

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
MINUTES OF MEETING

September 12, 2018

Board of Supervisors Chambers
Martinez, CA

1. Chair Mike McGill called the meeting to order at 1:30 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 and Alternate Stan Caldwell.
City Member Don Tatzin.
Public Members Don Blubaugh and Alternate Charles Lewis.

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

3. Approval of the Agenda

Upon motion of Andersen, second by Tatzin, Commissioners approved the agenda by a vote of 6-0.

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

4. Public Comments

There were no public comments.

5. Approval of August 8, 2018 Meeting Minutes

Upon motion of Blubaugh, second by Tatzin, the August 8, 2018 meeting minutes were approved by a vote of 6-0.

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

6. LAFCO 18-06 - Chang Property Reorganization - Annexations to City of San Ramon, Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD), and Detachment from County Service Area (CSA) P-6

The Executive Officer provided an update on the Commission-approved annexation of 63.5± acres to the City of San Ramon, CCCSD and EBMUD to facilitate development of 43 single-family large lot homes, 18 accessory dwelling units, a tot lot, and related facilities. Because the proposal did not have 100% written landowner consent; a protest hearing was required, which was held on Monday, September 10. No protests were filed; thus the reorganization is ordered.

In addition to reporting on the results of the protest hearing, staff presented the final LAFCO resolution, as approved by LAFCO in August, that includes conditions to address habitat conservation and fire presentation as discussed in August. As noted in the staff report, the City and the San Ramon Valley FPD have taken measures to address these issues.

David Bowlby, representing Ms. Chang, the applicant, confirmed that his client agrees with the changes made to the LAFCO resolution and conditions.

Upon motion of Blubaugh, second by Andersen, Commissioners, by a 6-0 vote, received the results of the protest hearing and directed staff to execute the determination.

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

7. LAFCO 18-08 - Dissolution of Rollingwood Wilart Park Recreation & Park District (RWPRPD)

The Executive Officer provided an update on the Commission-approved dissolution of the RWPRPD, which names the County as successor agency. The protest hearing was noticed in the newspaper and mailed notices were sent to all landowners and voters within the District's boundary. On September 11th, LAFCO staff conducted the protest hearing at the Rollingwood Lutheran Church located next door to the Rollingwood Recreation Center in unincorporated San Pablo. No protests were filed; thus the dissolution is ordered. There were 12 public speakers, most of whom urged that the Rollingwood Recreation Center continue to be used for recreational activities and events, and that, should the City of San Pablo take over the facility, the Rollingwood residents receive the same facility use benefits as City of San Pablo residents.

Upon motion of Skaredoff, second by Andersen, Commissioners, by a 6-0 vote, received the results of the protest hearing and directed staff to execute the determination ordering the dissolution, and further directed staff to send a letter to the County and to the City of San Pablo urging the continued use of the Rollingwood Community Center for recreational programs that could benefit the Rollingwood community, and to extend to the Rollingwood residents the "resident" rates, should the City of San Pablo take over the center.

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

8. LAFCO 17-13 - Dissolution of Los Medanos Community Healthcare District (LMCHD)

The Executive Officer presented background on the proposal submitted by Contra Costa County to dissolve LMCHD, formed in 1948 to build and operate a hospital, which it did until 1994 when the hospital closed and the District declared bankruptcy. Since 1998, the District has leased its building to the County which houses the *Pittsburg Health Center (PHC)* - the County's largest health clinic. The County has requested that if LAFCO takes action to dissolve the District, the County be named the successor agency.

The District provides community based healthcare services to a largely disadvantaged population in the City of Pittsburg, small portions of the cities of Antioch, Clayton and Concord, unincorporated Bay Point and surrounding unincorporated communities. Since the mid-1990s, LMCHD has been the subject of four Grand Jury reports, three LAFCO Municipal Service Reviews (MSRs), and reports by the Little Hoover Commission and Legislative Analyst Office. The challenges and inefficiencies faced by the District led to a petition to dissolve the LMCHD in 1999, which was denied by LAFCO in 2000.

