed, concerns that the taxes will continue to rise, and whether there are bigger issues in town, such as inadequate fire service.

At least two residents, Jan Brown and Al Bello, indicated that board members had previously said the assessment wouldn’t rise.

Local resident Ken Smith said studies have already been done to explore how to fix the flooding issues permanently, and the results proved the work would be cost-prohibitive.

“Back in 1988, the Army Core of Engineers came and did a study – a survey – out here. In order to solve the flooding 100 percent, it would cost \$21 million dollars,” Smith said. “Keep in mind that was in 1988 dollars. What it would be today, I have no idea.”

Ohmstede indicated that the assessment should have probably been raised gradually over time, but past boards decided against increases. He said the fixes are needed to address persistent flooding concerns, which came to fruition last year and in 1997, when the town was under 2 feet of water.

He estimates much of the town’s infrastructure that needs repair could be 100 years old.

The district plans to seek grants for as many projects as possible, but even that strategy requires the organization find matching funds.

The assessment increase and ensuing projects are the district’s first major moves since its inception 12 years ago.

The district’s formation, approved by 73 percent of Knightsen voters in 2005, was brought forward largely to create boundaries that prevent the nearby cities of Brentwood and Oakley from annexing Knightsen land.

The agency is authorized only to provide and spend money on flood control and water quality (drainage services) and has spent the last 10 years or so seeking a suitor for its storm-water runoff project.

During that time, the district had an agreement with Ron Nunn to dump water on his former 646-acres, now owned by the East Bay Regional Park District (EBRPD). Under that agreement, Nunn

pumped water off the land into the nearby river, free of charge to the district, as a way of giving back to the town of Knightsen, Ohmstede said.

“For the first 10 years, we knew we had to do a (flood-control) project, but we had no place to put the water. We do now,” he said, alluding to the future EBRPD restoration and flood protection project.

Aside from flood control, the work is important, because it proves the district is an active agency, which keeps the district boundary lines in place and Brentwood and Oakley from encroaching on Knightsen land, Ohmstede said.

For the agency to continue its planned work, however, additional funds must be garnered—hence the need for the increase, Ohmstede said.

For the last 11 years, while the Nunn agreement was in place and fees were \$50 a year for each developed parcel and \$25 for each undeveloped parcel, the district took in only \$27,000 a year, most of which was used on district overhead costs, such as legal fees, annual audits and training and travel expenses. The district’s only employee is a part-time board clerk.

“At the end of last year, after being in existence for 11 years, we only had \$185,000 in our account,” Ohmstede said. “You can’t do anything with \$185,000.”

Some Knightsen residents, however, are getting ready for a fight.

Bello-Kunkel and a host of other residents said they are exploring their options, which includes trying to abolish the board or recalling those board members who voted for the increase.

“If you have a water issue, you handle it yourself,” she said. “We don’t need to put water in this East Bay Regional Park.”

### Comments

[Lori Johns Abreu](#)

[Broker/Owner](#) at [Delta Ranches & Homes](#)

This is extremely embarrassing, clearly the reporter didn't talk to anyone but Trish Bello (who moved here 3 years ago and pays \$1280 a year in property tax to support our community, her father, and 1 other person. The majority in Knightsen do not have a problem with the increased \$150, what is that \$16 a month, tax to the community services district. Shame on the reporter for not taking the time to discuss with other residents before he claims the headline, Knightsen Residents. Knightsen is a great place to live and most people in our community are giving, hard working, pay it forward and don't waste time on petty things

[Carolyn Garner](#) ·

[Knightsen, California](#)

Well said Lori. My property flooded last winter. My chicken coop was under water! I fully support a tax to help pump water off our properties. We are bracing for more flooding this year

and knowing that something is being done to help eases our minds. It's too bad the writer of this story didn't interview other residents.

[Rich Garner](#) ·  
[Freedom High](#)

\*Knightsen Resident Outraged Over Tax Increase.

You don't speak for us Trish Bello. God forbid our community take a proactive approach to prepare for catastrophic damage to our wells and drainage systems. If you can't afford \$16/month, you surely can't afford to "Handle it yourself."

[Kristen Rowland Crithfield](#) ·  
[Knightsen, California](#)

If you have a water problem you handle it yourself... Are you kidding me?!? In no way does this represents the community of Knightsen. Oh the town of Knightsen is outraged, and it has nothing to do with the tax and everything to do with this article.

[Marialaina Batoog](#)

As a Knightsen resident, let it be known that I fully support and am willing to pay this tax.

## **East Bay Times**

# **Martinez, Concord latest cities told to change elections or face lawsuits**

By [Sam Richards](#) | [srichards@bayareanewsgroup.com](mailto:srichards@bayareanewsgroup.com) | Bay Area News Group

PUBLISHED: **November 20, 2017** at 6:19 am | UPDATED: November 21, 2017 at 3:09 am

MARTINEZ — City officials here have received a certified letter from a Malibu attorney demanding a change in how local elections are carried out. Very similar letters, varying mostly in local details, have gone to several Bay Area cities and school districts this year, and more are on their way.

Martinez Assistant City Manager Anne Cardwell said Thursday she doesn't know yet how the city will respond to the letter that was received in late October. But most cities that get the Shenkman & Hughes law firm letter have done what attorney Kevin Shenkman wants them to do — they move to change from “at-large” local elections, in which all voters in a city or district vote for the same candidates, to a “district-based” system in which the city establishes districts, whose resident voters choose candidates for city council, school board or other elected body from those smaller districts.

The letters, Shenkman said, will keep coming.

“As a general rule, I believe that district elections are far better, not just for fairness but for good government, cheaper election campaigns,” he said. “It makes it easier for candidates to walk their districts, not depend so much on TV ads to get their messages out. That’s the kind of campaign we want to see.”

Shenkman said his chief aim is to help enable “protected classes” — for him, usually Latinos — to get elected, and to get cities and districts to conform to the California Voting Rights Act of 2001 (CVRA). This bill contends local at-large voting systems are discriminatory if they “impair the ability of a protected class ... to elect candidates of its choice or otherwise influence the outcome of an election.”

“At-large” voting, Shenkman said, usually dilutes a community’s Latino or other demographic vote, especially when such groups cluster in a geographical area.

Shenkman also works with the nonpartisan Southwest Voter Registration Education Project. He said his office has sent 70 to 80 demand letters since 2011, mostly in Southern California.

The movement is drifting northward. In the past year, Fremont, Menlo Park and Martinez have been implored to change how they elect council or board members. Concord received a similar demand letter Friday.



Fremont got its letter in February threatening a suit, and in March started the transition to elect its City Council members from geographic districts.

The Dublin Unified School District board got a letter from Shenkman in June. As of November, tentative district maps, drawn to give Latinos and Asians a measure of power, await approval by Alameda County and by the state. The district's November 2018 election will be its first under district-based voting.

