

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MINUTES OF MEETING

March 14, 2018

Board of Supervisors Chambers
Martinez, CA

April 18, 2018
Agenda Item 6

1. Chair Mike McGill called the meeting to order at 1:32 p.m. and the Pledge of Allegiance was recited.
2. Roll was called. A quorum was present of the following Commissioners:

County Members Candace Andersen and Federal Glover and Alternate Diane Burgis.
Special District Members Mike McGill and Igor Skaredoff.
City Members Don Tatzin and Alternate Tom Butt.
Public Member Don Blubaugh.

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

3. Approval of the Agenda

It was recommended that agenda item #7, Selection of Alternate Public Member, be switched with agenda item #6, LAFCO 18-02.

Upon motion of Tatzin, second by Blubaugh, Commissioners approved the revised agenda unanimously, 7-0.

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

4. Public Comments

Debra Mason, resident of Bay Point, presented her assessment of the 2009 recreation and parks municipal service review's (MSR) section on the Ambrose Recreation and Park District, which she feels is spending the majority of its budget (98%) on administrative costs, with only 2% left for direct services to the community. She requested that Commissioners conduct a new MSR on this district.

5. Approval of February 14, 2018 Meeting Minutes

Upon motion of Andersen, second by Skaredoff, the February 14, 2018 meeting minutes were approved by a vote of 6-0.

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

6. Selection of Alternate Public Member (Agenda Item 7)

The Executive Officer deferred to members of the selection committee (Commissioners Andersen, McGill, and Tatzin), but reminded Commissioners that LAFCO law provides that selection of the public members is subject to an affirmative majority vote including at least one city, one county, and one special district member. Consequently, Public Member Don Blubaugh will not participate in this item. Commissioner Blubaugh took a seat in the audience.

Commissioner Andersen briefly recapped the activities of the selection committee, noting that they had an excellent field of candidates from which to choose the five finalists that the Commissioners would be interviewing at this time.

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Each finalist was given the following scenario question in advance of the meeting, in order to prepare their answer to the question.

LAFCO has received an application to annex a large parcel to City X. The parcel is within the City's sphere of influence. A recently completed LAFCO Municipal Services Review identified a number of deficiencies with regard to City X, including financial and service challenges. What kind of terms & conditions might the Commission impose if it were inclined to approve the annexation?

Chair McGill announced that the candidates would each be given two minutes to introduce themselves. The Chair would then repeat the scenario question and the candidate would respond. After this, Commissioners would each have an opportunity to ask questions of the candidate. The total amount of time given to each interview was approximately 15 minutes.

Victoria Smith, real estate attorney, noted that her law practice would present no conflict with the LAFCO seat. She indicated that she spent two years on the Orinda Planning Commission, followed by three terms on the Orinda City County during which time she served as mayor three times and chaired the Contra Costa Mayors' Conference in 2014. During this time she developed strong collaborative skills.

In response to the scenario, Ms. Smith spoke of CKH and balancing agricultural and open space restrictions with the need for housing while ensuring that all services are adequately met, that adequate funding is available to support services, and that such an annexation will work for the region as a whole.

Ms. Smith then responded to questions from Commissioners, stressing her understanding that LAFCO Commissioners represent the public as a whole; providing a view of how she feels about preserving agricultural and open space; her perspective on balance; and finally responding to Commissioner Tatzin's question that changed the scenario annexation into one of a largely developed industrial area: she would want to see studies addressing mitigation and cleanup issues, and if it were on the waterfront, ensuring that the public would have access to the shoreline.

Chuck Lewis, attorney with Pacific Gas & Electric, recounted his history of lifelong work in public service, including the Association of Bay Area Governments (ABAG), first with his educational background in political science and public policy and later with his law degree. Throughout the years, he has served with numerous nonprofit and governmental organizations.