The County's justification for its November 2017 application to dissolve LMCHD notes that the District was formed to operate a hospital, but instead provides financial support to third parties that provide programs and activities related to health, wellness and prevention; that the County is the primary provider of healthcare services to low income people in the County, and operates a robust indigent healthcare delivery system; and that the County leases the PHC from the District and has invested over \$24 million in improvements to the building during the term of the lease.

The County's application includes a Plan for Services, which provides that the County will: 1) set up a separate fund in the County treasury to segregate the LMCHD property tax funds, 2) use these funds to support healthcare services within the LMCHD community, 3) utilize a special advisory committee to develop and implement a Los Medanos Area health plan, and make grant funding recommendations, and 4) settle the debt payment with the State.

LAFCO staff commented on the 16 factors the Commission must consider in its review of a proposal, emphasizing two of the factors. Subsequently, the County and the District proceeded with their respective presentations.

County Presentation - Timothy Ewell, Chief Assistant County Administrator, assisted by Dr. Ori Tzvieli, presented the County's proposal, stressing the County's role in assisting the District in its bankruptcy in the mid-1990s and in continuing vital healthcare services to the region. Mr. Ewell noted that the County is prepared to continue the District's grant program, and could do so with less overhead and thus more funds for community health services grants. He confirmed that the County would continue to direct the property tax revenue towards healthcare programs and track revenues expenditures and special revenues; cut administrative costs from the District's historical average of 50%-60% down to 10%; create the Los Medanos Health Advisory Committee; spend the District-specific funds according to recommendations by community members and doctors; and, separately, ensure long-term County control and operation of the PHC for the benefit of the local community.

In anticipation of LAFCO's approval of this proposal, Mr. Ewell reported that the County Board of Supervisors (BOS) has already created the Los Medanos Health Advisory Committee (LMHAC), which would consist of three community members and two healthcare professionals; settled the District's bankruptcy debt with the California Office of Statewide Health Planning and Development (OSHPD) for cost savings; and created the Los Medanos Community Healthcare Special Revenue Fund in the County Treasury to track ad valorem property tax revenue and expenditures.

Commissioner Blubaugh questioned Mr. Ewell on the County's commitment to 1) setting aside District-specific tax revenues into special fund and spending up to 85% of those funds on grant programs, 2) number of community members (three) on the proposed LMHAC, whether that can be increased, and whether doctors need to have a vote on the committee, and 3) whether this was simply a negotiating tactic on the part of the County to secure a better lease on the building.

In response, Mr. Ewell noted that the County's admin costs will be marginal (10-15%); commented that the composition of the LMHAC and the importance of having a doctor on the committee; and indicated that discussion regarding dissolving the District started about the same time as the lease negotiations.

Commissioner Andersen noted that the lease negotiations and dissolution proposal were on parallel tracks; and that there were historical concerns with all three healthcare districts. She also stated that if she had been on LAFCO 18 years ago when a dissolution proposal had come to the commission, she would have voted even then for dissolution. She questions why a district should be allowed to continue if it no longer fulfills its original purpose.

Commissioner McGill commented about a LAFCO condition ensuring that LMCHD tax revenues would be set aside in the special fund; staff noted that there is a related condition in the draft resolution.

Commissioner Tatzin asked Dr. Tzvieli about other programs that the County has in place in the region, and particularly in East County, to which Dr. Tzvieli responded and listed a number of programs (both 3rd party and direct), noting they are funded through Requests for Proposals (RFPs) based on pre-identified needs and issues. Mr. Ewell added that it would be important that the LMHAC do the necessary research to ensure funds would go to the programs best serving the needs of the community.

When asked about a "maintenance of effort" provision, Mr. Ewell responded that the County has no intention of replacing its funded programs with LMCHD funds, but that binding the County to such a provision would be difficult in these times.