Dublin district spokeswoman Michelle McDonald said school officials think the changes were "foisted upon" them, but they didn't want to go through the promised legal battle, especially one they would probably lose. "The law is pretty clear, so we're moving forward," she said.

Only two cities have thus far fought Shenkman in court, and both lost; Palmdale, in Los Angeles County, paid \$4.5 million to Shenkman & Hughes in a 2015 settlement after unsuccessfully trying to defend its at-large voting system.

Shenkman hasn't been the only one to sue governments over at-large voting. In 2011, San Mateo County became the last county in the state to move to district elections, settling a suit filed by Asian American and Latino voters challenging countywide elections as discriminatory. Other groups, including the American Civil Liberties Union and the Mexican American Legal Defense and Educational Fund, have filed similar suits.

The League of California Cities has worked with those and other groups on CVRA-related issues but criticized Shenkman's approach as needlessly costly.

"He is certainly exploiting the intent of the CVRA for his own financial gain," said Dane Hutchings, a legislative representative for the league. (Shenkman said most of his fees, up to \$30,000 per city, go to reimbursing out-of-pocket costs for these cases).

In September 2016, Gov. Jerry Brown signed a package of bills designed to stop the practices of "serial litigants," as Hutchings calls Shenkman, and allow for more time and public outreach before such suits can be filed. "Our efforts thus far have done little to slow (Shenkman) down," Hutchings said.

Concord City Councilman Edi Birsan said he would welcome district elections in his city, but not necessarily to give Hispanics — like those concentrated in the Monument Boulevard corridor — a stronger voice.

"Elected officials are supposed to represent everybody," he said. "We have a city of 128,000 people, and you have to raise a lot of money to get your message out by mail, or mount an effective ground campaign." That, he said, eliminates some hopefuls.

The Martinez Unified School District heard from Shenkman in late October, too. That letter mentions a 2015 comment by a district trustee that a heavily Latino elementary school could do without air conditioning more readily than a mostly white one. Such discourse, Shenkman said, is one reason Latino voters need a greater voice in that district.

But district Superintendent CJ Cammack noted that the district board ultimately voted to bring air conditioning to both schools in question. He doesn't know whether a district system or the current at-large system is better for his district, and would rather Martinez locals, and not a Malibu attorney, make that call.

"Jumping right to the threat of litigation, without engaging in dialogue, makes it difficult to arrive at solutions that truly address the core issues of concern," Cammack said.

## MoneyWatch

# Can the private sector save America's aging water systems?

By Rachel Layne

November 20, 2017, 5:15 AM

Who owns the water pipes beneath your street?

Increasingly, it is a private company, a shift from the mostly public ownership of the systems used to provide drinking water and remove waste that has prevailed in the U.S. since the early 1900s.

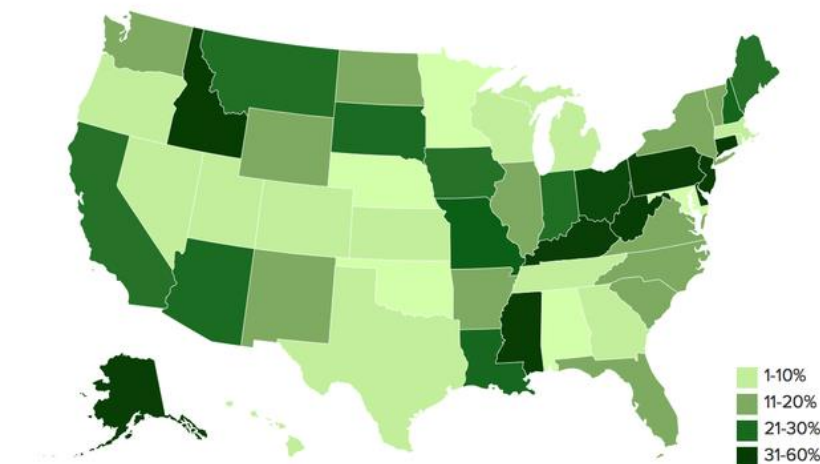
In the first half of 2017, companies spent, or planned to spend, about \$2 billion in a total of 53 deals involving water and wastewater utilities. The biggest, energy giant Eversource's recent \$1.7 billion acquisition of water company Aquarion in New England, is still pending, according to [Bluefield Research](#). And the Boston-based consulting and research firm expects that trend only to accelerate in the years ahead.

The reason: Many cash-strapped towns, cities and counties around the country can no longer afford to provide water to residents, overwhelmed by the challenge of repairing aging infrastructure and a decades-long decline in federal funding.

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## Who owns your water system?

Private ownership of water systems, by state



Source: Bluefield Research

While the money spent to privatize water facilities may seem relatively modest, given the US has roughly 78,000 community water and wastewater systems, it's noticeable, according to Bluefield president Reese Tisdale. In part, that's because of the enormous opportunity for private investment in water, which Bluefield pegs at \$728 billion.

"There seems to be no shortage of interest, and capital for that matter," he said. "Rather, the challenge for new market entrants, particularly for those looking to secure a platform from which to grow, is scale. Big deals are difficult to find."

Most Americans today are served by publicly owned water and wastewater systems, with small percentages direct wells or cooperatives. Bluefield estimates about 15 percent are owned by private players. An estimated 268 million people relied on public-supply water for their household use in 2010, or about 86 percent of the total population, according to the [U.S. Geological Survey](#).

That wasn't always the case. As cities were growing in the 1800s, many relied on nearby rivers, surface water and local wells, often on private property and sometimes contaminated. Then, led by New York in 1842, major cities began to fund water sources from outside their own limits and began running their own systems.

Still, until it was discovered that [untreated water carried disease](#) in the 1850s, most water went untreated. By the turn of the century, demand for safe water was increasing. Cities like Los Angeles began building large pipelines to supply otherwise arid areas. The federal government didn't get involved in funding infrastructure until the [Federal Water Pollution Control Act of 1948](#). Later, when President Richard Nixon established the Environmental Protection Agency in 1970, water quality standards began to be enforced at the federal level.

Beyond repairing old pipes and other infrastructure, a number of factors have municipalities looking for ways to fund, or even replace, their systems.

Perhaps most important, millions of consumers face sharply higher water rates, putting pressure on public officials to respond. The combined water and wastewater bill for a typical U.S. household is up 18.5 percent since 2012, or 4.4 percent per year on average, according to Bluefield. And a recent Michigan State University [study](#) found the percentage of U.S. households who will find water bills unaffordable could triple, from 11.9 percent to 35.6 percent, in the next five years.