In response to the scenario, Mr. Lewis noted that there would be different conditions depending on what type of area was being annexed; greenfields would present different concerns than would disadvantaged unincorporated communities (DUC) or infill areas. It would be important to ensure that the service plan addresses the impacts of a new development and that the city has adequately planned for potential problems and benefits. He also commented on the Revenue & Taxation Code provisions.

Mr. Lewis then responded to questions from Commissioners, noting that one of LAFCO's roles is to review agencies with appropriate and similar pertinent standards; confirming his belief that the public member has a special duty to the public as a whole; agreeing that the urban limit line (ULL) is a valuable planning tool; and stressing the importance of looking at the totality of any situation that comes before LAFCO. In response to Commissioner Tatzin's question changing the scenario annexation into one of a largely developed industrial area, Mr. Lewis stated that he would want staff to find a solution that would benefit both the plant and the surrounding community.

Barbara Hockett, a nurse and college nursing instructor, has been involved in healthcare and public service since moving here in 1960. She spent 20 years on the board of Central Contra Costa Sanitary District, and has served on the community healthcare task force and the Economic Council's Water Task Force.

In response to the scenario, Ms. Hockett focused on financial issues and the question of ensuring that a proper tax sharing agreement would be in place and that services would be adequately funded, noting

that a community facilities district might be needed for this. She also stressed that collaborative efforts and mutual aid agreements might be useful.

Ms. Hockett then responded to questions from Commissioners, noting that LAFCO Commissioners must reflect the concerns and interests of the public in making decisions; agreeing that the ULL is a development tool that can be used to protect agricultural and open spaces and that can be respected as long as it doesn't disrupt services; stating that her motivation for applying for this position was the work that Central Contra Costa Sanitary District did on cleaning up its boundaries; and noting that her healthcare background has given her insight into the challenges facing healthcare districts today, and appreciation for their work to transition from managing hospitals to supporting public health through granting and other programs.

Ms. Hockett's response to Commissioner Tatzin's question again stressed the importance of negotiating an equitable tax sharing agreement, noting that financial stability into the future is paramount whether the annexation is residential or industrial.

Diane Hedler, registered nurse (retired), spent much of her career developing healthcare quality oversight programs at the national level for Kaiser Permanente, working with personnel from administrators to physicians to nurses to nonphysician caregivers, as well as with the business and technology communities. Since moving to Richmond in 1991, Ms. Hedler has been involved with a number of public service groups, and currently serves as president of the Rosie the Riveter Trust Board of Directors.

In response to the scenario, Ms. Hedler focused on the financial challenges, noting that LAFCO would need to identify and consider some solutions to the potential deficits of such an annexation, suggesting that the city be required to develop a 3-5-year plan and that it report its progress to LAFCO every six months; she also felt that recording of the annexation could be delayed until progress as laid out could be seen.

Ms. Hedler responded to Commissioners' questions, stating that while she doesn't know the eastern part of the county well, she would take the time to drive to annexation sites, she would do thorough research, and spend time to familiarize herself with the rest of the county; affirming that her work with Kaiser Permanente trained her well to engage all people in this work; acknowledging that there must be a way to solve the housing and transportation crises while preserving open and agricultural space; and, finally, stating that her interest in this position derives from her desire to be part of the community through active participation.

Ms. Hedler's response to Commissioner Tatzin's question was that when looking at the initial scenario question she had tried to consider all possibilities, residential or industrial.

Dave Dolter, former city manager, planning director and commissioner, noted that his resume spoke for itself, and pointed out that he has worked on projects having to do with LAFCO, including shepherding a large private development, which involved a DUC, through to annexation to Atwater, California.

In response to the scenario, Mr. Dolter stated that he assumed the annexation was not part of a development application or it would have been built into the development project. Mr. Dolter suggested that LAFCO could require an Enhanced Infrastructure Financing District (EIFD), Community Facilities District (CFD), or benefit assessment districts to ensure adequate financing of the area to be annexed; noted that existing service agreements could be renegotiated; and county service areas could be transferred from the county to the annexing city.