Further discussion included comments by Commissioner Lewis regarding the nexus between healthcare needs and the grant program, and the County's plan for the continuation of services in the area; comments and questions by Commissioner Tatzin on the number of County clinics and the configuration of the PHC and LMCHD property; comments by Commissioner Skaredoff regarding the need for continued programs and services to the community and the need for the County, as successor, be to responsive and accountable.

Commissioner Andersen asked that if LMCHD tax revenues increased, program funds would increase. Commissioner Tatzin stated that he wants to ensure that LMCHD funds will not replace current County expenditures for similar programs. Commissioner Lewis agreed that the LMHAC should assess the efficacy of the programs, but LAFCO should not "handcuff" the County on use of the funds and maintenance of effort. In response to a question from Commissioner Skaredoff, Mr. Ewell confirmed that the negotiations with OSHPD on the debt retirement are contingent on the County taking over the District. He also confirmed again that the LMCHD tax revenues would be spent strictly on programs for the community within the District boundary.

Commissioners discussed the makeup of the LMHAC; the County's proposal is that the Bay Point Municipal Advisory Committee would appoint one member from that community, the City of Pittsburg Council would appoint one member from that city, and there would be one at large community member appointed by the County BOS, as well as two healthcare professionals.

District Presentation - Dr. J. Vern Cromartie, LMCHD Board President, provided a history of the lease negotiations with Contra Costa County, and stated that the LMCHD Board did not know about the County's negotiation with OSHPD.

Gary Bell, LMCHD attorney with Colantuono Highsmith & Whatley, presented a history of LMCHD and that District's opposition to the County's dissolution proposal. He challenged the County's rationale for the proposal, indicating that its primary reason is that it wants the building owned by LMCHD and leased by the County for the PHC. Mr. Bell pointed out that LMCHD made immediate improvements in response to the LAFCO Healthcare Services MSR; he pointed out that the District's current costs reflect a 25% administrative overhead, and that the County's cost breakdown for the District was out of date. Additionally, he stated that the County's FY 2018-19 projected administrative costs are 45% as compared to the District's 19% salaries and related costs for the same fiscal year. He agrees with Dr. Cromartie that this proposal came forward as a result of the County's dissatisfaction over the lease negotiations, and that dissolution is not the way to resolve this matter.

Craig Collins, CPA, accountant for LMCHD, pointed out that the County's argument relies on dated information, and that the District has made improvements and is committed to further progress.

In response to Commissioners' questions, Dr. Cromartie stated that the County's promises are empty and that once the current electeds are no longer in office the promises may not stand. Dr. Cromartie added that the LMCHD is needed in its area and that many underserved people depend on the District. The District is relevant because it's close to the people it serves, and it's in a position to communicate directly with them. As for the debt to OSHPD, LMCHD made a \$500,000 payment in August of this year, and there is one more \$500,000 to be paid in August 2019.

Rhonda Rhoades, representing Upper Room Church of Antioch and Los Medanos College, spoke of the LMCHD grants provided to the church and registered her opposition to the dissolution.

Barbara Hunt, St. Vincent de Paul, Rotacare Pittsburg Free Medical Clinic, stated that the free clinic, which receives funding from LMCHD, fills gaps in providing health care to uninsured patients; she is concerned that the County will not understand the local needs there in the same way LMCHD does. She opposes dissolution.

Itika Greene, resident and retired CCHS public health nurse manager, noted that LMCHD should be recognized as an example of how members of a community, through partnerships, have come together to improve health outcomes, and close health disparities; she opposes dissolution and urges Commissioners to adopt a bigger vision.

Deacon Mark, Upper Room Church of Antioch, spoke of LMCHD's support for families and programs to get people engaged in healthy practices; he opposes dissolution.

Benjamin Brisjar, Pittsburg Fifty Plus Club, praised LMCHD's support for the club's work with seniors (35 members over 90, two over 100) helping them thrive instead of just survive; he opposes dissolution.