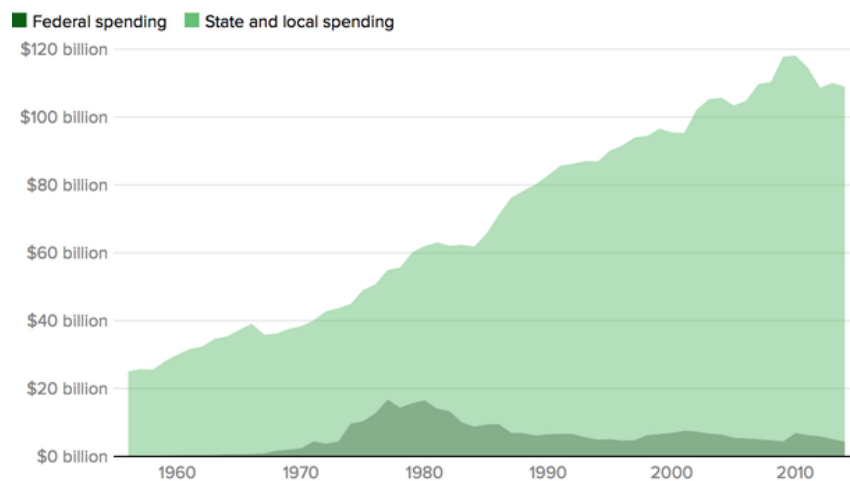
Another factor: Many systems are falling apart. If water main breaks now seem commonplace, that's because they are. An estimated 240,000 occur every year in the US, according to the 2017 Infrastructure Report Card from the American Society of Civil Engineers (ASCE) released earlier this year.

In recent months, breaks in [Brooklyn](#), [Detroit](#), [Chicago](#), [Boston](#), [San Diego](#) and [Lincoln, Nebraska](#), have all made headlines. That's because many of the country's nearly 1 million miles of pipes were laid in the early to mid-20th century, with such infrastructure having a typical lifespan of 75 to 100 years. The ASCE gives the drinking water infrastructure a D grade.

Despite the urgency of making these fixes, the federal government is now less likely to help with the cost. U.S. funding for water utilities peaked in 1976 at \$16.9 billion and has since dropped to \$4.3 billion in 2014, according to Bluefield. Meanwhile, public water systems also are [facing more environmental pressures](#), with 5,300 in the U.S. listed with serious system violations.

## States, you're on your own

Public spending on water infrastructure, 1956-2014 (in 2014 dollars)



Source: Congressional Budget Office

For revenue-starved local governments, then, selling a water system to a private company, either to own or operate, can present a way to solve a debt problem and pay for repairs. It can also eliminate a cost that competes with fire, police and schools.

Since 2013, Missouri, Illinois, New Jersey, Indiana, Pennsylvania have joined California to make it easier for private companies to consider investing in water facilities with legislation that puts a "fair market value" on systems.

"There are more dollars going into the utility network than there used to be," Tisdale said.

States in the mid-Atlantic region have the greatest rate of private water system ownership. Texas and Pennsylvania are also hot spots for acquisitions, with 90 pending and completed deals in 2017, according to the Bluefield report.

Yet buying a system often isn't easy, even for a large, established company. Another obstacle often comes in the form of community opposition, with residents bristling at the idea of a private company owning what's largely seen as public service. That can make purchases long and contentious.

Just this month, New Jersey towns Long Hill and High Bridge [rejected a plan](#) to turn their water system over to New Jersey American Water, the state's largest utility, according to Food and Water Watch, a public advocacy group that opposes private ownership.

Privatizing a system can result in higher rates and loss of public control, Food and Water Watch argued.

"Instead of rubber stamping a buyout, town leaders should now begin a thorough and transparent process to explore all the available options for properly investing in the system while maintaining public ownership and control," the group [said](#) on its website.

But others strike a deal its residents see as palatable. In West Milford, New Jersey, voters earlier this month [approved a sale](#) of the township's Municipal Utilities Authority to Suez Water New Jersey for \$12.5 million, according to the Milford Messenger. Funds will go to pay off the township's debt.

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## East Bay Times

# Guest commentary: Brentwood addresses public safety funding



BANG FILE PHOTO

East Contra Costa County fire faces financial challenges. FILE

By [Bryan Scott](#) |

PUBLISHED: **November 21, 2017** at 10:01 am | UPDATED: November 21, 2017 at 10:03 am

The Brentwood City Council unanimously agreed to move forward with four public safety measures at their Strategic Planning Workshop/Special Council meeting held Nov. 16 and 17. The safety of area residents will be enhanced, assuming the Council follows through on the measures.

Most significant was the Council's agreement to explore funding of a two-person "Squad/Rescue Vehicle" for the East Contra Costa Fire Protection District and to build a new fire station on city-owned property along Shady Willow Lane, in northwestern Brentwood.

The cost of this project was estimated at between \$1.8 million and \$2.5 million in annual operating expenses, as well as \$5 to \$6 million in capital funds to construct the fire station.

This action was taken in response to ECCFPD's continual failure to provide adequate fire and emergency medical services to Brentwood. While national industry standards suggest response times in the 4- to 5-minute range, and Brentwood's General Plan calls for 3- to 5-minute response times for all emergency calls, the city receives response times around the 10-minute mark.

Joel Bryant, speaking as Brentwood's vice mayor while he also serving as president of the ECCFPD Board, thinks the two-person squad/rescue vehicle approach is one that will be endorsed residents.

"This gets us to where the community and voters have said they want to go, and it does it without having to raise additional taxes," Bryant said.



The ECCFPD is suffering from structural underfunding, which has caused the fire district to reduce staff and close fire stations even though East County is experiencing significant residential and commercial growth.

ECCFPD is routinely unable to respond to emergency calls for extended periods of time, and is unable to comply with County EMS Division contractual service commitments.

According to a Local Agency Formation Commission study, funding for East County fire and emergency medical services are at \$94 a person while Central County residents receive services funded at \$449 and \$370 per person.

Council Member Karen Rarey, a member of the Council's Fire Services Ad Hoc Advisory Committee, supported the plan even though it was not a total solution to the funding problem.

"This gives us the opportunity to start opening up stations, and makes it easier for that firefighter to come on, when and if the fire district gets additional funding," Rarey said.

During the Public Safety Focus Area discussions, the Council heard from City Manager Gus Vina that future tax revenues may need to be designated for public safety purposes, especially to achieve a three-person fire station for Brentwood and ECCFPD.

"The PA-1 (Planning Area 1, an undeveloped 373-acre area in Northwest Brentwood, near the Shady Willow fire station site), as it develops ... we may need a "Fire-first Initiative" as revenues start to come into PA-1 to in-fact get to a fully staffed station," Vina said.

"(With) the new property tax, sales tax, we need to do some math there, but there may be a need for the Council to make a commitment to fund that, to get to that (three-person station) level," he said.

Other Public Safety actions the Council endorsed were to purchase mobile traffic barriers for use during large gatherings such as the Farmer's Markets and Concerts in the Park, the enhancement of traffic light technology at four of the city's busiest intersections, and the implementation of "Self Help" strategies including a Naloxone opioid overdose program, the purchase/distribution of 750 fire alarms, and equipping police cars with improved fire extinguishers.

While public attendance throughout the two-day workshop was varied and sparse, six of the ten people watching when the workshop began were supporters of increased public safety funding.