Responding to Commissioners' questions, Mr. Dolter explained that the DUC that was part of the annexation he worked on was a small corner of a 150-acre project that the city initially wanted to exclude, but they instead conducted extensive outreach coupled with assurances from the city that residents would benefit from the annexation. In additional responses, Mr. Dolter stressed the need to recognize that commissioners represent the public; stated his support of the ULL and mitigation of

annexed open and agricultural space; admitted his unfamiliarity with special districts; and did not see any conflicts of interest between his current activities and LAFCO service.

Mr. Dolter's response to Commissioner Tatzin's follow-up question to the scenario (i.e., substitute industrial for residential project) indicated that his response to the initial scenario question would not change; he felt that an annexing city would work this out before submitting the application.

Chair McGill thanked the candidates for their time and thoughtful responses and brought the discussion back to the Commissioners, who indicated their admiration for all of the candidates and expressing their desire to see more geographic and gender diversity while ensuring that anyone appointed will develop knowledge of all of Contra Costa County.

Commissioner Glover, second by Commissioner Andersen, nominated Dave Dolter for the position of Alternate Public Member. The vote failed with a tie and with no city vote.

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

Commissioner Butt made a substitute motion, seconded by Commissioner Skaredoff, to appoint Charles Lewis for the position of Alternate Public Member. The vote passed, 6-0.

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

Chair McGill again thanked the candidates.

7. LAFCO 18-02 - City of Martinez Out of Agency Service (2415 Donald Avenue) (Agenda Item 6)

The Executive Officer provided brief background on this request to provide municipal water service to property located on Donald Avenue in the unincorporated Mt. View area, which is outside the City boundary, but within the City's SOI and contiguous to the City boundary. Although the City indicates it cannot annex the property at this time, due to access and other issues, the City has demonstrated a commitment to annexing the Mt. View area in the future, and has also executed a deferred annexation agreement with this property owner and is in the process of completing rezoning of the area.

Christina Ratcliffe, Martinez Community and Economic Development Director, confirmed that the City prefers annexation, but that the community is not yet ready for annexation of the entire area. With two City resolutions indicating annexation by 2030, the City requests support from LAFCO as staff works toward that goal. There are very few parcels in the Mt. View area that still need municipal water service, and the City would prefer to provide out of agency water service to them as they may apply.

Responding to Commissioner Butt's questions regarding why the City has delayed annexation of the area, Ms. Ratcliffe stated that until she came to Martinez about six months ago, the City had been without a planning staff for a long period of time. She prefers to complete annexation of the Mt. View area before 2030. Commissioner Skaredoff recalled a failed attempt to update the City of Martinez General Plan a few years ago.

Upon motion of Skaredoff, second by Butt, Commissioners, by a 7-0 vote, found the project exempt pursuant to §15303 of the CEQA Guidelines; and authorized the City of Martinez to extend municipal water service outside its jurisdictional boundary to the 0.10±-acre parcel located at 2415 Donald Avenue, subject to specified terms and conditions.

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

At 4:00 p.m., Commissioners Glover and Burgis departed.

8. Fiscal Year 2018-19 Proposed Budget and Work Plan

The Executive Officer presented a proposed budget for Fiscal Year 2018-19, which reflects an overall increase of 5% as compared to the approved FY 2017-18 budget. The staff report also includes a summary of the variances between the current year budget and projected expenses. An 11% increase in salary & benefit costs is primarily attributable to three months of funding for an Analyst position, as previously discussed with the Commission. Services & Supplies expenses are expected to be comparable to the current year budget, and include carryover funding for the city services MSR. Last month, LAFCO released an RFP for the city services MSR. Proposals are due on March 23rd.

The current year budget contains funds associated with the relocation, including five months' rent at the new location and moving expenses; however, the move was delayed due to occupancy and other issues. Tenant improvements are now underway and there is an anticipated move in date of September 2018. The proposed budget includes funding associated with relocating the LAFCO office, as well as three months' salary for an Analyst (April-June 2019). In the coming months, staff will present a staffing plan, along with a job description and salary range for the position.