Dr. Marcus Lorenzo Penn, service provider for Senior Falls Prevention, testified that he has partnered with LMCHD for a mindfulness program about senior fall prevention. With this program, positive results have been: participants feeling stronger and safer, blood pressure down, and fewer falls have occurred. He opposes dissolution.

Gregory Osoria (?), pointed out that in the beginning the County stated strongly that the LMCHD grant programs would continue, but by now they seem to have scaled that statement back, and he has no confidence in their promise. He also asked how, as a tenant, the County could install a cell phone tower on top of the PHC and keep the lease money from that. He is opposed to dissolution.

Commissioner Andersen asked Mr. Ewell if this cell phone tower is permitted under the lease; he states that it is.

Carolyn Jones, Greater Faith Food Pantry, had to leave but left a note that she shared the concerns sent by Sammie Lewis from her organization, opposing dissolution.

Aaronique Gordon, LMCHD employee and community member, noted that she was born at the hospital that LMCHD once operated (now PHC), and questioned what will happen with all of the programs that LMCHD currently funds; she opposes dissolution.

Janette Kennedy, Loaves and Fishes, reported that her organization serves 650-800 meals a day (translating to 252 tons of food annually), and they are concerned about the County's RFP process, which they have never been able to use. She opposes dissolution.

Charles D. Smith urged Commissioners to not dissolve the District.

Johann Vethavanam (?) pointed out that the LMCHD is an integral part of the community that it serves, and that the programs it funds teach the value of leading a healthy life. He urged Commissioners to consider the factor of local control, and he opposes dissolution.

Debra Mason, Bay Point resident, stated that it is still not clear to her why LMCHD is being dissolved when it provides such valuable programs, and Ambrose Recreation & Park District, on the other hand, is doing such a poor job of serving its residents. She stressed that local control is important, and opposes dissolution.

Torry Hines, APT Sports, pointed out that the City of Pittsburg doesn't provide programs like the ones that LMCHD funds. Students in APT Sports, which has been funded by LMCHD for at least 10 years, have a 100% graduation rate. He opposes dissolution.

Arthur Fountain, LMCHD Board Director, reminded Commissioners that the citizens of the area voted to establish this district that the County is now trying to take away from them simply because they want the property and can't settle the lease negotiation. He opposes dissolution.

Gary Bell spoke again, responding to Mr. Osoria's question about the legality of the County's leasing space for a cell phone tower on top of the PHC; he stated that the lease agreement says that any sublet should have a health-related purpose.

LAFCO staff read into the record an email from **Jack Weir, Contra Costa Taxpayers Association President**, stating that the time has come to reduce inefficient use of taxpayer dollars at LMCHD by transferring governance and operations to a successor agency. He favors dissolution.

Chair McGill closed the public hearing.

Commissioner Andersen stated that, as a strong advocate for local control, she still has to ask what is the basic purpose of LMCHD at this point. It was established to run a hospital, which it no longer does. Its grant program can be continued by the County, which can actually expand the funds provided to the programs supported by LMCHD. The County BOS acted in good faith by setting up the LMHAC. She suggested guaranteeing a percent of revenues (e.g., 85%) rather than a set dollar amount for funding programs, as that would accommodate the growth or shrinkage of tax revenues for the district area.

Commissioner Skaredoff acknowledged that this is a difficult decision. The preventive health support programs that LMCHD funds from its tax revenues are valuable, but in looking at the numbers it seems as if an increase in funds available through the County would only increase the value of the programs. He suggested adjusting the composition of the LMHAC so that it more strongly represents the community and reflects local control over the grant programs.

Commissioner Burgis also stated her support for local control; as a former East Bay Regional Parks District board member, she admires the LMCHD board members for the work they have done. But she believes that the County is trying to remedy a situation in which it can provide stronger local programs for residents of that district. The County will be able to contribute more to such programs than the LMCHD.

Commissioner Caldwell stated his agreement with all that has been said so far, and supports dissolution.