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*East County Voters for Equal Protection is a nonpartisan, grass roots, citizens' action committee formed to address the issue of unequal funding of fire and emergency medical services existing in 249 square miles of Eastern Contra Costa County. About 110,000 residents, as well as those who work and play in Eastern Contra Costa, have services funded at a level one-fourth to one-third of those levels in other parts of Contra Costa County. For more information, contact committee Co-Chairs Hal Bray at [hal.bray@pacbell.net](mailto:hal.bray@pacbell.net) or Bryan Scott [scott.bryan@comcast.net](mailto:scott.bryan@comcast.net). The group's Facebook page is <https://www.facebook.com/EastCountyVoters/>*

## East Bay Times

# Fire district to let East County voters decide the size of its board

**Ballot will ask residents whether they want to reduce the number of directors**



Susan Tripp Pollard/Archives

East Contra Costa Fire District Chief Brian Helmick might have fewer bosses to answer to depending on whether voters decide next spring to reduce the agency's nine-person board of directors to five members.

By [Rowena Coetsee](mailto:rcoetsee@bayareanewsgroup.com) | [rcoetsee@bayareanewsgroup.com](mailto:rcoetsee@bayareanewsgroup.com) | Bay Area News Group

PUBLISHED: November 22, 2017 at 2:05 pm | UPDATED: November 24, 2017 at 7:56 am

BRENTWOOD — Come spring, far East County residents will decide whether to downsize their fire district's governing board.

And a year from now, they will be the ones — not elected officials — to determine who will run East Contra Costa Fire District.

The board of directors voted this month to hold an election early next year in which district residents will weigh in on whether they want to retain a nine-person board or reduce it to five members.

Ballots will be mailed in early February and the results will be released March 6.

The election would cost the financially troubled district about \$225,000 if it weren't for one at least one other government agency in the county that will share a small portion of the price tag because it's putting its own ballot measure to voters the same day.

Following the March vote, residents for the first time can start campaigning for a seat on the board in November 2018, when the terms of all its current members will expire.

Until now, East Contra Costa Fire's directors have been appointed by elected officials of the communities they represent: Brentwood's city council chooses four, Oakley council members select three, and the county Board of Supervisors designates two.

But that process changed in November 2016, when just over 62 percent of voters decided they wanted to choose the fire board directly and do it in an at-large election.

During their October and November meetings a couple of directors revisited the issue, however, sparking a debate on whether to ask voters a second time in the spring if they wanted to reaffirm their previous decision — thereby allowing all constituents to choose every representative — or divide the district into wards.

Among those who ultimately nixed the idea was Director Joe Young, who argued that it would be expensive hiring a consultant and doing census studies to decide the boundaries of each ward — lines that unhappy voters might challenge in court.

Nor would carving up the district give sparsely populated communities like Byron and the Marsh Creek area a significantly larger voting bloc, he said.

As for allowing voters the chance to change the structure of the board, Young is hoping they will opt to have five directors.

"Nine is less efficient," he said, noting that every other fire district in the county has a five-member board.

"The fire chief has to meet with nine people, prepare materials for nine people — it takes much more of his time."

## East Bay Times

# Editorial: East Contra Costa fiddles as fire service shrinks

By [East Bay Times editorial board](#) |

PUBLISHED: **November 28, 2017** at 6:01 am | UPDATED: November 28, 2017 at 6:09 am

Talk about fiddling while Rome burns — or, in this case, East Contra Costa.

The fire district serving 249 square miles there once had eight operating stations but is now down to three. The substandard protection for Oakley and Brentwood, and unincorporated communities stretching from Morgan Territory to Bethel Island and Discovery Bay, is potentially deadly.

But instead of solving the problem, the East Contra Costa Fire Protection District will waste money in March on a special election having nothing to do with improving service.

Meanwhile, some residents spin their wheels on plans that have little chance for success and, as we've previously noted, Assemblyman Jim Frazier, D-Oakley, proposed [a ludicrous idea](#) to essentially steal \$10.5 million annually from the East Bay Regional Park District.

Come on folks, get real. This problem is solvable if voters engage, and the district demonstrates it can responsibly manage money it has and budget for the future.

Unfortunately, the district has done the opposite. In 2012, it asked voters to pass a 10-year parcel tax. But the proposal [lacked a viable financial plan](#). Voters wisely said no.

In 2014, the district proposed a legally questionable and complex [assessment district levy](#), which voters also rejected.

And, in 2016, the Oakley and Brentwood councils asked their voters to approve [utility tax increases](#) to help fund the fire district. But there were no legal restrictions on the money's use. Those measures failed too.

It's time to go back to basics and consider another parcel tax. This time, however, the district needs to produce a viable long-term financial plan using the new money. And, because of a quirk in state law, residents must lead the campaign.

If the district puts a tax increase on the ballot, it requires two-thirds voter approval. But, as the state Supreme Court [recently clarified](#), if residents qualify an initiative through a signature-gathering drive, that measure would require only a simple majority.

That's the easiest and cleanest solution. But it would require residents to perform heavy political lifting, and the fire district to provide the financial plan.

Instead, the district board is fixated on how many members it should have. Last year, at the board's urging, voters approved a measure making the nine-member board elected rather than appointed. The first election is scheduled for November 2018.

But now the current appointed board [plans to ask voters](#) in a special March election, costing an estimated \$225,000, to reduce the size of the elected board to five members.

What a waste.

Reducing the board size could have been done in last year's measure. Or it could be addressed in the upcoming June general election, when voters are going to the polls anyhow, at half the cost of a special election.

It's a distraction that undermines public confidence in the district. It's time to focus on the real issue. The North Bay fires this fall should have been a wake-up call to what's at stake.



Published November 29th, 2017

## MOFD 2017 financial report shows mixed results

By Nick Marnell

The Moraga-Orinda Fire District presented its 2017 audited financial report to the board Nov. 15, and though the numbers show the district general fund in its best position in MOFD history, the district still reports a \$42 million deficit in its net position.

Thanks to higher than expected property tax revenue and an increase in ambulance fees, the district general fund revenue increased 6.9 percent for the year ending June 30, increasing the general fund balance by \$1.6 million to \$4.9 million. The general fund balance sits at 23 percent of revenue, higher than the 17 percent minimum required by district policy.

Because of strong investment returns delivered by its pension manger, the district net pension liability fell to \$32.5 million, technically measured as of Dec. 31; the same figure from the previous year was \$39.7 million. Combined with the outstanding balance of its pension obligation bond, MOFD recognizes \$49 million in pension obligation. The district reported a net liability of \$15.3 million for other post employment benefits, nearly identical with the previous year.

The district board continues to push for financial sustainability, and in the 2017 fiscal year took steps to reduce its negative net position by adopting a balanced budget, committing to significant contributions to its pension stabilization fund and OPEB trust account and increasing the minimum percentage of general fund balance to revenue. In the current fiscal year the district raised the contributions to its OPEB trust account and its pension stabilization fund and cut \$400,000 in expenses from its operating budget.