The budget also includes an \$80,000 contingency reserve for unanticipated expenses, which is re-appropriated each year; an annual contribution of \$40,000 to prefund LAFCO's OPEB liability; and an annual contribution of \$30,000 to prefund LAFCO's retirement liability through CCCERA. The Commissioner began prefunding the OPEB liability in FY 2011-12, and the retirement liability in FY 2017-18. The budget assumes the ongoing funding of these liabilities.

Revenue sources include local agency contributions and application fees. The most significant portion of LAFCO's revenue comes from the funding agencies – the County, cities and special districts. Per the Government Code, LAFCO's net operating budget is apportioned to these agencies, with the County paying 1/3, the cities paying 1/3, and the independent special districts paying 1/3. The County Auditor calculates and collects the apportionment based on general revenues reported to the State Controller. Based on the proposed budget, the revenue needed from our funding agencies is approximately 5% more than the current year contributions. The FY 2018-19 estimate for application and related fees is 25% higher than the current year budgeted amount based on a multi-year historical average, and a recent increase in application activity.

As in the past, the year-end fund balance will be used to offset the apportioned contributions from the County, cities, and special districts.

The proposed 2018-19 work plan includes relocating the LAFCO office and enhancing LAFCO staff; completing a 2nd round MSR covering city services and initiating a 2nd round MSR covering either CSAs or park & recreation services; completing the dissolution of the RWPRPD; resuming work on LAFCO policies & procedures; processing LAFCO applications; and continuing our involvement with CALAFCO and on statewide issues involving LAFCO.

Chair McGill opened the public hearing, but with no public members present, closed the public hearing and returned discussion to the Commissioners.

Chair McGill and Commissioner Skaredoff thanked the staff for its work on the FY 2018-19 budget.

Upon motion of Blubaugh, second by Tatzin, Commissioners, by a 6-0 unanimous vote, approved the budget as proposed for FY 2018-19; directed staff to distribute the proposed budget to the County, cities, and special districts; and scheduled a public hearing for May 9 to adopt the Final FY 2018-19 LAFCO budget.

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

9. Proposed Update to Contra Costa LAFCO's Legislative Platform

Commissioners Blubaugh and Tatzin reported that Contra Costa LAFCO bases its legislative policy on the policy established by the CALAFCO Board, which was recently updated with some minor changes that are more inclusive with respect to agricultural lands and the viability of local services to disadvantaged communities.

Upon motion by Tatzin, second by Blubaugh, Commissioners, by a 6-0 vote, approved the minor changes to the Commission's legislative platform to coincide with recent changes to CALAFCO Legislative Policies.

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

10. Correspondence from Contra Costa County Employees' Retirement Association (CCCERA)

There were no comments on this item.

11. Commissioner Comments and Announcements

Commissioner McGill reported that he attended the CALAFCO Legislative Committee meeting, and a CALAFCO Ad Hoc Finance Committee meeting, on February 16, attended the CALAFCO Board meeting on February 23, 2018, and will attend the CALAFCO Legislative Committee meeting by phone on March 16, 2018.

Commissioner Skaredoff wished to correct an earlier omission and thanked the alternate public member screening committee for their work on the process.

12. Staff Announcements

The Executive Officer reported that she would be attending the CALAFCO Legislative Committee meeting by phone on March 16, 2018. CALAFCO is tracking a total of 24 bills, and actively working on 10 of these.

Staff reminded Commissioners that the April meeting is the third Wednesday (April 18), due to the CALAFCO Staff Workshop, which will be held April 11-13. Additionally, CALAFCO has announced that it is seeking proposals and planning committee members for the Annual Conference, which will take place October 3-5 in Yosemite.

The meeting adjourned at 4:15 p.m.

Final Minutes Approved by the Commission April 18, 2018.

AYES:
NOES:
ABSTAIN:
ABSENT:

By _____
Executive Officer