Commissioner Lewis indicated his support for dissolution, and stressed the importance of community representation on the LMHAC to ensure maintenance of local control.

Commissioner Blubaugh felt he could argue for either side, but with dissolution prevailing, he wanted to point out that special districts are created to serve special purposes. LMCHD has played a vital role for community-based service organizations. While it seems that the County's proposal indicates more money for these organizations' programs, he suggested that the LMHAC be reconfigured by removing the proposed health care experts and replacing them with more community members. Or, alternatively, make the committee a seven-member group with five of the members coming from the community. His concern is ensuring that LMCHD-related funds be maintained at minimally the current level while at the same time not be used to supplant current County Health Services programs.

LAFCO staff read into the record a memo from Commissioner Schroder who was unable to attend the LAFCO meeting on September 12, 2018, he was representing the City of Martinez at the League of California Cities conference in Long Beach. In preparing for the LMCHD agenda item, Commissioner Schroder wanted to see first-hand what LMCHD was all about and what programs and services they were providing. Last week he met with Interim Executive Director, Tomi Riley, and a member of the LMCHD board of directors, in the LMCHD offices in Pittsburg. He had an opportunity to tour their offices and board room and to sit down and discuss the services they provide and the programs they support. He met with Eileen Linder, O.D. and Marcus Penn, M.D., and discussed their programs that are supported by LMCHD. He also had an opportunity to meet with Barbara Hunt and Claudia Ramirez of the Society of St. Vincent de Paul and tour their facility in Pittsburg. LMCHD supports their Pittsburg Free Medical Clinic which is a safety net for those that slip through the County's safety net. He is very impressed with the community support of the district and the programs they support. Commissioner Schroder notes that over the last nine months, the LMCHD has made tremendous strides in making improvements that have been recommended in the LAFCO MSR and the Grand Jury reports. The District was in the midst of lease negotiations with the County which seem to have stalled since the County's request for dissolution of the district. It is Commissioner Schroder's opinion that any action of dissolution of the LMCHD be continued to a future date to untangle the lease situation from the dissolution and to give the Commission more time to thoughtfully come to a solution.

Commissioner Tatzin thanks all parties involved. He noted that the LMCHD has two primary roles, first as landlord of its building, the former hospital and now PHC, and second as a grantmaker for community programs that support good health. LAFCO must decide if dissolution is appropriate and whether it can take a role in determining the District's "last will and testament." While both the County and LMCHD spend a certain amount of money in the District, Mr. Tatzin wants to ensure that the County will allocate the same amount of money in grants to community programs that LMCHD has provided. Additionally, he is concerned that once the County has control of the property (building and 14 acres of land), it might take the opportunity to repurpose the land and the resulting profits would flow to the County without any benefit to the District. He suggested a condition that all future real estate proceeds (e.g., resale, reuse, etc.) be used to benefit the health of the community. Finally, he pointed out

that the cost effectiveness of nonprofit organizations is higher than either that for government agencies or for-profit entities.

Commissioner Tatzin added that he also supported the proposal that the LMHAC should be seven members instead of five to accommodate more community members, or remain at five members with no health experts taking seats.

Commissioner Glover commented on his extensive history in, and commitment to, Pittsburg, and the LMCHD. He commented on the value of the work and efforts of the LMCHD, as well as the ongoing changes in healthcare and challenges faced by special districts. He noted that the County spent \$13 million on restoring the LMCHD hospital building to working order when it first leased the structure. He too is a strong supporter of local control, and believes that grant programs should remain in the District, and added that some of the organizations receiving grants from LMCHD also receive funds from the Keller Canyon program. He agrees with the idea of a seven-member LMHAC, and that an 85% guarantee of grant funds is appropriate. He added that times have changed, and the County can do a more adequate job for the people in the LMCHD area.

Chair McGill asked staff if, like Mt. Diablo Health Care District, LMCHD could be made a subsidiary district to the County. The Executive Officer responded that a district can only be subsidiary to a city; however, it could become a County Service Area, which is subsidiary to the County.