"We're still in a hole," said director John Jex, speaking of the district's negative net position. "That's still a big liability that we have to focus on."

Reach the reporter at: [nick@lamorindaweekly.com](mailto:nick@lamorindaweekly.com)

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## **Bloomberg**

# **Moody's Warns Cities to Address Climate Risks or Face Downgrades**

*By*

*Christopher Flavelle*

November 29, 2017, 1:00 AM PST

- Communities in Texas, Florida, other coastal states at risk
- Credit rating agency says it's adding climate to credit risks

### How to Hit the Brakes on Climate Change

Coastal communities from Maine to California have been put on notice from one of the top credit rating agencies: Start preparing for climate change or risk losing access to cheap credit.

In a report to its clients Tuesday, [Moody's Investors Service Inc.](#) explained how it incorporates climate change into its credit ratings for state and local bonds. If cities and states don't deal with risks from surging seas or intense storms, they are at greater risk of default.

"What we want people to realize is: If you're exposed, we know that. We're going to ask questions about what you're doing to mitigate that exposure," Lenny Jones, a managing director at Moody's, said in a phone interview. "That's taken into your credit ratings."

In its report, Moody's lists six indicators it uses "to assess the exposure and overall susceptibility of U.S. states to the physical effects of climate change." They include the share of economic activity that comes from coastal areas, hurricane and extreme-weather damage as a share of the economy, and the share of homes in a flood plain.

Based on those overall risks, Texas, Florida, Georgia and Mississippi are among the states most at risk from climate change. Moody's didn't identify which cities or municipalities were most exposed.

Bond rating agencies such as Moody's are important both for bond issuers and buyers, as they assign ratings that are used to judge the risk of default. The greater the risk, the higher the interest rate municipalities pay.

Bloomberg News reported in May that towns and counties were able to secure AAA ratings despite their risks of flooding and other destruction from storms, which are likely to be more frequent and intense because of climate change. If repeated storms and floods are likely to send property values -- and tax revenue -- sinking while spending on sea walls, storm drains or flood-resistant buildings goes up, investors say bond buyers should be warned.



Jones said Tuesday that the company had been pressured by investors to be more transparent about how it incorporates climate change into the ratings process. Some praised the move, while also urging it to go further.

## **Think Harder**

"This kind of publication shoots for municipalities to think harder about disclosure," Adam Stern, a senior vice president at Breckinridge Capital Advisors in Boston, said in an interview. "The action would start to happen when and if you start seeing downgrades."

Jones, the Moody's managing director, said he couldn't recall any examples of the company downgrading a city or state because it failed to address climate risk.

Eric Glass, a fixed-income portfolio manager at Alliance Bernstein, said real transparency required having a separate category or score for climate risk, rather than mixing it in with other factors like economic diversity and fiscal strength.

Still, the new analysis is "certainly a step in the right direction," Glass said by email.

Others worried that Moody's is being too optimistic about cities' desire to adapt to the risks associated with climate change.

Shalini Vajjhala, a former Obama administration official who consults with cities on preparing for climate change, says that won't happen on a large scale until cities start facing consequences for failing to act -- in this case, a ratings downgrade.

"Investors and governments alike are looking for clear market signals to pursue, and perhaps even more importantly, to defend investments in major adaptation and resilience projects to their constituents and taxpayers," Vajjhala, who now runs Re:Focus Partners, said in an email. "Outside of the rating agencies, it is not obvious who else could send a meaningful market-wide signal."

Rob Moore, a senior policy analyst at the Natural Resources Defense Council, said increased attention from rating agencies could push cities to reconsider where they build.

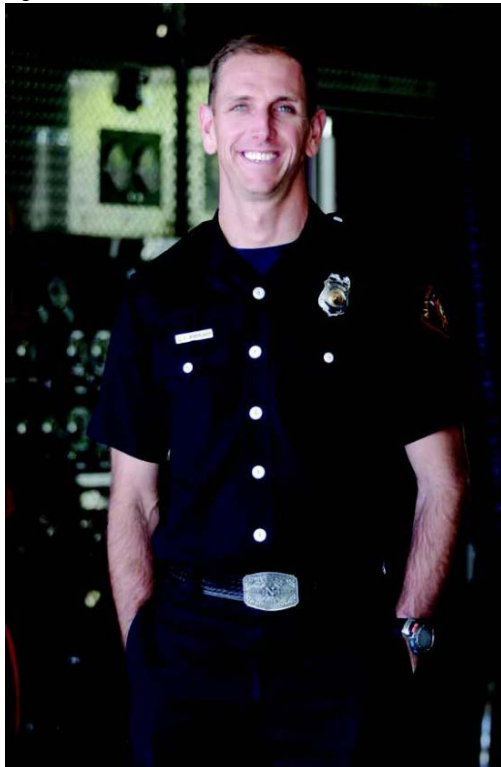
"If I was a city official, I'd be asking a whole lot of questions about what vulnerabilities their community has, and how each new proposed development adds to that vulnerability," Moore said in an email. "Because at some point, your creditors certainly will."

— *With assistance by Tiffany Kary*

Published November 29th, 2017

## MOFD chooses 'leader for the new generation' as fire chief

By Nick Marnell



Dave Winnacker Photo provided

The Moraga-Orinda Fire District board selected Dave Winnacker as the sixth fire chief in the history of the district. Winnacker, who was chosen unanimously Nov. 20 by the board members, joins the district from the Alameda County Fire Department, where he was Division Chief of Special Operations.

"I am thrilled to come to work in a community that takes pride in their fire district, and I look forward to engaging with the people," Winnacker said. "And I am very happy to be working for an exceptional organization with very talented members."

Winnacker takes over a fire district that has struggled financially for much of the decade, and even with recently improved economics, still faces hard decisions on its financial sustainability. "I have a good idea of what I'm getting into," said Winnacker, who managed budgets in his role with Alameda County Fire. "It is imperative that MOFD remains capable of responding to all emergencies and is able to provide the service levels the community expects, while operating as a lean organization that is fiscally sustainable."

A large majority of MOFD calls are medical, and the new chief comes from a fire department that relied on an outside contractor to handle its ambulance calls. "Everyone can always learn. I will reach out to those who have been doing it - both internally and externally," the new chief said, adding that he appreciates the flexibility of local control of the district ambulance service.

Winnacker leaves a fire department where he reported to a chief and comes to a fire district where he will report to a governing board - a board that has been demanding of its fire chiefs. "I am very excited about the opportunity and look forward to establishing collaborative working relationships with all stakeholders to ensure the best possible outcomes for the citizens of the district," said Winnacker, a 23-year Marine Corps veteran and a reservist since 2001.

The board did not use a recruiting firm to screen candidates, but relied on industry advertising and referrals plus feedback from residents at a public forum. In addition to the board members, a panel including Interim Fire Chief Jerry Lee and two captains interviewed the final candidates. "We believe we have found a real leader for the new generation," board president Kathleen Famulener said.

Winnacker, 42, has worked in the fire service for 13 years, including positions with Fresno City Fire and Newark Fire before joining Alameda County Fire in 2010. Born in Tokyo, Winnacker was raised in Berkeley and graduated from UC Santa Barbara. He lives in Albany and is married with two young daughters.

Winnacker's appointment is subject to a background check and the negotiation of his contract, which Lee expects to be wrapped up by the end of the year.

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## East Bay Times

# Kensington will proceed with study of police service alternatives



(Jane Tyska/Bay Area News Group)

The Public Safety Building is seen in the unincorporated community of Kensington, Calif., on Monday, June 26, 2017. Kensington is having a public meeting on Saturday about plans to build a new public safety building. (Jane Tyska/Bay Area News Group)

By [Rick Radin](#) | Correspondent

**December 1, 2017** at 9:46 am

**KENSINGTON** — The town’s community services board will pursue a \$74,000 fact-finding survey to compare, among other things, keeping and improving its current independent department or contracting out services to another city or agency.

The issue has been heated in Kensington for many years, with critics of the department demanding change and loyalists insisting that contracting out would give residents less control over services and costs.

The “evaluation of options” will be done by Matrix Consulting Group, whose president, Jim Brady, said will include an analysis of the current department, including employment, personnel and retirement information, and levels of police services provided.

Matrix will also consider the same criteria for departments of surrounding areas, such as El Cerrito, Albany and UC Berkeley, along with firm contract proposals from those agencies, to provide comparisons in its final report.

“There are agencies that look at this as an amazing opportunity,” Brady said.

Kensington, with about 5,000 residents, now has a nine-officer police force while neighboring communities have larger forces with greater economies of scale, he said.

“(On the other hand) larger agencies are more complicated with their cost structure and management structure,” Brady said. “With outside agencies you have no control over labor costs and with your own department” you’re doing your own collective bargaining.

The choice should not rest on cost savings alone, but on cost compared with quality and quantity of service, he said.

“Saving money (alone) is the wrong way of doing it,” Brady said.

Residents at the Nov. 29 meeting spoke up for both sides of the issue.

“We have a perfectly good police force,” said former board member Linda Lipscomb, who added that a previous survey on the same issue in 2009 referred to contracting out as a “cumbersome and costly process.”

“We might need an ordinance requiring a vote of the people,” she said.

Board President Rachelle Sherris-Watt countered by saying that the Matrix study was “a fact-finding process.”

“We’re in quite a different world today than we were in eight years ago,” she said.

On the other side, resident Celia Concus referred to “numerous complaints about the police department,” implying that contracting out would automatically provide essential reforms.

As the 18-week process moves forward, the district will be holding town-hall meetings and soliciting input via online surveys to determine resident sentiment.

The board is also considering forming a steering committee made up of board and community members to help shepherd all the information gathering along.

## **East Bay Times**

# **City of Martinez set to begin transition to district-based elections**

By [Sam Richards](#) | [srichards@bayareanewsgroup.com](mailto:srichards@bayareanewsgroup.com) | Bay Area News Group

PUBLISHED: **December 4, 2017** at 12:49 pm | UPDATED: December 4, 2017 at 2:55 pm

MARTINEZ — The City Council is poised to change local council elections from at-large to district-based, citing the threat of a lawsuit if the current system of all council members being chosen by voters from all parts of the city isn't scrapped.

Wednesday night, the council is set to declare its intent to move to the new system, including a rough schedule for a transition. The city also plans to hire a demographer, National Demographics Corporation, to create proposed maps outlining the districts.

As part of this process, the city then will hold public hearings both before and after the maps are created, with the goal of council members being chosen from districts in the November 2018 election. The city plans to spend \$105,000 on this first phase of the changeover.

This is all happening in response to a letter from Malibu-based attorney Kevin Shenkman, who has been threatening cities, school districts, community college districts and other special districts all over the state with lawsuits if they don't conform to the California Voting Rights Act of 2001 (CVRA). This bill contends local at-large voting systems are discriminatory if they "impair the ability of a protected class ... to elect candidates of its choice or otherwise influence the outcome of an election."

Shenkman has told this newspaper his main goal in his statewide campaign is to help "protected classes," primarily Latinos in his case, get elected to local offices. It is all in the service, Shenkman said, of making cities and districts conform to the Voting Rights Act. He said it is easier for candidates representing smaller "districts" of a city to campaign and be elected, assuming there are concentrations of where Latinos (or any protected class) live within that city.

Martinez, and many other cities around California, including Fremont and Concord, have received similar letters from Shenkman's office telling them that they must start the move to district-based elections or else face legal action. Only a small handful of cities have challenged Shenkman completely or in part, and all either lost in court or agreed to seven-figure settlements.

The Dublin Unified School District is already changing its election system, after being threatened by Shenkman; the Martinez Unified School District board is having the same discussion, too.

The local group Reform Martinez — District Elections Now — has been in contact with Shenkman, and some communications between group affiliates and others suggest it was this

group, which included former City Councilwoman Anamarie Avila Farias, that reached out to Shenkman to ask for his involvement.

A group spokesman said in November that Reform Martinez has “been in contact with” Shenkman; former Councilwoman Avila Farias, who has been affiliated with this group, denied personally asking Shenkman’s office to get involved.

The public portion of the council meeting begins at 7 p.m. at Martinez City Hall, at 525 Henrietta St.

## **East Bay Times**

# **Is West County sewer district leader's travel excessive? Six paid trips in first eight months on the job**

By [Tom Lochner](mailto:tlochner@bayareanewsgroup.com) | [tlochner@bayareanewsgroup.com](mailto:tlochner@bayareanewsgroup.com) | Bay Area News Group

PUBLISHED: **December 5, 2017** at 6:00 am | UPDATED: December 5, 2017 at 3:28 pm

RICHMOND — In less than eight months on the job, the interim general manager of the West County Wastewater District has gotten a raise and attended six out-of-town events at district expense, including one in the Czech Republic, records show.

Now Ed McCormick could become the permanent GM when the board takes up the question whether to appoint him or proceed with the national recruitment it said it would do when it hired him as interim in April.

“It is anticipated that locating a general manager through a national recruitment will take several months before a successful candidate is actually on the job,” board attorney Alfred “Mick” Cabral said in a report accompanying the item on Wednesday’s district agenda. “It is also believed that Mr. McCormick’s availability to continue serving on an interim basis until a recruitment would be completed is uncertain and may be jeopardized by professional commitments or long-term opportunities available to him.”

The board will meet at 6:30 p.m. Wednesday in the Alfred M. Granzella Board Room at the district office, 2910 Hilltop Drive, Richmond. The district serves some 93,000 people in San Pablo, parts of Richmond and Pinole, as well as several unincorporated areas of West Contra Costa.