Chair McGill noted that he has been very involved with County business efforts, and at the same time he is a big proponent of local control. He reminded Commissioners that there is increasing pressure upon LAFCOs from Sacramento to streamline government operations. LMCHD has made great strides in responding to LAFCO's findings in the most recent healthcare MSR. However, he will support dissolution provided all the right conditions are included in the LAFCO resolution.

Upon motion of Glover, second by Andersen, the Commissioners, by a 6-0 vote, approved Option 1 in the staff report to dissolve the Los Medanos Community Healthcare District; determined that the project is exempt pursuant to CEQA Guidelines Section 15061(b)(3); adopted a zero sphere of influence for the LMCHD and waived the LAFCO policy to allow concurrent action on the SOI and change of organization; approved dissolution of LMCHD with terms and conditions as presented in the draft resolution with the following added conditions: a) 85% of the funds from the LMCHD property tax increment must be used for district grant programs, with the remaining 15% to be broken down as 10% for administrative overhead and 5% for reserve; b) the County's LMHAC be increased to seven members (2 members appointed by City of Pittsburg, 2 members appointed by Bay Point MAC, 2 members appointed by County/health care reps, and 1 at large member); and c) if any changes in the facility or property generate new revenues (e.g., sale, transfer, reuse, etc.), that those profits must be directed toward healthcare related grant programs in the district area; designated Contra Costa County as successor agency to LMCHD; found that the subject territory is inhabited and the proposal is subject to a protest hearing; authorized LAFCO staff to conduct the protest proceedings and present the final resolution to the Commission when reporting on the result of the protest hearing.

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

9. Legislative Report – Update and Position Letters

The Executive Officer updated Commissioners on the status of CALAFCO sponsored and supported bills. Since the agenda packet was released on Sept 5th, the Governor signed AB 1889 (Caballero) which includes provisions relating to the Santa Clara Water District and special customer tax exemptions, and AB 2019 (Aguiar-Curry) which requires healthcare districts to provide specified information on their websites. Several bills are now enrolled including AB 2238 (Aguiar-Curry) which makes a change in CKH related to LAFCO's consideration of assessed valuation, SB 1215 (Hertzberg) relating to sewer service to disadvantaged communities, and AB 2501 (Chu) relating to the State Water Resources Control Board and

provisions for consolidations. Additionally, Contra Costa LAFCO, at the request of CALAFCO, sent a letter to the Governor urging him to sign AB 2258, which establishes a funding program to provide grants to LAFCOs for conducting in-depth studies and analyses of local government agencies and services for the purpose of creating efficiencies and dissolving inactive districts.

10. Correspondence from CCCERA

There were no comments on this item.

11. Commissioner Comments and Announcements

Commissioner McGill reminded Commissioners of the upcoming CALAFCO Annual Conference, and reiterated that he is running to renew his seat on the CALAFCO Board; he does not yet know if he will have any challengers. Commissioner McGill also commented on the CALAFCO Ad Hoc committee on finances.

Commissioner Caldwell distributed information on the Contra Costa Special District Association's 2018 Student Video Contest as part of the *Districts Make the Difference* public outreach campaign.

12. Staff Announcements

The Executive Officer reported that there are no actionable items scheduled for October, so unless there are objections, the October LAFCO meeting will be cancelled.

The meeting adjourned at 4:49 p.m.

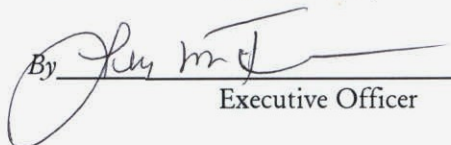
Final Minutes Approved by the Commission November 14, 2018.

AYES: Andersen, Blubaugh, Caldwell, Glover, McGill, Schroder, Tatzin

NOES:

ABSTAIN:

ABSENT: Skaredoff (M)

By  _____
Executive Officer