According to his LinkedIn profile, McCormick is president of McCormick Strategic Water Management LLC of Oakland, formed in early 2016. In his most recent public agency job, McCormick was deputy general manager of the Union Sanitary District in Union City for eight months, from July 2013 to February 2014.

Before that, he spent 30 years with the East Bay Municipal Utility District, where he was manager of wastewater engineering at the time he left in 2013.

The WCWD general manager position became open in February, when the board dismissed longtime General Manager E.J. Shalaby, noting that the organization was “moving in a different direction,” as board President Leonard McNeil put it at the time. During Shalaby’s 13-year tenure, the district received numerous awards for pollution control, financial excellence, planning, plant operation, solar energy use and public education; a list of awards is available [here](#).

In April, the board unanimously appointed McCormick as interim GM at an annual salary of \$229,058, or \$6,500 more than Shalaby’s when he left. On Nov. 16, the board unanimously approved an amended interim GM contract with McCormick, at a raise of almost \$22,000, to \$250,950 a year.



McNeil, in a news release after McCormick was hired, said the district was fortunate to have an executive of his caliber, adding, "His consummate experience speaks volumes. His formal education and unique blend of expertise in capital program management, engineering, labor-management relations, environmental stewardship, construction, collaborative leadership, wastewater systems and community outreach add tremendous value."

But some have criticized the interim hiring of McCormick, and what they say appears to be a done deal to hire him permanently.

"The district board seems hell-bent on the coronation of the worst manager who has ever been in charge of the district," district inspector Michael Allendorfer said, addressing the board during public comment at the Nov. 1 board meeting.

Allendorfer also criticized the board's recent decision to create a new manager of communications position and several others, and also took issue with McCormick's pay package and travels at district expense, in particular to a strategic planning meeting in September of the International Water Association in Prague, Czech Republic.

McCormick billed the district \$2,883 for that trip, including \$1,687 for air travel and \$519 for three days' lodging at the Corinthia Hotel Prague, according to records provided to this newspaper pursuant to a public records request.

The [IWA](#) is a London-based international nonprofit organization with the vision of "a world in which water is wisely managed to satisfy the needs of human activities and ecosystems in an equitable and sustainable way." McCormick is on the organization's strategic council list as "Specialist Groups Representative, McCormick Strategic Water Management, USA."

The list of trips that McCormick took at district expense this year, and their cost, is as follows:

- June 4-6: New England Water Environment Association (NEWEA) Spring meeting, North Falmouth, Massachusetts, \$742.58
- July 23-26: National Association of Clean Water Agencies (NACWA) conference, St. Louis, \$1,688.02
- Aug. 5-9: International Resource Recovery Conference, New York, \$2,340.79
- Aug. 22-24: California Association of Sanitation Agencies (CASA) Annual Conference, San Diego, \$1,504.14
- Sept. 20-23: IWA Strategic Council meeting, Prague, \$2,883.58
- Sept. 29 – Oct. 4: Water Environment Federation Technical Exhibition & Conference, Chicago, \$2,523.17

The total of billed costs is \$11,682. They include airfare (except NEWEA, for which none was billed); registration fees where applicable; lodging; and miscellaneous charges.

McCormick said he would respond later in the week to questions about how the travel and conferences relate to and benefit the WCWD and its rate- and taxpayers.



# Pioneering Practice Could Help California Reverse Groundwater Depletion

On-farm groundwater recharge could greatly help decrease aquifer overdraft, but recent efforts show that some significant obstacles will need to be overcome.

Written by [Michelaina Johnson](#) Published on Dec. 6, 2017 Read time Approx. 6 minutes



A groundwater demonstration project in Lodi, California. Farmer Al Costa's vineyard was flooded with 145 acre-feet of Mokelumne River water to help rejuvenate an overdrafted aquifer. *Sustainable Conservation*

Groundwater overdraft in the San Joaquin Valley – producer of half the state's agricultural output – has averaged roughly 1.8 million acre-feet annually since the mid-1980s. Even before the start of the most recent drought in 2011, a few San Joaquin farmers recognized the dire need for sustainable water management and started individually pioneering a groundwater recharge practice that has since gained statewide traction.

On-farm groundwater recharge involves intentionally diverting surface or stormwater to agricultural fields for percolation into the aquifer during times of excess. The practice holds tremendous potential for increasing water storage and offsetting groundwater overdraft, but to scale efforts, some serious obstacles will need to be overcome.

Lodi wine-grape grower Al Costa, in partnership with [North San Joaquin Water Conservation District](#) and the nonprofit [Sustainable Conservation](#), this year launched a groundwater demonstration project on a 13.7-acre parcel of old-Zinfandel grapes to study the benefits of flooding agricultural fields with surface water to refill the aquifer below. Thus far, 145 acre-feet

of Mokelumne River water has inundated the field and percolated into the subsurface, rejuvenating a small fraction of the estimated 100,000 acre-feet of water overdrafted from the aquifer each year. And all this happened with no damage to the grape vines, Costa said.

His project is just one of many projects implemented throughout the San Joaquin Valley that helped capture a share of the past winter's near record rainfall. A recent [survey](#) found that about three-quarters of the 81 San Joaquin water districts surveyed were actively recharging this year. The majority of districts were engaging in some type of on-farm recharge, including extra irrigation on active cropland, inundation of fallowed land or substituting surface water instead of groundwater for irrigation (a method known as in-lieu recharge), said [Ellen Hanak](#), director of the Public Policy Institute of California's Water Policy Center, which conducted the survey.

Despite an increasing number of districts and growers adopting this practice, its full potential has yet to be realized, as policymakers create frameworks for this emerging method and researchers quantify its value.

"There is not a lot of on-farm recharge being done today, but it's growing and will continue to grow," said [Joe Choperena](#), Sustainable Conservation's senior project manager.

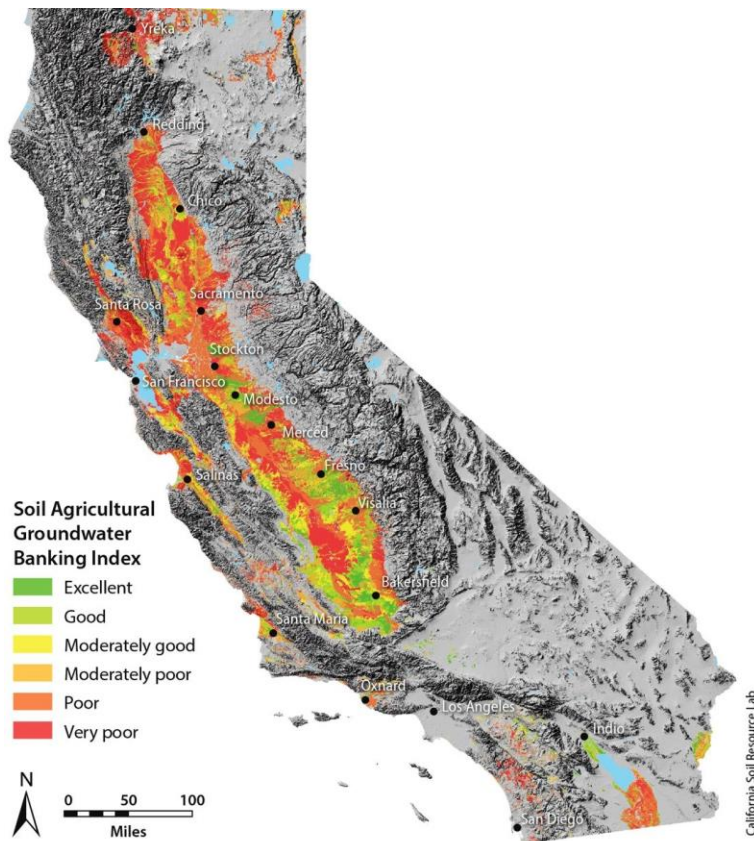
## Understanding an Emerging Method

At first glance, this technique seems to have no drawbacks. On average, it's cheaper than surface water storage, like using reservoirs, and has a huge capacity for replenishing water supplies. Plus, there's plenty of farmland available for recharge.

A 2015 University of California [study](#) identified 3.6 million acres of farmland where water can safely percolate deep into the underlying aquifer with low risk of crop damage or groundwater contamination, and a preliminary calculation showed that this farmland could soak in as much as 1.2 million acre-feet of water per day. Groundwater recharge projects could provide about six times more storage capacity than surface water storage for the same price, [reported](#) Stanford University's Water in the West in 2014. A 2016 [study](#) estimated the price of on-farm recharge at \$36 per acre-foot for a site in the Kings River Basin, which is significantly cheaper than surface water storage and dedicated recharge basins.

With that amount of land and relatively inexpensive recharge potential, why hasn't this practice been more widely adopted?

## Expensive Barriers



A map of soil suitability for groundwater recharge from a report. (The Regents of the University of California)

Several obstacles, notably infrastructure and surface water availability, have limited the widespread implementation of on-farm groundwater recharge.

Water agencies in the San Joaquin Valley considered infrastructure issues to be the most significant barrier to recharge this year, according to the recent PPIC survey. On-farm groundwater recharge often requires flood irrigation infrastructure, which many farmers replaced with more efficient systems like drip irrigation during past dry spells to save water.

A report for Sustainable Conservation estimated the cost of installing a flood-irrigation system on a 160-acre farm to be \$850,000. While this may sound like a sizable expense for farmers, the organization's marketing and communications director Alex Karolyi pointed out that, when amortized over 20 years, it equates to storing water for future use at a cost of \$98 per acre-foot, which is a lot cheaper than the \$200–\$2,000 per acre-foot that farmers ended up paying for imported surface water during the last drought.

"I think it is safe to say that if infrastructure were in place we could begin to replenish what is typically pumped from groundwater in most years if floodwaters are available," said [Anthony](#)

[\(Toby\) O'Geen](#), soil resource specialist at Cooperative Extension at the University of California, Davis, and lead author on the 2015 U.C. study.

The availability of surface water, whether in a river or a canal, is another issue. Some of the regions with the worst groundwater overdraft and best suitability for on-farm recharge, like the Tulare Basin, have no access to surface water, according to U.C. Davis hydrologist [Helen Dahlke](#), whose research pioneers the study of this technique.

Crop tolerance for excess levels of saturation also determines site suitability. Dahlke and her team currently have five experimental sites across the state testing the impacts of on-farm recharge on various crops, including alfalfa, almonds and pistachios. “So far, it has looked pretty good [for] alfalfa,” said Dahlke, but the research is ongoing with other crops.

Between 2014 and 2017, her team applied 4–26ft of water to alfalfa fields on two farms in Northern California for an average of six to eight weeks between January and April with no negative impacts on crop yield.

These results show farmers that on-farm groundwater recharge will not damage their crops while also indicating to water districts and environmental organizations like Sustainable Conservation the types of agriculture they should target.

Sustainable Conservation is studying how 11 crops, including grapes, pistachios and walnuts, can handle flooding in spring and early summer when large releases from reservoirs offer water for recharge. During wet and above-normal precipitation years, the most optimal times for on-farm recharge in California are from December to May, when farmers can capitalize on flood pulses or on reservoir releases.

A [2017 study](#) looked at the availability of high magnitude streamflow – flows above the 90th percentile that exceed environmental flow requirements and current surface water allocations under California water rights – in the Sacramento, San Joaquin and Tulare basins. The researchers found “that there is sufficient unmanaged surface water physically available to mitigate long-term groundwater overdraft in the Central Valley.”

## Financing the Future

But the cost of capturing that excess water can be prohibitive. Even though on-farm recharge’s mean price is cheaper than other water storage options, Dahlke cautioned that comparing the cost of on-farm recharge projects with other forms of water storage is limited because the actual price of any given project can vary and is contingent on the state of the infrastructure not only on the farm but also the canal or pipeline delivering the surface water.

The cost of water obtained from managed aquifer recharge projects – of which on-farm recharge is a type – in California could range [from \\$80–\\$960 per acre-foot per year](#), wrote [Bea Gordon](#) of Stanford’s Water in the West. Several factors influence the price, including land cost, lack of available data and changes to the cost of environmental compliance.

“The fact of the matter is, with cost, it’s more complicated than just [an] amount,” said Hanak of PPIC. “You need to factor in the bigger costs for the value of expanding capacity.”

Even with sufficient infrastructure, the on-farm recharge project on Lodi grower Costa’s property was hampered by the cost of electricity. The project had \$5,000 set aside for paying for electricity to pump water from the Mokelumne River to the site, and the funds were eaten up after running the pump all day for 12 days, said Sustainable Conservation’s Choperena.

Even in that small amount of time, though, John Podesta, manager of North San Joaquin Water Conservation District, was amazed at how much water Costa was able to put in the ground on a small section of his vineyard.

“There is so much potential on this property and there [are] a lot of long-term plans ... to make this site a long-term recharge site,” he added.

Since the passage of the 2014 Sustainable Groundwater Management Act (SGMA), water districts, growers and the state government have invested more in groundwater recharge to halt overdraft and balance out aquifer levels. Recent water bonds – namely [Proposition 1](#) – and other government funding mechanisms have allocated billions of dollars for improving water storage infrastructure, including groundwater recharge projects, but the competition for the funds is high and permitting of groundwater recharge projects remains complex and time-consuming.

Dahlke said that many of the challenges associated with on-farm recharge will resolve as water agencies comply with SGMA by working to manage groundwater more sustainably and more research sheds lights on the benefits of this emerging technique.

With the Sierra Nevada snowpack projected to substantially decrease by the end of the century because of climate impacts, California’s current water infrastructure will need to adapt. The key to future water storage is groundwater, contends U.C. Davis hydrogeologist [Graham Fogg](#).

“We used to have more snow,” said Fogg. “We need to find another storage mechanism. Groundwater is a great place for that.”